



Department for
Business & Trade

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The Housing Streamlined Subsidy Scheme

April 2026

Paper to lie before both Houses of Parliament for a period of 40 days, during which time either House may resolve that the scheme be not approved.

Department for Business and Trade

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Presented to Parliament pursuant to section 10 (5) of the Subsidy Control Act 2022.

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The Housing Streamlined Route: scheme document

1. Introduction and compliance with the subsidy control principles

- 1.1. The Secretary of State at the Department for Business and Trade, having considered the subsidy control principles in accordance with Chapter 1 of Part 2 of the Subsidy Control Act 2022 (“the Act”) and being of the view that the subsidies given under the scheme will be consistent with those principles, makes the following subsidy scheme (“the Scheme”) as a streamlined subsidy scheme for the purposes of the Act, in accordance with section 10(4) of the Act.
- 1.2. The Scheme is made on 14 April 2026.
- 1.3. The Scheme may be used by any public authority in the United Kingdom to give subsidies on or after 14 April 2026 until 13 April 2032.
- 1.4. The Scheme is to be laid in Parliament in accordance with section 10(5) of the Act and published on the subsidy database in accordance with section 33(1)(b) of the Act.
- 1.5. The Scheme may be referred to as the Housing Streamlined Subsidy Scheme.

2. Purpose

- 2.1. The Scheme provides for the giving of subsidies by public authorities that fall within the following strands set out in the Schedule:
 - 2.1.1. Strand 1: Gap funding for Social and Affordable Housing.
 - 2.1.2. Strand 2: Gap funding for Sites of Any Tenure Mix.

3. General definitions

- 3.1. In the Scheme:
 - 3.1.1. “the Act” means the Subsidy Control Act 2022;
 - 3.1.2. “social and affordable housing” means accommodation for rent or sale at below the market rate that is made available in accordance with rules designed to ensure that it is made available to people whose needs are not adequately served by the commercial housing market;
 - 3.1.3. “market-rate” housing means housing available at prices or rents determined by the open market;
 - 3.1.4. “housing project” means any project to deliver or provide residential accommodation (whether by itself or as part of a wider project),

including associated infrastructure, which may consist of a single site or group of sites, or an individual phase or phases of a single site;

- 3.1.5. “mixed-tenure site” means a development comprising of more than one category of residential tenure, including housing that is not social and affordable housing, and which may also include ancillary or complementary non-residential uses such as commercial premises;
- 3.1.6. “single-tenure site” means a development comprising of one category of residential tenure;
- 3.1.7. “building” has the meaning given by section 121 of the Building Act 1984, Section 55 of the Building (Scotland) Act 2003 or paragraph 3 of the Building Regulations (Northern Ireland) Order 1979;
- 3.1.8. “enterprise” has the meaning given by section 7 of the Act;
- 3.1.9. “land” has the meaning given by section 205 of the Law of Property Act 1925, schedule 1 of the Interpretation and Legislative Reform (Scotland) Act 2010 or Section 45 of the Interpretation Act (Northern Ireland) 1954;
- 3.1.10. “public authority” has the meaning under section 6(1) of the Act;
- 3.1.11. “derelict, vacant or void housing” refers to residential accommodation that is functionally obsolete, meaning it no longer meets current needs or standards.

4. General conditions

4.1. Maximum subsidy value

- 4.1.1. An enterprise can receive subsidies under both Strand 1 and Strand 2 for a housing project. The maximum amount that can be awarded under the Scheme to an enterprise for a single project is £75 million (subject to the cumulation rules set out in paragraph 6.2).

4.2. Eligible costs

- 4.2.1. All eligible costs must be incurred directly as a result of the project or activity.
- 4.2.2. All eligible costs should be limited to those strictly necessary for the housing project and limited to the period of the project.
- 4.2.3. 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.

4.3. Eligible enterprises

4.3.1. Eligible enterprises under this Scheme include any entity 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, and other housing providers or newly established entities created for the purpose of delivering housing, regardless of whether they have previously provided housing.

4.4. Eligible location

4.4.1. A housing project can be located anywhere in the United Kingdom.

4.5. Form of subsidy

4.5.1. Subsidies under this Scheme will take the form of grants, loans, equity, guarantees, exemptions from specified levies or any combination thereof.

4.6. Prohibited subsidies

4.6.1. 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.

4.6.2. Public authorities intending to award social and affordable housing subsidies as SPEI subsidies may do so under the Scheme. 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.

4.7. Selection criteria

4.7.1. Public authorities are strongly encouraged to use objective and transparent selection criteria that are available to potential recipients in advance of giving the subsidy.

4.8. Viability gaps

- 4.8.1. The subsidy awarded must only be used to fund an identified viability gap (which may include a reasonable profit element).
- 4.8.2. The subsidy must not exceed the identified viability gap.
- 4.8.3. A viability gap assessment must be carried out by the public authority or beneficiary or both.
- 4.8.4. Public authorities should ensure that the level of detail applied in a viability gap assessment is proportionate to the size and type of the subsidy. The assessment should not exceed what is reasonably required to inform the decision.
- 4.8.5. A public authority must consider the cumulative amount of subsidies received by the enterprise for each particular housing project, whether given under the Scheme or otherwise, when carrying out a viability gap assessment.
- 4.8.6. 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.

4.9. Other conditions

- 4.9.1. Prior to awarding a subsidy an enterprise must provide a public authority as a minimum:
 - 4.9.1.1. Name of the enterprise
 - 4.9.1.2. Project is in the United Kingdom
 - 4.9.1.3. Description of the project including planned activities
 - 4.9.1.4. A full breakdown of all of the expected costs, expected income and their own contributions, which can demonstrate a viability gap
 - 4.9.1.5. Estimated eligible costs

4.10. The beneficiary must keep the information updated throughout the course of the project.

4.11. Where a subsidy is granted for a housing project, the public authority must include in the legal agreement with the enterprise a condition that, if the housing project does not proceed, or proceeds only in part to the extent

agreed, the public authority shall be entitled to recover at a minimum the full amount of the subsidy or such proportion as it may determine.

4.12. There should be provision in place to recover subsidies under certain circumstances, including:

4.12.1. where an organisation uses the subsidy towards costs not outlined in the Scheme.

4.12.2. costs are lower than projected and / or income is higher than projected within a specified period, as set out in the viability gap assessment, meaning that the project no longer requires the full subsidy.

4.12.3. delays or changes in the scope of the project.

4.12.4. if milestones are missed and satisfactory revised milestones cannot be agreed between the public authority and the beneficiary.

4.12.5. if the policy objective is not delivered.

4.13. Any remediation costs must not cover expenses that should rightly be borne by the responsible polluter.

5. Transparency

5.1. A public authority must meet the transparency requirements set out in Chapter 3 of Part 2 of the Act and upload any subsidy given under the Scheme to the subsidy database where required by the Act.

6. Cumulation

6.1. Subsidies given under this Scheme must not cause the maximum award amount or subsidy ratio to be exceeded on a cumulative basis.

6.2. The proposed subsidy must be cumulated with all existing subsidies awarded under the scheme that have been granted:

6.2.1. to the same enterprise by any public authority,

6.2.2. for the same housing project,

6.2.3. for the same or substantially the same specific purposes' and

6.2.4. 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).

- 6.3. Cumulation rules apply only to subsidies awarded under the Scheme. Subsidies awarded outside of the Scheme, such as those awarded under separate subsidy schemes, do not cumulate with subsidies given under this Scheme. Public authorities must nevertheless take all relevant subsidies into account when determining the project's viability gap.
- 6.4. When considering the application of 6.3 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.

7. Misuse of subsidy

- 7.1. A public authority must ensure that any subsidy given under the Scheme 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.

Schedule

Strand 1: Gap Funding for Social and Affordable Housing

8. Scope

8.1. The policy objective of Strand 1 is to address viability gaps that prevent social and affordable housing from being developed or provided, and to expedite delivery so that those homes are completed sooner than would otherwise be possible.

8.2. Strand 1 should be used by public authorities in cases where financial support relates exclusively to the social and affordable housing component of a project, or where the project consists entirely of social and affordable housing.

9. Eligible categories and costs

9.1. Under this strand there are four categories of eligible costs.

Category 1 – acquisition

9.2. 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 social and affordable housing.

9.3. Eligible costs will be:

9.3.1. Purchase price of land / site / buildings

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

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

9.3.4. 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

9.3.5. Irrecoverable VAT on the above (where applicable)

9.4. For the purposes of 9.2 'entity' refers to a joint venture, subsidiary, or other housing delivery vehicle.

9.5. For the purposes of 9.3.2 and 9.3.3, 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 social and affordable housing

9.6. Under this category a subsidy can be awarded to eligible enterprises to support the works costs for new social and affordable housing.

9.7. Eligible costs will be:

9.7.1. Main works contract costs (excluding any costs defined as “on costs”).

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

9.7.3. Land remediation and abnormal costs.

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

9.7.5. 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.

9.7.6. 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.

9.7.7. 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.

9.7.8. Placemaking improvements and community facilities.

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

Category 3: Works costs for existing buildings

9.8. Under this category a subsidy can be awarded to eligible enterprises to support essential works costs for existing 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.

9.9. Eligible costs will be:

9.9.1. All essential works costs associated with converting existing buildings, including bringing derelict, vacant or void housing back into use.

- 9.9.2. Major works arising from structural or environmental deterioration
- 9.9.3. Replacement or repairs to service installations or features
- 9.9.4. Refurbishment or installation of energy efficiency/renewables measures
- 9.9.5. Works arising from legislative changes occurring after completion of the original development or rehabilitation work
- 9.9.6. Temporary decanting and re-housing of tenants to facilitate the works
- 9.9.7. Irrecoverable VAT on the above (where applicable)

Category 4: On costs

- 9.10. Under this category a subsidy can be awarded to eligible enterprises to support on costs for social and affordable housing.
- 9.11. Eligible costs will be:
 - 9.11.1. Legal fees and disbursements.
 - 9.11.2. Accounting and tax advice
 - 9.11.3. Design costs including architectural fees
 - 9.11.4. Monitoring/quality control
 - 9.11.5. On-site surveys
 - 9.11.6. Net gains/losses via interest charges on development period loans
 - 9.11.7. Lender or other valuation and administration fees
 - 9.11.8. 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).
 - 9.11.9. Fees and charges associated with compliance with legislation, and requirements relating to energy rating of dwellings and Eco-Homes certification.
 - 9.11.10. 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).

- 9.11.11. Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in Works costs).
- 9.11.12. Contract performance bond premiums
- 9.11.13. Borrowing administration charges (including associated legal and valuation fees).
- 9.11.14. An appropriate proportion of the Grant Recipient's development and administration costs
- 9.11.15. Irrecoverable VAT on the above (where applicable).

10. Calculation of the subsidy

- 10.1. Calculation of the subsidy
 - 10.1.1. The subsidy amount cannot exceed the project's 'viability gap' as determined by the public authority
- 10.2. Maximum subsidy ratio
 - 10.2.1. The maximum subsidy ratio under the strand is up to 80% of overall project costs

11. Other conditions

- 11.1. Funding allocated under Strand 1 must be strictly apportioned to the costs associated with the delivery of social and affordable housing.

Strand 2: Gap Funding for Sites of Any Tenure Mix

12. Scope

- 12.1. The policy objective for Strand 2 is to address viability gaps that prevent a wider mix of housing from being developed or provided, and to expedite delivery so that those homes are completed sooner than would otherwise be possible.
- 12.2. Strand 2 should be applied by public authorities to mixed- or single-tenure sites featuring non-social and affordable housing 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.

Eligible categories and costs

- 12.3. Under this strand there are three categories of eligible costs.

Category 1 – acquisition

- 12.4. Under this category a subsidy can be awarded to an eligible enterprise to support the acquisition of land, site, existing buildings and / or an interest in an entity for the provision of sites of any tenure mix.
- 12.5. Eligible costs will be:
- 12.5.1. Purchase price of land / site / buildings
 - 12.5.2. Purchase of shares or partnership/membership interest and associated transaction costs
 - 12.5.3. Purchase of business as a going concern and associated transaction costs
 - 12.5.4. 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
 - 12.5.5. Irrecoverable VAT on the above (where applicable)
- 12.6. For the purposes of 12.4 'entity' refers to a joint venture, subsidiary, or other housing delivery vehicle.
- 12.7. For the purposes of 12.5.2 and 12.5.3, 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

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

12.9. Eligible costs will be:

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

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

12.9.3. Land remediation and abnormal costs

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

12.9.5. Statutory agreements, associated bonds and party wall agreements (including all fees and charges directly attributable to such works) where applicable

12.9.6. 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

12.9.7. 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

12.9.8. Placemaking improvements and community facilities

12.9.9. Irrecoverable VAT on the above (where applicable)

Category 3: On costs

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

12.11. Eligible costs will be:

12.11.1. Legal fees and disbursements

12.11.2. Accounting and tax advice

12.11.3. Design costs including architectural fees

- 12.11.4. Monitoring/ quality control
- 12.11.5. On-site surveys
- 12.11.6. Net gains/losses via interest charges on development period loans
- 12.11.7. Lender or other valuation and administration fees
- 12.11.8. 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)
- 12.11.9. Fees and charges associated with compliance with Legislation, and requirements relating to energy rating of dwellings and Eco-Homes certification.
- 12.11.10. 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)
- 12.11.11. Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in Works costs)
- 12.11.12. Contract performance bond premiums
- 12.11.13. Borrowing administration charges (including associated legal and valuation fees)
- 12.11.14. An appropriate proportion of the Grant Recipient's development and administration costs
- 12.11.15. Irrecoverable VAT on the above (where applicable)

13. Calculation of the subsidy

- 13.1. Calculation of the subsidy
 - 13.1.1. The subsidy amount cannot exceed the project's 'viability gap' as determined by the public authority
- 13.2. Maximum subsidy ratio

13.2.1. The maximum subsidy ratio under the strand is up to 50% of overall project costs

Kate Dearden.

Kate Dearden MP
Minister for Employment Rights and Consumer Protection
Department for Business and Trade
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