



Havering
LONDON BOROUGH

HAVERING COUNCIL'S HOUSING REGENERATION PROGRAMME

HOUSING REGENERATION PACK

(4) Information for Property Owners

This document provides information on the Council's housing options for leasehold and freehold owners of properties affected by the Housing Regeneration Scheme including information on the voluntary buy-back process as well as the compulsory purchase order process.

1. INFORMATION FOR LEASEHOLDERS & FREEHOLDERS

- 1.1. This document provides information about the options available to resident and non-resident leaseholders and freeholders affected by the Housing Regeneration Programme. On a number of the regeneration estates, leaseholders and freeholders make up a significant part of the community and the section provides information on how the Council can assist.
- 1.2. **Leaseholders** are home owners who have purchased their home under a long-term lease.
- 1.3. **Freeholders** are residents who own their property outright together with the land on which the property is built.
- 1.4. **Resident leaseholders or freeholders** are those who have lived in their leasehold or freehold property as their main and principal residence for at least 12 months prior to the date of displacement.
- 1.5. **Non-resident leaseholders and freeholders** may also be 'investment owners' with a private tenant in occupation.

2. RE-HOUSING OPTIONS FOR RESIDENT LEASEHOLDERS & FREEHOLDERS

2.0 This Section applies only to resident leaseholders and freeholders only.

2.0. Offer Summary for Resident Leaseholders and Freeholders

- Be offered the market value of your home;
- No obligation to repay right-to-buy discount;
- Receive home loss compensation at 10% of the market value of your property (subject to a minimum of £6,100 and maximum of £61,000*);
- Receive a disturbance payment;
- Be reimbursed for the reasonably incurred costs of selling the property to the Council and the costs of acquiring a new property; and
- Have a dedicated Housing Officer to help throughout the move-on process.

* *current prescribed levels*

Rehousing Options

Option 1	Sell the property to the Council and purchase a property elsewhere within or outside the borough through a low cost home ownership scheme
Option 2	Sell the property to the Council and purchase a property outright elsewhere within or outside the borough (open market purchase)
Option 3	Sell the property to the Council and move to private rented accommodation with a private landlord within or outside the borough
Option 4	Purchase a new affordable replacement home in the regeneration area once the development is completed and ready for occupation

2.1. Re-housing Option 1 - Sell the property to the Council and purchase a property elsewhere within or outside the borough through a low cost home ownership scheme

- 2.1.1. The Council and other social landlords are building new council and affordable homes across the borough. Using the money received from the sale of the home, other income and savings, a low-cost ownership home can be purchased through the Government's '**Help to Buy**' initiative.
- 2.1.2. Housing Officers can provide information on the types of new low cost home ownership properties that will be available and the location of these new homes, whether within the Borough or elsewhere.
- 2.1.3. Housing Officers will offer support with the buy-back process (selling the property to the Council); affordability and registration processes. The purchase of new homes will depend on the scheme type and individual financial circumstances of the affected resident. The purchase of new homes is subject to status.
- 2.1.4. Low Cost Home Ownership may be an attractive option for leaseholders who wish to remain on the housing ladder as owner-occupiers or to move out of the borough in a location where property prices are more affordable. It may also be suitable for freeholders in financial difficulty or for those who are unable to afford another freehold property at full market value in the borough.
- 2.1.5. Leaseholders and Freeholders may be subject to restrictions on buying homes in redeveloped areas on a buy to let basis.
- 2.1.6. More information on Low Cost Home Ownership schemes including Shared Ownership can be found in Appendix 1.

2.2. Rehousing Option 2- Sell the property to the Council and purchase a property outright elsewhere within or outside the borough (Open Market Purchase)

- 2.2.1. Purchase of an open market property is an option with the funds from the value of the property and the compensation and disturbance costs.
- 2.2.2. Housing Officers will offer support with the buy-back process (selling the property to the Council); finding an alternative affordable market property; mortgage applications or determining affordability.

2.3. Re-housing Option 3 - Sell the property to the Council and move to private rented accommodation with a private landlord within or outside the borough

- 2.3.1. Leaseholders and freeholders who do not wish to re-invest in the purchase of another property or those in financial difficulty may find private rented accommodation with a private landlord within or outside the borough an affordable housing option. This rehousing option may also suit leaseholders or freeholders who wish to find an interim rehousing solution while new homes are being built in the redevelopment area for them to buy when completed, or while they decide where to buy.
- 2.3.2. The Council can provide housing advice to help affected freeholders and leaseholders find a suitable affordable private rented home. This may include signposting to affordable providers, letting agencies and accredited landlords operating within or outside the borough and liaising with relevant agencies.

2.4. Rehousing Option 4 – Purchase a new affordable replacement home in the regeneration area once the development is completed and ready for occupation.

- 2.4.1. We want leaseholders and freeholders to have the opportunity to stay in the area so that the community can be kept together and able to benefit from the improvements being undertaken. Therefore, they are being given an opportunity to return and purchase a new home in the redeveloped areas.
- 2.4.2. Those who express an interest in returning to a new development will have **first refusal** of homes that become available.
- 2.4.3. Should leaseholders and freeholders purchase another property through a Low Cost Home Ownership scheme and want to sell this property when homes on the new development become ready for purchase, this option will also be available. Shared ownership and shared equity homes can be sold at any time. However, under the terms of the lease there will normally be a time period when the housing provider has first priority to find a buyer (usually at least 8 weeks) before owners are able to sell privately or through an agent. Leaseholders should therefore bear this timeframe in mind.
- 2.4.4. Leaseholders and freeholders will not be entitled to secondary home loss compensation or disturbance payments when they move from any replacement home to a property in the redeveloped area. This will only be paid once when leaseholders and freeholders move from their original home as a result of the regeneration programme to their first replacement home.
- 2.4.5. The offer of a new-build home on any regeneration site will be conditional on (1) the leaseholder or freeholder selling their property on the regeneration site to the Council **and** (2) meeting the eligibility criteria required for the redeveloped properties. The Council will withdraw any offer on a property in the redeveloped area if the leaseholder or freeholder becomes ineligible, unable or unwilling to purchase it, or if the development is unable to go ahead for any reason. All offers are subject to contract.

2.4.6. Leaseholders and freeholders will **not** be able to buy homes in the redeveloped area on a buy-to-let investment basis, even if they are currently non-resident or investment owners.

3. RE-HOUSING OPTIONS FOR NON-RESIDENT LEASEHOLDERS and FREEHOLDERS

3.0 This section outlines the Council's offer to non-resident leaseholders or freeholders affected by the Housing Regeneration Programme.

3.0. Offer Summary for Non Resident Leaseholders

- Be offered the market value of the home;
- No obligation to repay right-to-buy discount;
- Receive basic home loss compensation at 7.5% of the market value (subject to a minimum of £7,500 and maximum of £75,000*);
- Be reimbursed for the reasonably incurred costs of selling the property to the Council and the costs of acquiring a new property; and
- Have a dedicated Housing Officer to help throughout the move-on process

**current prescribed amounts*

Rehousing Options

Option 1	Sell the property to the Council and purchase a property elsewhere within or outside the borough through a low cost home ownership scheme
Option 2	Sell the property to the Council and purchase a property outright elsewhere within or outside the borough (open market purchase)
Option 3	Sell the property to the Council and move to private rented accommodation with a private landlord within the borough or outside the borough
Option 4	Purchase a new affordable replacement home in the regeneration area once the development is completed and ready for occupation.

3.1. Re-housing Option 1 - Sell the property to the Council and purchase a property elsewhere within or outside the borough through a low cost home ownership scheme

- 3.1.1. The Council and other social landlords are building new council and affordable homes across the borough. Using the money received from the sale of the home, other income and savings, a low-cost ownership home can be purchased through the '**Help to Buy**' initiative.
- 3.1.2. Housing Officers can provide information on the types of new low cost home ownership properties that will be available and the location of these new homes.
- 3.1.3. Housing Officers can also offer support with the buy-back process (selling the property to the Council); affordability and registration processes. The way in which new homes can be purchased will depend on the scheme type and individual financial circumstances of the affected resident. The purchase of new homes is subject to status.
- 3.1.4. Low cost home ownership will be an attractive option for leaseholders who wish to remain on the housing ladder as owner-occupiers or move out of the borough, in a location where property prices are more affordable. It may also be suitable for freeholders in financial difficulty or for those who are unable to afford another freehold property at full market value in the borough.
- 3.1.5. Leaseholders and Freeholders may be subject to restrictions on buying homes in redeveloped areas on a buy-to-let basis.
- 3.1.6. More information on Low Cost Home Ownership schemes can be provided upon request.

3.2. Re-housing Option 2 -Sell the property to the Council and purchase a property outright elsewhere within or outside the borough (Open Market Purchase)

- 3.2.1. Purchase of an open market property is an option with the funds from the value of the property, the compensation and disturbance costs.
- 3.2.2. Regeneration Housing Officers will offer support with the buy-back process (selling the property to the Council); finding an alternative affordable market property; the mortgage applications or determining affordability.

3.3. Re-housing Option 3 - Sell the property to the Council and move to private rented accommodation with a private landlord within or outside the borough

- 3.3.1. Non-resident leaseholders or freeholders who do not wish to re-invest in the purchase of another property or in financial difficulty may find private rented accommodation with a private landlord within or outside the borough an affordable housing option. This rehousing option may suit persons who moved out of their property on a temporary basis and let it to a private tenant in the meantime but would like to move back in a property within the redeveloped area in the future.
- 3.3.2. The Council can provide housing advice to help affected non-resident leaseholders find a suitable affordable private rented home. This may include signposting to affordable providers, letting agencies and accredited landlords operating within or outside the borough and liaising with relevant agencies.

3.4. Re-housing Option 4 – Purchase a new affordable replacement home in the regeneration area once the development is completed and ready for occupation

- 3.4.1. The Council wants leaseholders and freeholders to have the opportunity to stay in the area so that the community can be kept together and able to benefit from the improvements being undertaken. Therefore, non-resident leaseholders and freeholders who would like to return and purchase a new home in the redeveloped area which will be their main and principal home are being given an opportunity to do so.
- 3.4.2. Those who express an interest in returning to a home in the redeveloped area as their main and principle home will have **first refusal** of homes that become available.
- 3.4.3. Non-resident leaseholders or freeholders will not be able to buy homes in the redeveloped area on a buy-to-let investment basis.
- 3.4.4. Housing Officers will be able to provide further information on the detail of any restrictions once the Council's development partner has been procured.

4. PROPERTY OWNERS- THE BUY-BACK PROCESS

- 4.1. The Council appreciates that some leaseholders and freeholders may want to stay in the area and want to sell their property. The Council will therefore support them by considering whether to purchase the property through the 'buy-back' scheme.

- 4.2. A dedicated Housing Officer will meet with leaseholders and freeholders on a one-to-one basis to explain their options, understand their requirements and answer any questions they may have about the process

5. PURCHASING THE PROPERTY

- 5.1. The Council has allocated funds to purchase properties and there will be a clear policy which will determine which properties the Council should prioritise for purchasing.
- 5.2. Affected residents will be asked by their Housing Officer during the assessment stage in the process to indicate preference of when they want to move. Officers will support households by working to preferences so far as reasonably practicable. However, when procured, the Council's development partner will set maximum timescale dates of when residents must have moved by before the Council seeks legal possession of properties concerned.

6. VALUING THE PROPERTY

- 6.1. The Council will organise for a qualified Chartered Surveyor to value the property.
- 6.2. Properties will be valued at market value in a 'no-scheme world'. This means that the value will be assessed on the assumption that the regeneration is **not** proceeding. The principle is that you should not be better or worse off than before the regeneration proposals.
- 6.3. Market value reflect the condition of the property at the date of valuation and, for example will reflect:
- The internal condition and size
 - External condition
 - Internal improvements to the property including new bathrooms, kitchens and facilities
 - The location of the property and local area amenities
 - The nature of the housing market in the immediate area including recent market sale prices
- 6.4. At the earliest, the valuation may occur when residents expressed they would like to move and, at the latest, when the Council requires legal possession of the home..
- 6.5. Following the inspection visit, the surveyor will send written notification of the market value of the property. The property valuation figure will be valid for a 3 month period from the date of the valuation letter.

7. AGREEING THE VALUE OF THE PROPERTY

- 7.1. Should the property owners disagree with the valuation, they can obtain their own valuation using an independent chartered surveyor and the Council will cover any reasonably incurred fees. The coverage of fees must be agreed between the independent chartered surveyor and the Council **before** work is incurred in order for costs to be covered. Details of the independent chartered surveyors operating in their nearby locality can be found by contacting the Royal Institute of Chartered Surveyors (RICS) on www.rics.org/uk and their telephone number is 0870 3331600.
- 7.2. In order to reach agreement, there will be a negotiation between the Leaseholder's and the Council's valuers. If agreement cannot be reached, the Council will agree to a third party arbitration process which will involve an independent surveyor making a final decision on the price.
- 7.3. If agreement cannot be reached through negotiation, or the arbitration process, the Council's only option may be to use its compulsory purchase powers. Further information on this legal process is provided below.
- 7.4. Leaseholders and freeholders can also apply to the Upper Tribunal (Lands Chamber) to determine the valuation if they disagree with the market valuation, following compulsory acquisition. The Upper Tribunal is an independent judicial body set up by Government to resolve disputes concerning land issues. Leaseholders and freeholders are strongly advised to seek legal advice before making a reference to the Upper Tribunal
- 7.5. The value agreed by the Upper Tribunal is the value owners will receive for their home and this could be higher or lower than what the Council was offering. Leaseholders and freeholders should be aware that the Upper Tribunal determines who will pay legal costs for the tribunal itself and this could be charged to leaseholders or freeholders in some cases. Leaseholders and freeholders are strongly advised to seek legal advice before taking this course of action.

8. THE COMPULSORY PURCHASE PROCESS

- 8.1. The Council is committed to working with all residents to ensure a smooth transition into alternative accommodation in order for the regeneration programme to proceed. However, where this may not be possible, the Council will take appropriate legal action to acquire the properties with vacant possession in time for the redevelopment work to start.
- 8.2. Compulsory purchase orders ("CPOs") enable Local Authorities to compulsorily acquire land which meets the statutory tests which include the facilitation of development, redevelopment or improvement works that contribute the promotion of the economic, social or environmental wellbeing of land located within the Council's administrative boundary.

- 8.3. If a compulsory purchase order is to be sought the Council will consult with residents to advise them of how this will affect them and how they will be involved in the process. A copy of the proposed compulsory order will be sent to both on the occupier(s) and the owner(s) of the property and land concerned.
- 8.4 The Council will seek to achieve vacant possession by negotiation and agreement but a compulsory purchase order may be considered necessary, as a last resort, if vacant possession of dwellings is unlikely to be obtained in good time, causing high risk of delay to the development programme.
- 8.5 Compulsory Purchase Orders are subject to approval and confirmation by the Secretary of State. As the legal process for the making and approval of such orders can take some time, for practical purposes the Council will start preparations for a compulsory purchase order prior to requiring vacant possession in order to preserve the development timetable. This will be at the same time as negotiations are occurring with residents.
- 8.6. Where the Council seeks to acquire properties compulsorily, it will consult with affected residents, both occupiers and land owners, before proceeding. Residents affected will also have a statutory right to object to all or part of the compulsory purchase order, and their opinion taken into consideration by the Secretary of State either orally or by written representation. An Inquiry Inspector will prepare a report, which will reference to any outstanding objections and will either recommend, or advise against confirmation of the CPO in whole or part. The Inspector's report will be sent to the relevant Secretary of State, who will confirm, modify or reject the CPO. If the Secretary of State decides to confirm the CPO there is a statutory right of challenge in the High Court, but only on limited legal grounds.
- 8.7. The law in this area is complex and this section is intended to only provide a broad summary of the legal framework. If the Council decides to pursue Compulsory Purchase Order in any case, then it will comply with current legislation covering the use of Compulsory Purchase Orders under the Town and Country Planning Act 1990 or the Housing Act 1985 (as amended by the Planning and Compulsory Purchase Act 2004).

9. FURTHER INFORMATION

- 9.1. Leaseholders and freeholders are encouraged to contact their allocated Housing Officer for further information and to start the valuation and buy-back process.