

Appendix to Brent Council's Allocations Scheme

Policy – Council's Housing Offer for Displaced Tenants and Leaseholders in Regeneration Schemes

1. Estate regeneration schemes undertaken by the council or other social landlords, can involve serious disruption for residents, particularly where a scheme requires the demolition and replacement of existing housing. Brent has significant past and current experience in managing such schemes but there is a need to review the approach. In doing this, it should be emphasised that, in the majority of cases, the solutions are relatively straightforward: tenants will be able to move to a new home on similar tenure and rent terms, while most leaseholders will be in a position to buy a new home in the area or elsewhere, either outright or on a shared ownership basis. In most cases, moves will therefore be facilitated by voluntary agreement. However, experience in Brent and elsewhere indicates that there will often be a small number of households who, because they lack the resources or are vulnerable in some way, will not be able to take advantage of the standard options, particularly in areas of high house prices such as London. While the numbers involved may not be large, it is important that Brent's offer should be as comprehensive as possible and also applicable where new options could address issues of supply, mobility and best use of stock.
2. The Council's Cabinet will make a decision on a case by case basis whether it is more appropriate to regenerate an area on a phased programme or a one phased approach and this will include whether to have a local lettings / allocation policy for the regeneration area. The Council's will consider applying to the Secretary of State to rely on Ground 10A of Schedule 2 of the Housing Act 1985 to obtain vacant possession of properties that are part of a relevant regeneration scheme. The Council's Cabinet may, subject to the approval of the Secretary of State, also make a CPO under section 226(1)(a) of the Town and Country Planning Act 1990 to acquire all interests in land surrounding and including the area to be regenerated, including seeking vacant possession of properties in the regeneration area where secure tenants and resident leaseholders reside.
3. In establishing rights to compensation and rehousing, it is necessary to distinguish between different modes of occupation as summarised in the table below. One should note that the balance between resident and non-resident leaseholders is variable and each scheme will have its own characteristics.

Occupancy Status	Housing Options	Compensation
Resident Leaseholder – Normally in occupation for 12 months prior to council notification of intention to acquire	Purchase in regeneration area or elsewhere, including shared ownership and shared equity	Full market value, Home Loss and Disturbance payment plus related expenses.

	Reversion to tenancy	
Non-resident Leaseholder – e.g. owns or rents a home elsewhere and rents out the relevant property	No obligation to rehouse in most circumstances. Leaseholders temporarily absent would be classed as resident.	Full market value plus compensation (Basic Loss Payment at a lower level than resident leaseholder)
Secure Tenant	Offer of new property in regeneration area or option to move to another part of the borough. Subject to Local Lettings Plan, which may vary from the council's main Allocation Scheme Where agreement cannot be reached, council can seek possession if suitable alternative accommodation is made available One move is the norm, but a temporary move prior to a permanent offer may be necessary in some cases	Home Loss and Disturbance Payment
Tenant of non-resident Leaseholder	No rehousing obligation but, in some cases, households may be able to make a	Advice and assistance in finding a new rented home, usually in the private rented sector

	homelessness application	
Licensee (temporary accommodation)	Where properties are in use as temporary accommodation for households owed a homelessness duty, a move to alternative temporary accommodation or permanent rehousing would be offered in line with the council's legal obligations and homelessness policies. This would not fall into the options set out in this report.	As the property is occupied under a licence, there is no entitlement to compensation but advice and assistance would be available on the same basis offered to all households in temporary accommodation.
Unauthorised occupant – e.g. squatter or illegal sub-tenant	No rehousing obligation but, in some cases, households may be able to make a homelessness application	Advice and assistance in finding a new rented home, usually in the private rented sector

4. It is worth emphasising that, to qualify for full compensation and rehousing options, leaseholders must be resident at the relevant point in the process, usually defined as 12 months before a set date, normally at the point the council announced its intention to proceed with purchase and/or Compulsory Purchase Order (CPO). This is not an absolute cut off and the key distinction is that the property should be the occupier's only or permanent home. For example, a buy-to-let landlord who is renting the property out would not be resident. A leaseholder who is temporarily absent, for work or other reasons, and is renting a home elsewhere would be classed as resident. It is also a requirement that a leaseholder or tenant must have owned or rented the home for 12 months to qualify for Home Loss payments. A non-resident leaseholder will receive market value for the property and other compensation at a lower level than Home Loss payment but will not be entitled to take up rehousing options.
5. The basic options – market purchase in the area or elsewhere and shared ownership – are all available in Brent but the aim in this policy is to go further, to maximise choice and secure a better match with individual circumstances. Any policy is unlikely to cover all possible permutations and there will be a need for flexibility in complex or sensitive cases where a solution outside general policy may be called for;

this policy is intended to be a guide to residents and officers, not a rigid set of rules. The following paragraphs summarise the options in this policy. In all cases, the underlying principles are:

- There will be early and detailed engagement and advice and support will be offered, collectively and individually.
- A presumption that affected tenants and leaseholders will be supported to remain in the area wherever possible.

6. In regeneration schemes, the basic options that are available to displaced tenants and leaseholders are as follows:

- ☐ **Market purchase in the regeneration area;** This option is available and will remain the default position. All displaced leaseholders will be offered the opportunity to purchase one of the new homes, with advice and support available as needed.
- ☐ **Market purchase elsewhere;** Displaced leaseholders may choose to buy a property anywhere else if they do not wish to remain in the area or decide that it is not affordable and do not wish to pursue an alternative option. This option available. In addition, there may be potential to combine this approach with the council's current programme of acquisitions of market housing.
- ☐ **Shared ownership on the basis of a minimum purchase of 25% of the equity, funded through the buyback receipt and a contribution from Home Loss payments and, where appropriate, any other capital or savings, with rent payable on the share retained by the council;** Under a shared ownership arrangement the leaseholder purchases a proportion of the equity, with the housing provider retaining ownership of the remainder. Rent is payable on the proportion retained by the provider in addition to any mortgage payment. It is usually expected that the price received for the original home, any home loss payment (usually 50%, although some boroughs require 100%) and any other savings or capital (usually on a voluntary basis or above a set limit) will contribute to the purchase. Most schemes assume a purchase of at least 25% of the equity, although it would usually be possible for a leaseholder to purchase a higher share. This option is available. As with an outright purchase, there is potential to combine this approach with the council's current programme of acquisitions of market housing in limited cases where this could improve affordability and choice.

7. There are also other options which the Council will consider in this policy and they are set out below:

(i) a shared equity option, with no rent payable on the equity retained by the council, to be considered subject to a minimum purchase of 50% of the equity. This only applies to resident leaseholders.

Resident leaseholders use funds available from buyback to purchase a percentage of the equity of a new property as with shared ownership. Any value gap is then met by the council or a development partner, depending on the nature of the regeneration scheme and is entered as a charge against the property. The leaseholder will not pay rent on the equity they do not own.

(ii) the offer of a leasehold swap option, through which a leaseholder can transfer the equity in their current home into a void council property within (provided the property is not scheduled for

demolition) or outside the regeneration area.

The Council will give consideration to making such an offer. This would enable a leaseholder to transfer their equity into a void council social rented unit that is not due for demolition. This could apply to retained units in South Kilburn (or future schemes) or it could be made available more widely to apply to all council voids of appropriate size and value. Any difference in value would be made up by the council or the leaseholder as appropriate. This swap would reduce upfront acquisition costs but involves the loss of a unit that would otherwise be available at a social rent. The quid pro quo therefore is that an additional replacement social rented unit would need to be provided in the relevant phase.

(iii) where it would be to the council's advantage or will assist in meeting needs that could otherwise delay a regeneration programme, advance purchase of properties scheduled for demolition will be considered.

(iv) where it would be to the council's advantage or will assist in meeting needs that could otherwise delay a regeneration programme, advance payment of Homes Loss and Disturbance compensation to leaseholders and tenants will be considered.

The Council will give consideration to making such an offer. In some cases, it will be to the council's advantage to acquire properties that are scheduled for demolition in advance of the regeneration programme being implemented. For example, in cases where a leaseholder has an urgent need to move for other reasons. While there are costs associated with this approach, it provides additional flexibility and, where appropriate, the ability to use the vacated property in other ways, for example as temporary housing with associated savings on temporary accommodation costs. To assist in mitigating the impact of displacement and enable residents to remain in the area (should they wish to do so), in some cases, the council will consider approve advance compensation payments to leaseholders before a CPO is confirmed; for example, following a Cabinet resolution to proceed and the consequent suspension of the Right to Buy. An additional option would be to confirm purchase with delayed completion: that is, pay the leaseholder a large proportion (say 90%) of the value with the remainder paid on vacation. This would give the leaseholder more time as well as the necessary funds to buy. Consideration should be given to a similar approach for compensation to tenants that would allow the offer of home loss prior to action to seek possession through Ground 10A of Schedule 2 to the Housing Act 1985.

(v) in limited cases subject to detailed review, consideration will be given to the option of reversion to the tenancy in acquired private sector property to be offered to leaseholders unable to pursue any other option, with buyback prices based on full market value. This would also be considered for other leaseholders or tenants who wish to pursue this option.

Also, this would allow a leaseholder who no longer wishes, or cannot afford, to be a property owner to be offered a tenancy, either within the regeneration area or elsewhere. One difficulty here is that, having received payment for the sale plus other payments, such leaseholders would have assets well above the £50,000 limit imposed by the council's Allocation Scheme, although they may also have an income below the current limits, set out below:

- ☐ 1 bed need – £35,000 per annum
- ☐ 2 bed need – £45,000 per annum
- ☐ 3 bed need – £55,000 per annum
- ☐ 4 bed need – £70,000 per annum

(vi) consideration will be given to providing support and advice to vulnerable households (displaced secure tenants and leaseholders) to secure supported housing where required, including the option of reversion to tenancy in Extra Care, or similar provision where necessary.

(vii) the council will consider purchasing properties tailored to the needs of under-occupiers to release larger homes for renting within existing acquisition programmes. This can include purchase in the private sector or buy-back from leaseholders of smaller properties seeking to sell.

(viii) the council will consider developing a programme to buy back properties from leaseholders who need to move on grounds of ill-health, disability or vulnerability, offering the full range of options available to displaced leaseholders in regeneration schemes.

(ix) That the council will consider offering, where appropriate, temporary rehousing for vulnerable leaseholders affected by major works programmes, with a requirement for leaseholders to meet associated charges for such properties.

This would allow some flexibility to allow for temporary rehousing of leaseholders where it is clear that they would be unable to make their own arrangements. The leaseholder would be required to fund any rent and/or service charges associated with the procured property.

8. As for those who are placed in temporary accommodation in regeneration areas by the Council, their rights to priority to housing in the relevant regeneration process are set out in the Council's allocations policy.