

# Housing Streamlined Route Guidance

## Foreword

It is vital that people living across the UK have access to housing that meets their demands and needs, as this has significant social value and enables people to have improved life experiences and contribute to the overall success of the nation.

A range of complex reasons mean that housing supply has not kept pace with demand and need, and the government has set an ambitious objective of accelerating housing delivery with a target of [1.5 million new homes](#) in England alone by the end of the 2024-29 Parliament. The [Scottish Government](#) has committed to delivering 110,000 affordable homes by 2032, the Welsh Government has [invested £2 billion towards delivering 20,000 additional low-carbon homes](#) by 2026, and in Northern Ireland, the Department for Communities has announced a [housing supply strategy](#) which intends to deliver at least 100,000 by 2039, with one third of these being social homes.

The Housing Streamlined Route supports the policy objective of accelerating and increasing housing development and provision by addressing viability gaps that prevent housing projects from being developed or provided. This will allow subsidies to be given which address known market failures and equity concerns in the housing sector.

A key characteristic of the United Kingdom's subsidy control regime is that public authorities are empowered to design their own subsidies and subsidy schemes, provided that those subsidies are assessed against the subsidy control principles. This enables them to tailor both the form and value of subsidies to best achieve their intended policy outcomes.

To simplify this process, the government has developed Streamlined Routes (referred to as streamlined subsidy schemes in the Act, and as Schemes in the route documentation). These allow public authorities to award specific types of subsidies without conducting their own assessment against the principles. The government has established clear terms for using this route, which must be followed. Provided that subsidies are awarded in accordance with these terms, they are deemed compliant with the regime and cannot be challenged on subsidy control grounds.

Where public authorities want to give subsidies that are not accommodated by Streamlined Routes, they should design their own subsidies and schemes. Public authorities looking to design their own subsidies can refer to the extensive [statutory guidance and other supporting documents](#). They can also seek support and guidance on specific cases from the DBT subsidy control team or the relevant teams in each of the devolved governments.

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# Part 1: General guidance

## 1. How to use this guidance

- 1.1. This guidance has been published to support the use of the Housing Streamlined Route (also known as the Housing Streamlined Subsidy Scheme). It explains the legal obligations of the Housing Streamlined Route and will be most useful to public authorities who are planning, or in the process of designing, subsidies to give under this Route. It should be read alongside the Route itself.
- 1.2. All subsidies given under the Route must meet the conditions set out in the Route, otherwise the subsidy may be challenged in the Competition Appeal Tribunal (CAT). This guidance will help public authorities to give subsidies that meet those conditions. Proper consideration of and adherence to this guidance is therefore strongly recommended.
- 1.3. The guidance does not supersede or replace the statutory guidance for the UK subsidy control regime.<sup>1</sup> Public authorities unsure whether the financial assistance, they are awarding is a subsidy, should refer to Chapter 2 and Annex 1 of the Statutory Guidance.
- 1.4. Public authorities can request support and guidance on the subsidy control requirements from the DBT subsidy control team at:  
[subsidycontrol@businessandtrade.gov.uk](mailto:subsidycontrol@businessandtrade.gov.uk)

## 2. Overview of Streamlined Routes

- 2.1. Streamlined Routes are a type of subsidy scheme made by a minister of the Crown (the government) for use by any UK public authority. They are a voluntary tool that public authorities can use to award subsidies without the need to assess them against the subsidy control principles.
- 2.2. Streamlined Routes have been assessed by the government to be compliant with the requirements of the subsidy control regime. This allows public authorities to give subsidies under routes quickly and easily. Streamlined Routes are intended to promote confidence and legal certainty for beneficiaries and for public authorities that are giving routine subsidies that align with UK strategic priorities. Subsidies given under Streamlined Routes do not need to be referred to the Subsidy Advice Unit.

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<sup>1</sup> Made under section 79 of the Subsidy Control Act 2022.

- 2.3. The government will monitor usage of Streamlined Routes and any feedback from users. The government will use this information to inform future decisions about Streamlined Routes.
- 2.4. The government is of the view that this Streamlined Route is compliant with the Act. Any subsidies given under it correctly are therefore compliant with the Act.

### 3. Legal background

#### **Power**

- 3.1. Streamlined Routes (known as streamlined subsidy schemes under section 10 of the Act and as Schemes in the Route documents) are a type of subsidy scheme made by the UK government for use by any public authority in the UK.
- 3.2. When the government makes a Streamlined Route, it will publish it and the accompanying guidance on GOV.UK. It will also publish information about the Route on the subsidy database, in line with the transparency requirements of the Act.

#### **Parliamentary scrutiny**

- 3.3. Under the Act, a Streamlined Route must be laid before Parliament for 40 days after it is made. Within this 40-day period either House may pass a resolution not to approve the Streamlined Route, in which case a Streamlined Route will be treated as 'not having been made' from the day after the resolution is made. Any subsidies given under a Streamlined Route prior to Parliament making this decision would not be affected. However, no further subsidies could be given under a Streamlined Route if Parliament
- 3.4. decided not to approve it, and the Streamlined Route would be withdrawn.

#### **Challenges against Streamlined Routes**

- 3.5. Interested parties generally have one month to apply to the CAT for a review of the subsidy or scheme, from the point the Route has been uploaded to the database. If this limitation period lapses without a challenge being brought or a pre-action information request being made, a Streamlined Route and all subsidies given under it will be safe from challenge on subsidy control grounds.
- 3.6. Streamlined Routes, like all decisions of a public nature, can be challenged on general public law grounds.

#### **Challenges against subsidies given under Streamlined Routes**

- 3.7. Subsidies given under the Streamlined Route are not subject to review by the CAT, because the review must take place at the level of the Route itself (as with all subsidy schemes).

3.8. This protection only applies where a subsidy genuinely falls within the terms of the Streamlined Route. If a subsidy does not comply with the terms and conditions of the Route, then the public authority should have treated it as an individual subsidy and therefore conducted an assessment against the relevant principles and prohibitions. The subsidy could be challenged on this basis. Public authorities must therefore meet all the conditions of the Streamlined Route or any subsidies they give under it incorrectly will be vulnerable to challenge.

3.9. As with all decisions of a public nature, a person who is aggrieved by the giving of a subsidy under a Streamlined Route may also be able to request a review of the subsidy decision on general public law grounds. That is, on the basis that the subsidy decision was, for example, illegal, irrational or otherwise unlawful on any other general public law ground. Such a challenge would need to be considered by the High Court or Court of Session, as it is not possible to challenge a subsidy under a scheme on public law grounds in the CAT.

## 4. Process for awarding subsidies under the Housing Streamlined Route

4.1. The process map below shows the Streamlined Route process for public authorities. This process may vary depending on whether the public authority is awarding an individual award or it is using the Streamlined Route as the legal basis for a multi-award subsidy programme.

**Step 1:** Once you have decided on the subsidy you would like to give, or the programme you intend to set up (which will allow for the giving of multiple subsidies), you may consider whether it will fall within scope of the Housing Streamlined Route.

Check the cash limits and maximum subsidy ratios set for the strand. If you expect to give subsidies over this level, then you can create your own subsidy or scheme. If you want to award subsidies below that level, you may proceed.

**Step 2:**

**A –** Review the Route and accompanying guidance to see which enterprises can receive subsidy through the route.

**B –** Work out what costs you intend the subsidy to cover and check these against the ‘eligible costs’ section of the category you wish to award through.

**C –** Consider any limitations as set out in the Route and guidance.

**Step 3:** Consider the subsidy ratios that are permitted under the strand and calculate the maximum amount that can be awarded to an enterprise for a housing project. More information on cumulation rules can be found in chapter 14 of this guidance.

**Step 4:** Ensure that a viability-gap assessment is carried out to determine the required subsidy value. In some cases, this assessment may be undertaken at a later stage. Public authorities should ensure that the level of detail in a viability gap assessment is proportionate to the size of the subsidy and does not exceed what is reasonably required to inform the decision. As part of this, the public authority must check with the intended subsidy recipient if they have received any other form of subsidy from another public authority for the same project, which must therefore be taken into account when carrying out the assessment.

**Step 5:** You are now ready to confirm the subsidy award total and give the subsidy (or subsidies for programmes that make multiple awards).

Having granted the subsidy, you must follow the transparency requirements. In particular, if your subsidy is over £100,000 then it must be uploaded onto the UK subsidy database.

## 5. Eligibility and scope

### Is it a subsidy?

- 5.1. The subsidy control regime does not apply to all types of financial assistance given by public authorities. Before using the Streamlined Route, public authorities should determine if the financial assistance they intend to give is a subsidy that falls within scope of the regime. Public authorities should refer to [Chapter 2 and Annex 1 of the Statutory Guidance](#) when making this determination.
- 5.2. Elements that do not constitute a subsidy should be excluded when calculating the total subsidy value. For example, public roads or other infrastructure that is not provided primarily for the benefit of a specific recipient. Where this is provided partly for the benefit of a specific recipient, the subsidy value should be calculated proportionately, reflecting the share of the infrastructure that directly benefits that recipient.

### Is the subsidy within scope?

- 5.3. Once public authorities have established that the definition of a subsidy has been met, they should consider whether the subsidy they are planning to award may be compatible with any of the Streamlined Routes. A subsidy given under a Streamlined Route must comply with all the conditions of the Route.
- 5.4. If public authorities conclude that a subsidy they wish to give is not in scope of the Streamlined Route, they should design their own subsidy or scheme, using the process explained in the statutory guidance.

### Public authorities establishing multi-award programmes

- 5.5. Public authorities planning to establish broad programmes that will issue multiple subsidy awards should assess whether the Housing Streamlined Route could serve as the legal basis for those awards under the Subsidy Control Act 2022, ensuring the programme is structured so that each individual award can be properly evaluated, and are in full compliance with the requirements set out in the Streamlined Route.

### Prohibitions

- 5.6. The subsidy control regime prohibits subsidies that provide unlimited guarantees, subsidies that are contingent on export performance, and subsidies that are contingent on the use of domestically produced goods or services. These prohibitions apply to subsidies given under the Streamlined Route. If in doubt, see the statutory guidance for more details.
- 5.7. The subsidy control regime provides for extra conditions or special arrangements for the award of certain other types of subsidy. A public authority must not give any subsidy that would be prohibited or be in contravention of the requirements in sections 15 – 29 of the Act. This means the following cannot be given under Streamlined Routes:
  - subsidies for rescuing or restructuring ailing or insolvent enterprises
  - subsidies conditional on the relocation of activities

- subsidies to insurers that provide export credit insurance
  - subsidies to air carriers for the operation of routes
- 5.8. Public authorities intending to award social and affordable housing subsidies as SPEI subsidies may do so under the Housing Streamlined Route. When adopting this approach, public authorities must ensure full compliance with the SPEI requirements set out in Section 29 of the Act. The designation of a subsidy as a SPEI subsidy is discretionary, and public authorities are under no obligation to make such a declaration.

### **Article 10 of the Windsor Framework**

- 5.10 Article 10 of the Northern Ireland Protocol to the Withdrawal Agreement (as amended by the Windsor Framework Agreement) provides that EU State Aid rules apply to the UK in respect of subsidies that affect trade in goods and wholesale electricity between Northern Ireland and the EU. Article 10 does not apply to services, and this means that EU State Aid rules do not apply to subsidies in the housing sector where they relate to housing services such as providing social housing, which instead fall under the Act. Where subsidies are captured under the Northern Ireland Protocol/Windsor Framework Agreement, they are not in scope of the domestic subsidy control regime and therefore cannot be given under the Streamlined Route.
- 5.11 Public authorities should refer to the 'Guidance on the scope and application of Article 10 of the Windsor Framework', to reach a view on whether the Protocol may apply to a subsidy they intend to give under the Streamlined Route.

## 6. General Streamlined Route requirements

### Availability

- 6.1 Public authorities are strongly encouraged to use objective and transparent selection criteria. This means that public authorities should explain to potential beneficiaries how any applications for a subsidy will be assessed and that the assessments will be conducted using conditions that can be objectively met, such as the enterprises operating in a particular sector or range of sectors, or that any jobs created as part of the housing project will be based in a pre-defined area.

### Eligible costs

- 6.2 A subsidy under a Streamlined Route can only be given for certain costs that are defined in the Route (eligible costs).
- 6.3 A public authority must obtain a list of anticipated eligible costs from the potential beneficiary before it decides to give a subsidy under a Route. The list of eligible costs must be supported by documentary evidence. This is an essential step to determining the subsidy ratio for the housing project or activity.
- 6.4 There are common limitations on eligible costs across all Routes and categories, which are that eligible costs must be:
- incurred directly as a result of the housing project,
  - limited to those strictly necessary for the housing project, and
  - limited to the time period of the housing project.
- 6.5 Subsidies that are 'strictly necessary' means those that are essential for the housing project's success and meeting the stated policy objectives through the intervention.

### Valuing the subsidy

- 6.6. Subsidies may be given under the Housing Streamlined Route in the form of grants, loans, guarantees, equity, or exemptions from specified levies. Subsidies given under this route may combine any mix of the aforementioned subsidy vehicle types either in a single award or in cases where a single beneficiary receives multiple separate subsidies for the same housing project.
- 6.7. Where public authorities are giving subsidies in the form of complex financial instruments, including equity or quasi-equity investments, we strongly recommend that they should have the appropriate expertise to select and manage investments.
- 6.8. If a subsidy is provided in cash, the gross cash amount given is to be used in determining the amount of the subsidy – that is, deductions should not be made for tax or for any other costs.

- 6.9. If a subsidy is provided in a form other than a grant,<sup>2</sup> the amount of the subsidy given is to be determined by reference to the benefit received by the beneficiary beyond what they would have received had they obtained the financial assistance on commercial terms.
- 6.10. The value of a non-cash subsidy can be calculated using the methodology in the [Subsidy Control \(Gross Cash Amount and Gross Cash Equivalent\) Regulations 2022](#) made under section 82 of the Act. However, this approach is not mandatory, and public authorities should use their own methodologies where practicable. Further information can be found in Part 2 of Annex 4 of the [Statutory Guidance](#).

### **Calculating subsidy ratios and the maximum permissible award**

- 6.11. A subsidy ratio – also known as an ‘intensity’, ‘intervention rate’ or ‘leverage amount’ – is the proportion of a housing project’s costs that are funded by a subsidy, as opposed to funding by the beneficiary itself or through other private or market-based sources of funding.
- 6.12. The Housing Streamlined Route sets out maximum subsidy ratios that a public authority must respect when giving a subsidy under a Streamlined Route. Like the maximum award amounts, maximum subsidy ratios are limits that cannot be breached under the Streamlined Route. Public authorities do not need to give subsidies at those maximum levels. In fact, they should always give the lowest subsidy amount for achieving their objective.
- 6.13. For the purposes of calculating subsidy ratios and eligible costs, all figures used shall be gross amounts, taken before any deduction of tax or other charge.
- 6.14. The subsidy ratio must be applied to all eligible costs that make up a housing project that the enterprise will be carrying out. This will determine the total subsidy that can be given to the enterprise, for the determined housing project, through the Streamlined Route.
- 6.15. The subsidy must be capped at either the maximum award amount or the limit indicated by the subsidy ratio, whichever is lower. For example, if a Route has a maximum award amount of £1 million and a subsidy ratio of 50%, then the maximum subsidy that could be provided to a housing project with costs totalling £1.2 million would be £0.6 million.

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<sup>2</sup> Different principles also apply for valuing tax measures.

- 6.16. If a public authority determines that the Route maximum award amount has already been reached with previous similar subsidies that meet the criteria in chapter 14, then they may not award any further subsidy through that Route or category. Cumulation does not involve subsidy ratios, only award amounts. For example, a maximum subsidy ratio of 50% applies regardless of cumulation and the number of subsidies.

### **Transparency requirements**

- 6.17. Streamlined Routes and any subsidies given under them that exceed £100,000 must be uploaded to the subsidy database, as required by the Subsidy Control Act.
- 6.18. DBT will upload this Streamlined Route to the subsidy database shortly after it comes into effect, and the scheme number can be found on the [streamlined routes GOV.UK page](#).
- 6.19. Where a public authority gives subsidies under Streamlined Routes that exceed £100,000, that public authority is responsible for uploading information about those subsidies to the database. This must be done within three months of the decision to give the subsidy award. The date of the subsidy decision is the date on which a binding commitment is made by the subsidy giver, when the beneficiary has an enforceable right to the subsidy.
- 6.20. Public authorities should follow the statutory guidance on transparency to determine what transparency obligations apply to the subsidy award.
- 6.21. To upload a subsidy given under a streamlined route public authorities must do the following:
- Ensure a database user account is registered under the PA name on the Manage UK subsidies portal. If you do not have an account for access for your organisation, please contact [subsidydatabase@businessandtrade.gov.uk](mailto:subsidydatabase@businessandtrade.gov.uk)
  - Identify the Streamlined Route you want to use from the list under subsidy schemes. Use the Housing Streamlined Route's unique SC number.
  - Click on 'subsidy awards' on the subsidy awards tab and select 'add multiple subsidy awards'.
  - Download the excel template when prompted and then follow the instructions to add the subsidy award (the instructions are included in the template).
  - Save a local copy of the template once completed.
  - Select the 'upload file' button on the subsidy awards tab under 'add multiple subsidy awards' and upload the completed excel file with the subsidy awards.

- The database will then automatically run through the file and highlight any errors, if they exist. When the file is uploaded the subsidy awards will appear on the list of subsidy awards.

6.22. Check the 'view UK subsidies' page to ensure that the awards are displayed correctly. We recommend Public Authorities keep the Excel file for their own record keeping as a public authority must ensure the subsidy award information is correct for a minimum of six years.

### **Retention of documents**

6.23. Public authorities will collect certain information from beneficiaries to comply with the Streamlined Route, as well as for tax and managing public money purposes. Public authorities must meet the transparency requirements in the Act, including the need to keep database entries up to date for 6 years. In addition, subsidies given under routes can be challenged on general public law grounds. Retaining relevant information will be necessary for both. Public authorities are therefore advised to retain relevant documents for as long as they consider necessary to meet the transparency requirements, respond to challenges and satisfy any other obligations.

## Part 2: Housing Streamlined Route

### 7. Overview

- 7.1 The Housing Streamlined Route has been made by the Secretary of State to allow for subsidies to be given within two distinct strands: 1) Gap Funding for Social and Affordable Housing 2) Gap Funding for Sites of Any Tenure Mix.
- 7.2 Strand 1 should be used by public authorities in cases where financial support relates exclusively to the social and affordable housing component of a housing project, or where the housing project consists entirely of social and affordable housing.
- 7.3 Strand 2 should be applied by public authorities to mixed- or single-tenure sites featuring non-social and affordable provision, including developments comprised entirely of market-rate housing. Strand 2 also covers housing projects with ancillary or complementary non-residential uses such as commercial premises.
- 7.4 This guidance should be read alongside the Housing Streamlined route scheme document.

### 8. Eligible enterprises

- 8.1. This Route can be used to give subsidies to any enterprise directly involved in the delivery or provision of housing, including:
  - housing developers
  - master developers
  - Registered Providers of social housing (RPs), Registered Social Landlords (RSLs) or equivalent organisations and their subsidiaries
  - local authorities and their Arms-Length External Organisations (ALEOs)
  - public sector bodies with a housing delivery function
  - registered charitable organisations delivering housing or related services with government support
  - other housing providers or newly established entities created for the purpose of delivering housing, regardless of whether they have previously provided housing.

### 9. Eligible activities

- 9.1. Subsidies can be awarded to eligible enterprises to support the delivery of housing projects anywhere in the United Kingdom through this route, provided

the public authority giving the subsidy is satisfied that there is a viability gap Fund costs would be limited to funding only activities listed below as eligible costs.

- 9.2. As set out in the scheme document, a housing project can refer to any residential accommodation which consists of a single site or group of sites, or an individual phase or phases of a single site. This will be important when considering cumulation rules as set out in chapter 14.

## 10. Eligible costs

- 10.1. Subsidies under this Streamlined Route can be given to fund any combination of the eligible costs specified below, up to the maximum amount and/or intensity ratio, provided they are covering a viability gap related to a specific housing project. All eligible costs must be incurred directly as a result of the housing project or activity, and subsidies awarded under the route must be strictly apportioned to the costs associated with the delivery or provision of housing. This streamlined route applies only to the costs listed below or to any cost that could be reasonably understood as forming part of the defined cost headings, and where its inclusion is consistent with the intent and scope of those headings. Costs falling outside these cost headings are not permitted.

## 11. Information gathering requirements

- 11.1. Prior to awarding a subsidy an enterprise must submit an application to a public authority confirming as a minimum:
  - 11.1.1. Name of the enterprise
  - 11.1.2. Project is in the United Kingdom
  - 11.1.3. Description of the housing project including planned activities
  - 11.1.4. A full breakdown of all expected costs, expected income and their own contributions, which can demonstrate a viability gap
  - 11.1.5. Estimated eligible costs
- 11.2. The beneficiary must keep the information updated throughout the course of the housing project.

11.3. There may be instances where subsidy may be provided to housing projects where the contract has been awarded and work has begun. For example:

- Housing projects with historic or pre-incurred costs where funding is needed retrospectively
- Housing projects requiring reinvestment
- Loan-funded housing projects that encounter delays, where a loan extension becomes necessary mid-project
- Sites that are not stalled but require follow-on support, such as cases where unforeseen viability issues arise

11.4. In all instances, subsidies may be provided to housing projects provided that the viability gap is not attributable, whether directly or indirectly, to any act, omission, default or negligence of the beneficiary.

## 12. Subsidy ratios and maximum award amounts

12.1. The subsidy given to an enterprise for a specific housing project must not exceed either the maximum amount or the maximum intensity ratio of the Strand being used to give subsidy.

12.2. For greater clarity, an enterprise can receive subsidies under this route for multiple housing projects which would collectively exceed the maximum award value, provided that for each housing project it does not receive more than either the maximum award value or maximum intensity ratio.

12.3. Where a public authority seeks to make subsidies that would either exceed either the maximum award or maximum intensity ratio, or seek to fund costs other than those listed as eligible costs, they must not give them under this route and should consider whether to give a standalone subsidy or create a scheme, using the Subsidy Control assessment template as a guide.<sup>3</sup>

12.4. An enterprise can receive subsidies under both Strand 1 and Strand 2 for a housing project, provided the conditions applicable to each Strand are fully adhered to and the associated costs are clearly distinguished.

### **Gap Funding for Social and Affordable Housing (Strand 1)**

12.5. The maximum amount of subsidy that can be awarded to an enterprise for a specific housing project under this strand is £75 million per 3 Financial Years.

12.6. The maximum subsidy ratio under this strand is up to 80% of overall housing project costs.

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<sup>3</sup> [Subsidy control principles assessment guides - GOV.UK](#)

- 12.7. Funding allocated under Strand 1 must be strictly ring-fenced to the costs associated with the delivery of social and affordable housing only.

### **Gap Funding for Sites of Any Tenure Mix (Strand 2)**

- 12.8. The maximum amount of subsidy that can be awarded to an enterprise for a specific housing project is £75 million per 3 Financial Years.
- 12.9. The maximum subsidy ratio under this strand is up to 50% of overall housing project costs.

## **13. Viability gaps**

- 13.1. The subsidy awarded must only be used to fund an identified viability gap (which may include a reasonable profit element). The subsidy must not exceed the identified viability gap.
- 13.2. To ensure that the route is flexible for different types of housing projects, there is no prescribed method for an enterprise presenting a viability gap.
- 13.3. A viability gap assessment must be carried out by the public authority or beneficiary or both.
- 13.4. Public authorities should ensure that the level of detail applied in a viability gap assessment is proportionate to the size of the subsidy. To review the evidence provided by an enterprise a public authority may, in cases where it deems it appropriate to do so, appoint an external body to confirm the viability gap and therefore the maximum subsidy amount.
- 13.5. A public authority must consider the cumulative amount of subsidies received by the enterprise for each particular housing project, whether given under the Housing Route or otherwise, when carrying out a viability gap assessment. This may require gathering additional information from the beneficiary. In cases where a project has already received substantial subsidies, public authorities should consider whether any underlying issues contributing to the continuing viability gap may be more appropriately addressed through interventions other than further subsidy.
- 13.6. Enterprises may present the viability gap in different ways. For example, a viability gap may arise where the Gross Development Value (GDV) does not exceed the Total Development Costs (GDC), including reasonable profit for the developer, meaning the housing project would not proceed absent subsidy. The

format and level of detail used to present the viability gap will be at the discretion of the relevant public authority.

- 13.7. Appropriate supporting evidence could include a calculation covering scenarios with and without subsidy, with a valuation report used to support rent, sales, and yield estimates, and a detailed cost plan providing an itemised breakdown of the estimated costs.
- 13.8. Once the viability gap and therefore the maximum subsidy amount is confirmed, the enterprise will be responsible for sourcing finance to cover the remaining housing project's costs.

## 14. Cumulation rules

- 14.1. Streamlined Routes facilitate subsidies that present a low risk of distorting competition. To help ensure subsidies remain low risk, cumulation rules apply.
- 14.2. Public authorities should cumulate a proposed subsidy with previous related subsidies given under the Housing Streamlined Route to ensure the proposed subsidy does not go over the relevant maximum award amount or ratio.
- 14.3. Cumulation rules apply only to subsidies awarded under the Housing Streamlined Route. Subsidies awarded outside of the Housing Route, such as those awarded under separate subsidy schemes, do not cumulate with subsidies given under the Housing Route. Public authorities must nevertheless take all relevant subsidies into account when calculating the housing project's viability gap.
- 14.4. All existing subsidies given under the Streamlined Route must be cumulated with the proposed subsidy if they were granted:
  - to the same enterprise by any public authority
  - for the same housing project
  - for the same or substantially the same specific purposes and
  - within the last 3 financial years (that is, the last 2 complete financial years, running from 1 April to 31 March, and the lapsed part of the current financial year)
- 14.5. The public authority will need to add together the value of similar subsidies given under the Streamlined Route with the value of the proposed subsidy and only proceed with the proposed subsidy if it is below the limit for that category.

- 14.6. When considering the application of the cumulation rules above, the subsidy ratios or maximum award amounts may not be circumvented by artificially splitting up a single site into several constituent projects with similar characteristics or objectives.

#### **Example**

A public authority intends to grant a £25 million subsidy to an enterprise to address a viability gap for a housing project under Strand 1 of the Housing Streamlined Route (Social and Affordable Housing).

The enterprise informs the public authority that it has received £60 million from another public authority for the same housing project and the same activities as defined under the relevant categories of the Streamlined Route Schedule.

Additionally, because this £60 million was awarded under the Housing Streamlined Route the policy objective is the same. This £60 million subsidy was received four months ago.

The £25 million subsidy accordingly cumulates with the £60 million subsidy above the £75 million maximum award amount and so, the maximum amount the public authority can award £15 million to the enterprise.

The public authority would instead need to complete a subsidy control principles assessment to determine whether they could give the remaining £10 million.

## 15. Recovery and misuse

- 15.1. A public authority must ensure that any subsidy given under the Housing Route is given subject to a condition that allows the authority to recover the whole or part of the subsidy amount to the extent that the subsidy is used for a purpose other than the purpose for which it was given. This means that public authorities can reclaim subsidies given where the policy objective of increasing and/or accelerating housing delivery or provision is not being delivered.
- 15.2. There should be provision in place to recover subsidy under certain circumstances, including:
- 15.2.1. where an organisation does not use the subsidy towards eligible costs not outlined in the streamlined route
  - 15.2.2. costs are lower than projected and/or market values are higher than projected within a specified period, for example when the housing project reaches practical completion, such that the housing project no longer requires the full subsidy.

- 15.2.3. delays or changes in the scope of the housing project
  - 15.2.4. if milestones are missed and satisfactory revised milestones cannot be agreed between the public authority and the beneficiary
  - 15.2.5. if the policy objective is not delivered
- 15.3. Any costs must be qualified to ensure that public bodies do not end up covering expenses that should rightly be borne by the responsible polluter.

## 16. Strand 1: Gap Funding for Social and Affordable Housing

### Category 1 – acquisition

- 16.1. Under this category a subsidy can be awarded to an eligible enterprise to support the acquisition of land, site, existing buildings and / or interest in an entity for the provision of social and affordable housing.
- 16.2. Eligible costs will be:
  - 16.2.1. Purchase price of land / site / buildings
  - 16.2.2. Purchase of shares or partnership/ membership interest and associated transaction costs
  - 16.2.3. Purchase of business as a going concern and associated transaction costs
  - 16.2.4. Stamp Duty Land Tax (SDLT), Land Transaction Tax (LTT), Land and Buildings Transaction Tax (LBTT), and legal and professional fees associated to the purchase of the land / site / buildings
  - 16.2.5. Irrecoverable VAT on the above (where applicable)
- 16.3. For the purposes of 16.1, 'entity' refers to a joint venture, subsidiary, or other housing delivery vehicle
- 16.4. For the purposes of 16.2.2 and 16.2.3, the associated transaction costs and the purchase must be strictly necessary and directly attributable to the delivery of the housing or infrastructure. It may include situations where it is more economical, practical, or efficient to buy out an existing interest along with the full corporate structure of a joint venture, subsidiary, or other housing delivery vehicle, rather than purchasing the underlying land and property assets separately and recreating new corporate entities.

### Category 2 – works costs for new social and affordable housing

- 16.5. This includes the costs to an enterprise to support the works costs for new social and affordable housing.
- 16.6. Eligible costs will be:
  - 16.6.1. Main works contract costs (excluding any costs defined as "on costs")
  - 16.6.2. Major Site development works (where applicable). These include piling, soil stabilisation, road/sewer construction, major demolition.

- 16.6.3. Land remediation and abnormal costs
- 16.6.4. Retaining buildings (e.g. listed buildings)
- 16.6.5. Statutory agreements, asset protection agreements, associated bonds and party wall, rights of light and access agreements (including all fees and charges directly attributable to such works) where applicable.
- 16.6.6. Additional costs associated with complying with requirements set out in archaeological, conservation, environmental and/or ecological, ecclesiastical/chancel works and party wall, rights of light and access agreements / awards (including all insurance, fees, charges and claims attributable to such works) where applicable.
- 16.6.7. On-site and off-site infrastructure (including but not limited to transport, utilities, flood wall defences and planning obligation infrastructure). This could be, for example, infrastructure which is required by Section 106 agreements in England and Wales, Section 75 agreements in Scotland and Section 76 agreements in Northern Ireland.
- 16.6.8. Placemaking improvements and community facilities
- 16.6.9. Irrecoverable VAT on the above (where applicable)
- 16.7. Main works contract costs covers all legally binding development arrangements that relate directly to the construction and delivery of the housing.
- 16.8. Land remediation and abnormal costs refers to additional or unusual costs that you might face when developing a site. Common examples of abnormal costs are ground remediation works, for instance removal of Japanese Knotweed or remediating/removing underground mineshafts, contamination or basements; the use of specialist foundations, e.g. piling or raft foundations, as a result of ground conditions; retaining walls, tree protection.
- 16.9. Costs associated with retaining existing buildings can arise where retention is required or preferred, often because the building is listed, planning policy encourages its preservation, or there is an environmental or embodied carbon benefit in keeping the structure rather than demolishing and rebuilding.
- 16.10. Where giving subsidies for planning obligated infrastructure, public authorities must be of the view that the scope of the housing project is being widened or the housing project is being accelerated as a result.

*Category 3: Works costs for existing buildings*

- 16.11. This includes the costs to an enterprise to support essential works costs for derelict buildings, where such stock is being converted into social and affordable housing, or to mitigate the risk of social and affordable housing falling

out of use due to deterioration. One example may be where a subsidy is given that enables work to be completed to ensure existing buildings meet the required standards for social housing.

16.12. Users of this category should note that in instances where existing buildings are being converted into social and affordable housing, this is treated as new social and affordable housing for the purposes of the housing streamlined route, and awards can be granted under other relevant categories in Strand 1.

16.13. Eligible costs will be:

16.13.1. All essential works costs converting for existing buildings, including bringing derelict, vacant or void housing back into use

16.13.2. Major works arising from structural or environmental deterioration.

16.13.3. Replacement or repairs to service installations or features

16.13.4. Refurbishment or installation of energy efficiency/renewables measures

16.13.5. Works arising from legislative changes occurring after completion of the original development or rehabilitation work.

16.13.6. Temporary decanting and re-housing of tenants to facilitate the works

16.13.7. Irrecoverable VAT on the above (where applicable).

16.14. Service installations refer to works required when key building services have reached the end of their useful life and risk undermining basic sanitation, health, safety, or functionality within a dwelling. This includes renewal of gas, water and electricity supplies, drainage systems, heating and ventilation etc.

16.15. Refurbishment or installation of energy-efficiency or renewable-energy measures is eligible only where it directly supports the delivery of additional social and affordable homes. This may include situations where such measures are provided in exchange for a homeowner leasing or letting the property for a period of affordable rent or otherwise enabling the release or provision of additional housing.

#### Category 4: On costs

16.16. This includes the costs of an enterprise to support on costs for social and affordable housing.

16.17. Eligible costs will be:

16.17.1. Legal fees and disbursements.

- 16.17.2. Accounting and tax advice
- 16.17.3. Design costs including architectural fees
- 16.17.4. Monitoring/quality control
- 16.17.5. On-site surveys
- 16.17.6. Net gains/losses via interest charges on development period loans
- 16.17.7. Building society or other valuation and administration fees
- 16.17.8. Fees for building control and Planning Permission (including any associated financial contributions required relating to a planning permission provided that no relevant relief is available in respect of such contributions)
- 16.17.9. Fees and charges associated with compliance with legislation, and requirements relating to energy rating of dwellings and Eco-Homes certification.
- 16.17.10. In-house or external consultants' fees, disbursements and expenses (including design fee element of the contract sum and any other non-works costs where the development contract is a design and build contract).
- 16.17.11. Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in Works costs).
- 16.17.12. Contract performance bond premiums.
- 16.17.13. Borrowing administration charges (including associated legal and valuation fees).
- 16.17.14. An appropriate proportion of the Grant Recipient's development and administration costs
- 16.17.15. Irrecoverable VAT on the above (where applicable).

## 17. Strand 2: Gap Funding for Sites of Any Tenure Mix

17.1. Please note that this list is illustrative rather than comprehensive. Additional context and full definitions of eligible costs can be found in Strand 1.

### Category 1 – acquisition

17.2. Under this category a subsidy can be awarded to an eligible enterprise to support the acquisition of land, site, existing buildings and / or interest in an entity for the provision of sites of any tenure mix.

17.3. Eligible costs will be:

17.3.1. Purchase price of land / site / buildings

17.3.2. Purchase of shares or partnership/ membership interest and associated transaction costs

17.3.3. Purchase of business as a going concern and associated transaction costs

17.3.4. Stamp Duty Land Tax (SDLT), Land Transaction Tax (LTT), Land and Buildings Transaction Tax (LBTT), and legal and professional fees associated to the purchase of the land / site / buildings

17.3.5. Irrecoverable VAT on the above (where applicable)

17.4. For the purposes of 17.2, 'entity' refers to a joint venture, subsidiary, or other housing delivery vehicle

17.5. For the purposes of 17.3.2 and 17.3.3, the associated transaction costs (including but not limited to corporate structuring and/or restructuring as well as buy out costs and includes any related tax associated) and the purchase must be strictly necessary and directly attributable to the delivery of the housing or infrastructure.

### Category 2 – works costs for new housing stock

17.6. Under this category a subsidy can be awarded to eligible enterprises to support the works costs for sites of any tenure mix.

17.7. Eligible costs will be:

17.7.1. Main works contract costs (excluding any costs defined as on costs)

17.7.2. Major Site development works (where applicable). These include piling, soil stabilisation, road/sewer construction, major demolition.

17.7.3. Land remediation and abnormal costs

17.7.4. Retaining buildings (e.g. listed buildings)

- 17.7.5. Statutory agreements, associated bonds and party wall agreements (including all fees and charges directly attributable to such works) where applicable.
- 17.7.6. Additional costs associated with complying with requirements set out in archaeological, conservation, environmental/ecological, ecclesiastical/chancel works and party wall, rights of light and access agreements / awards (including all insurance, fees, charges and claims attributable to such works) where applicable.
- 17.7.7. On-site and off-site infrastructure (including but not limited to transport, utilities, flood wall defences and planning obligation infrastructure). This could be, for example, infrastructure which is required by Section 106 agreements in England and Wales, Section 75 agreements in Scotland and Section 76 agreements in Northern Ireland.
- 17.7.8. Placemaking improvements and community facilities
- 17.7.9. Irrecoverable VAT on the above (where applicable)

Category 3: On costs

- 17.8. Under this category a subsidy can be awarded to eligible enterprises to support on costs for sites of any tenure mix.
- 17.9. Eligible costs will be:
  - 17.9.1. Legal fees and disbursements.
  - 17.9.2. Accounting and tax advice
  - 17.9.3. Design costs including architectural fees
  - 17.9.4. Monitoring/ quality control
  - 17.9.5. On-site surveys
  - 17.9.6. Net gains/losses via interest charges on development period loans
  - 17.9.7. Building society or other valuation and administration fees
  - 17.9.8. Fees for building control and Planning Permission (including any associated financial contributions required relating to a planning permission provided that no relevant relief is available in respect of such contributions)

- 17.9.9. Fees and charges associated with compliance with Legislation, and requirements relating to energy rating of dwellings and Eco-Homes certification.
- 17.9.10. In-house or external consultants' fees, disbursements and expenses (including design fee element of the contract sum and any other non-works costs where the development contract is a design and build contract).
- 17.9.11. Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in Works costs).
- 17.9.12. Contract performance bond premiums.
- 17.9.13. Borrowing administration charges (including associated legal and valuation fees).
- 17.9.14. An appropriate proportion of the Grant Recipient's development and administration costs
- 17.9.15. Irrecoverable VAT on the above (where applicable)