

Table 13: Guidance on treatment of Public Subsidy

TRANSACTION	DESCRIPTION	PUBLIC SUBSIDY (To be identified as Public Subsidy on NT1/TA1 forms)
TRANSFER OF PUBLIC SECTOR LAND FOR HOUSING DEVELOPMENT	Land is transferred at market value at the date of execution of the contract. No money changes hands and the value of the site is recorded as a public subsidy on the NT1/TA1 form. No re-valuation of the site is required for the subsequent submission for scheme approval	YES
SALE OF PUBLIC SECTOR LAND	Land is purchased at market value at the date of execution of the contract and direct payment is made to the disposing Organisation. For the purposes of scheme approval the acquisition costs are dealt with in the same way as land acquisitions from the private sector. 'Historic Market Value' is to be applied if applicable. [ACQUISITION ISSUES & VALUATIONS]	NO
TRANSFER OF PUBLIC SECTOR LAND AS 'ACCESS' TO LARGER SITE	Access Strips (or Ransom Strips) are small pieces of land that are required by an Association to gain access to a larger site. Such sites are treated as larger sites above; either transfer or sale.	AS APPLICABLE
ADVANCE LAND PURCHASE	Grant paid in respect of an Acquisition Tranche claim for the Advance Acquisition of Land will be treated as a Public Subsidy deduction in the subsequent Application for Project Approval. [BAND 4 – ADVANCE LAND PURCHASE]	YES
DONATED LAND	The value of the entire or portion land that has been donated is set at NIL for the purposes of calculating the qualifying scheme costs. [ACQUISITION ISSUES & VALUATIONS]	NO
NATIONAL LOTTERY FUNDING (HOUSING COSTS)	Lottery funding cannot be used as a substitute for the private finance element of the main scheme, see below. However, it can be used to provide additional units provided these are clearly separate from the HAG funded scheme.	NO
NATIONAL LOTTERY FUNDING (NON-HOUSING COSTS)	Under current HM Treasury rules funding from the National Lottery is classified as public expenditure and should be treated as a Public Subsidy. However, Lottery funding is intended to be <u>additional to, rather than a substitute for</u> existing public expenditure. Lottery grants cannot be used in conjunction with HAG funding on individual schemes unless it is meeting capital costs that do not qualify for HAG i.e. non-housing costs. Lottery grants cannot be used as matching funds for grants that require a contribution from non-public sources. [QUALIFYING & NON-QUALIFYING COSTS]	NO
REVENUE FUNDING (HOUSING COSTS)	Where the Public Subsidy takes the form of a contribution to the future running costs of the project the	YES

TRANSACTION	DESCRIPTION	PUBLIC SUBSIDY (To be identified as Public Subsidy on NT1/TA1 forms)
	net present value of the subsidy must be calculated and deducted from the grant.	
REVENUE FUNDING (NON-HOUSING COSTS)	Where a scheme qualifies for revenue support towards non-housing costs from any other public body, the amount of such support will be disregarded in the calculation of grant.	NO
MISC. FUNDING (HOUSING COSTS)	Where others are funding additional housing facilities or other qualifying cost items from public funds.	YES
MISC. FUNDING (NON-HOUSING COSTS)	Where others are funding additional non-housing facilities or other non-qualifying cost items from public funds.	NO

WHERE THE ASSOCIATION IS UNCLEAR ON WHETHER A PUBLIC SECTOR SUBSIDY IS INVOLVED IT SHOULD SEEK GUIDANCE FROM THE NIHE (DPG).