



Llywodraeth Cymru
Welsh Government

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Welsh Government Social Housing Grant scheme

Scheme SC11189 is a UK-only scheme and cannot be used to provide cover for awards of EU funds.

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1. Region

Wales

2. Title of subsidy scheme

Welsh Government Social Housing Grant Scheme

3. UK legal basis

Powers of the Welsh Ministers which allow the Welsh Government to support local authorities and registered social landlords are contained in:

- Section 58A of the Government of Wales Act 2006
- Section 60 of the Government of Wales Act 2006
- Section 126 of the Housing Grants, Construction and Regeneration Act 1996
- Section 18(1) of the Housing Act 1996

4. Specific policy objective of the scheme

The specific policy objective of this scheme is associated with the provision of affordable housing as outlined in the Welsh Government Programme for Government commitment to make our cities, towns and villages even better places in which to live and work.

It will contribute to the target of providing 20,000 low carbon homes for rent in the social sector in this term of government and any subsequent target set by

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future governments.

It will also provide a positive impact on the Well-being of Future Generations (Wales) Act 2015, specifically contributing towards a healthy and more equal Wales. This is demonstrated by the clear health benefits of having a good quality home which is affordable, sustainable, and located in a safe environment.

Social Housing Grant (SHG) is currently the main capital programme supporting the delivery of high-quality affordable housing in Wales by local authorities and Registered Social Landlords (RSLs).

SHG is a rolling programme with funding agreed by successive governments. SHG provides grant funding to local authorities and RSLs i.e. Social Landlords to bring forward high quality warm secure and energy-efficient homes for social rent, intermediate rent and shared ownership for people who need them most.

SHG is a legacy scheme from the EU State Aid arrangements which has been 'grandfathered' in.

5. Purpose of the scheme

The purpose of the scheme is to support the provision of affordable housing which includes the following tenures and specific needs:

Tenure

- Social Housing (at Social Rent)
- Social Housing (not at Social Rent)
- Intermediate Rent
- Shared Ownership

Need

- General Needs
- Mortgage Rescue
- Older Persons
- Extracare for older persons
- Supported housing - Domestic Violence, Substance Misuse, Ex Offenders, Homelessness, Learning Disabilities, Mental Health, Physical Disabilities Refugees, Substance Misuse, Young Vulnerable or any other client groups agreed by Welsh Government

Type of activity

- The purchase of land to build affordable homes
- Building of affordable homes including the demolition and rebuild of existing LA and RSL stock
- The purchase of homes from the open market or from private developers.
- The acquisition and development of non-domestic buildings, e.g. offices, hotels, care homes, student accommodation into affordable housing

6. Public authority(ies) authorised to implement the scheme

Welsh Government

7. Category(ies) of eligible enterprise

Local authorities in Wales and registered social landlords (RSLs) registered with Welsh Government.

8. Summary of the terms and conditions of the scheme

All schemes in receipt of Social Housing Grant must:

- Be located in Wales and be developed in line with the strategic housing priorities of the local authority.
- Comply with the relevant design, energy and maintenance standards issued by Welsh Government.
- Comply with the Welsh Government policies for Social and Intermediate Rent where applicable.
- Comply with the relevant Welsh Government guidance for each scheme activity.
- Have all necessary Statutory approvals in place, e.g. planning, SAB, Building Regulations, etc.
- Have all the necessary insurances, contractor performance bonds, warranty premiums in place.
- Comply with all funding arrangements from private lenders or the PWLB.
- Comply with the current Regulatory Standards for RSLs in Wales as set out in the [Regulatory framework](#).

Further details on the terms and conditions specific to individual activities are listed below:

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Standards

- Welsh Government technical scrutiny processes ensure that designs reflect client's needs on a scheme-by-scheme basis. Wherever possible, homes must be designed to new build general needs standards and in so far as it is practicable to do so, allow for independent living.
- All new build self-contained properties must comply with Welsh Development Quality Requirements (WDQR 2021).
- All existing properties for sale on the open market or off the shelf properties purchased from developers must comply with Welsh Housing Quality Standards (WHQS 2023) as a minimum.
- For shared accommodation, combinations of the Welsh Development Quality Requirements 2021 (WDQR 2021), Welsh Housing Quality Standards (WHQS) standards or other good practice are applied in accordance with the specific requirements of the client group.
- All self-contained homes to be managed and maintained to comply with Welsh Housing Quality Standards (WHQS 2023).

Rent policy

- All grant funded properties for general needs or older persons must comply with Welsh Government Rent policy.
- All grant funded properties for intermediate rent must comply with Welsh Government Intermediate Rent policy.

Clawback requirements

Where properties are sold, the grant must either be recycled into the Recycled Capital Grant (RCG) fund or repaid to Welsh Government.

9. Sector(s) to be supported

- Housing sector in Wales
- Construction sector

10. Duration of the scheme

1 January 2021 to 31 March 2026.

11. Budget for aid under the scheme

Up to £2,300,000,000 (Two billion three hundred million pounds) over the duration of the scheme period above.

12. Form of support

Support is provided through direct grant funding.

13. Basis for calculating subsidies

- Subsidies are calculated using the Standard Viability Model (“SVM”). The SVM is a net present value model that demonstrates the funding gap, i.e. the level of grant required to break even. The SVM includes assumptions on rental income and rental uplifts and the costs of managing and maintaining properties.

- Each scheme receives the amount of subsidy required to bridge the funding gap between the rents over the life of the project and development/ maintenance costs, subject to a 70% grant rate cap. The cap can be increased if sufficient justification is provided by the social landlord that the scheme is unviable at the capped rate.

14. Maximum subsidy allowable under the scheme

£30 million

15. Contact information

Subsidy Control Unit

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Cardiff CF10 3NQ
United Kingdom

Telephone: + 44 (0)3000 604 400

Email: subsidycontrolunit@gov.wales

Rydym yn croesawu galwadau a gohebiaeth yn Gymraeg / We welcome calls and correspondence in Welsh.



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Cymorthdaliadau
Subsidy
Control Unit

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