

**HOUSING INVESTMENT GUIDANCE NOTE****To: All Registered Social Landlords****Subject: HAG Procedures :  
Miscellaneous Streamlining  
Arrangements****Ref No: HIGN 2008/12****Page: 1 of 3****Issued by: Housing Investment Division****Issued: September 2008**

This guidance note updates the relevant sections of the HAG Procedures Guide 1997 and HAG Financial Appraisal Guidance (HIGN 2008/05), which otherwise remain in force. This guidance has been agreed with Scottish Federation of Housing Associations.

The guidance covers

- Procedures for draw down of HAG. These are a clarification of interpretation of HAG Procedures Guide Part 4. These procedures take effect from 1 October 2008.
- Stage payments of Development Allowances. The changes update paragraph 2.8 of HIGN 2008/05. They take effect from 1 April 2009.
- Circumstances under which HAG is recalculated at scheme completion (HAG/PC stage). This amends Scenario 3 under HAG Procedures Guide Part 5.1, and paragraph 12 of part 5.2. The amendments take effect from 1 October 2008.
- Relaxation of Housing for Varying Needs requirement for off-the-shelf purchases, subject to certain conditions. These take effect from 1 October 2008. This relaxation amends, for off the shelf purchases, paragraph 3 of CSGN 2004/12 and paragraph 3 of Annex 2 of CSGN 2004/13. These relaxations may be reviewed in future.

The guidance note is also available on the Scottish Government website at:  
<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/investment/guidancenotes>

## **Procedures for draw down of HAG**

1. Grant offers state a total maximum amount of grant approved, and provide a breakdown of assumed costs for HAG appraisal purposes. RSLs may – subject to agreed annual limits specified in Programme Agreements or otherwise – claim grant to cover actual costs incurred up to the total maximum amount of grant approved. RSLs must continue to supply vouchers and to provide the certification required on HAG/Payment forms. These procedures take effect for all HAG draw downs from 1 October 2008.

## **Stage Payment of Development Allowances**

2. Development Administration costs up to approved allowance levels can, from 1 April 2009, be claimed as soon after tender approval stage as they are required. This supersedes the previous rule that 15% of development allowances would be held back until HAG/completion stage. RSLs will nevertheless still be required to submit HAG/Completion forms within the timescale specified in the HAG Procedures Guide 1997 and completions targets will be included in programme agreements.

## **Circumstances under which HAG is recalculated at scheme completion (HAG/Completion stage)**

3. Differences in rents between those projected at tender approval and those charged at completion will no longer be grounds for re-calculating grant. If however an RSL is seeking additional grant due to unforeseeable and unavoidable increases in cost, then the ability to offset higher costs through increased rental income will be taken into account by the grant provider where consideration is given to providing additional HAG.

## **Off the Shelf Purchases – relaxation of Housing for Varying Needs requirement**

4. The relaxation below relates to the package of announcements by Scottish Government to address current conditions in the housing market. Guidance may be reviewed in future.
5. RSLs may now apply for and receive HAG funding towards the purchase of properties “off the shelf” in the following circumstances
  - where the houses provided are in the right location and of the right type and size to meet housing needs and priorities as set out in the Local Housing Strategy and Strategic Housing Investment Plans, and where the Local Authority supports the purchase.

and, where Housing for Varying Needs essential features are not all met,

- the housing meets the 2007 or subsequent Building Regulations;
- or
- the RSL is able to satisfy the grant provider that the housing is nevertheless appropriate for the range of households in need. (This

may take into account e.g. the extent of any shortfall against Housing for Varying Needs, the future adaptability of homes (at no additional cost to Scottish Government) and alternative opportunities available).