



Executive
16th July 2007

**Report from the Director
Housing and Community Care**

Wards Affected:
Kilburn, Queens Park

Proposed Allocations Policy for Granville New Homes

Forward Plan Ref: H&CC-0607-13

1.0 Summary

- 1.1 In March 2007 the Executive agreed to sell Granville New Homes to Hyde and delegate powers to the Director of Housing & Community Care to proceed with negotiations. Granville New Homes forms the first phase of the South Kilburn Master Plan which was approved by the Council in July 2004. The original aim of allocating these homes to the tenants of the first phase blocks would be retained and any council tenant who wishes to move into these homes would de-facto become tenants of Hyde Housing Association.
- 1.2 This report outlines various options explored with a view to ring-fence allocations to households within the Master Plan first phase in order to enable the Council to achieve a cleared site for development. It also outlines a number of key changes proposed to the existing allocations policy.

2.0 Recommendations

- 2.1 That members approve a variation to the Council's Allocations policy to incorporate the allocations process to the Granville New Homes. The changes are as follows:
- a) The new homes built on Granville Road, South Kilburn will be ring-fenced for allocation to current tenants of the Council living in South Kilburn. Priority decant status will be given to those tenants whose homes are listed under phase 1 of the approved Master Plan. These priority blocks are Marshall House, Ely Court, Cambridge Court, Bond House, Hicks Bolton House and Wells Court (in that order).
 - b) In respect of any vacancies created by those tenants moving from the priority blocks identified as Marshall House, Ely Court, Cambridge Court,

Bond House, Hicks Bolton House and Wells Court (in that order) that the Director of Housing & Community Care have discretion to let the properties on a non-secure basis in order to facilitate the regeneration programme (paragraph 4.17).

c) In respect of any vacancies created by those tenants moving from any other block within the existing South Kilburn estate properties to the Granville New Homes, that the reletting of those properties are in accordance with the current Council policy with the priority given to South Kilburn tenants to relieve housing needs.

2.2 That members approve the voluntary process as the basis of decanting tenants into Granville New Homes (paragraph 3.25 to 3.30)

2.3 That members approve a policy of offering on a needs plus one basis for those currently under occupying larger units in order to provide incentives for these tenants to move into Granville (paragraph 4.15).

2.4 That members approve a policy of treating the tenants in the priority blocks as qualified to receive homeloss compensation payments and disturbance allowance (paragraph 4.12). Members are to note that Hyde Housing Association will pay for the homeloss and disturbance payments.

2.5 That members approve the criteria to be applied for agreeing the splitting of families (paragraph 4.18).

2.6 That members note that in accordance with the decision made for the sale of Granville New Homes to Hyde Housing Association (Hyde) – residents who volunteer to move will become Hyde tenants and will be offered enhanced tenancy rights as part of any offer that Hyde may make to residents.

2.7 That members note that there are no options on offer to the leaseholders within the first phase blocks proposed for the Granville New Homes allocation and in the long term none of these blocks will be vacated without resolving this issue. Members are also to note that Hyde Housing Association will consider options for leaseholders in Marshall House provided that the block is completely vacated by tenants and the Council agrees a development agreement for that site. Options will also be considered for Ely Court and Cambridge Court however these blocks would need to be vacated by tenants and the Council agrees a development agreement for those sites.

2.8 That Members delegate authority to Director of Housing and Community Care, in consultation with the Lead Member, to review the decision affecting the leaseholders in line with tenants' acceptance of Granville homes and negotiate with Hyde Housing Association options for Marshall House leaseholders once all tenants of Marshall House have accepted a move into the new properties.

3.0 Background

3.1 In January 2006 a report was presented to members to approve the award of the construction contract to build Granville New Homes. Within the report it stated the following:-

Allocations

- *Allocations will be ring-fenced to tenants of SK on a voluntary basis in the first instance from blocks identified for demolition in phase 1 as detailed in the MP decant programme if South Kilburn stock transfer to an RSL has not taken place by 2007. The allocation will follow Brent practice and be implemented using the Locata system.*
- *The above allocations procedure is based on the assumption that the Granville homes would be completed in advance of any proposed stock transfer to an RSL and the Council will retain the ownership of these homes. However, members should be aware that these homes are seen as an integral part of the overall master plan implementation and the future first phase decant opportunities would be severely limited without these homes. Therefore irrespective of the long term future ownership of these homes, the allocations would be linked with the RSL partner's requirements to regenerate the rest of the properties.*
- *Allocations from phase 1 of the MP decant programme will be carried out on a voluntary basis i.e. secure tenants will not be forced to move to the Granville New Homes project under possession proceedings of the Landlord and Tenant Act 1985.*

- 3.2 This report will firstly identify the different allocation approaches that could be taken and will recommend to members the most suitable approach.
- 3.3 Secondly it will identify why it is proposed that new allocations to Granville New Homes be ring fenced to the blocks identified within the report and the need to vary the Council's allocation scheme accordingly
- 3.4 Thirdly it will examine why it is proposed to let properties vacated within the prioritised blocks on a non-secure basis and
- 3.5 Irrespective of the approach being taken to allocate these new properties, members will be aware that a decision was made in their March 2007 meeting to sell Granville New Homes to Hyde – so therefore any tenants who move to this site will become tenants of Hyde.

Why The Change?

- 3.6 Brent's initial approach to allocations to Granville New Homes was that it would be allocated on a voluntary basis if the delivery partner was not selected and if we had not received a formal commitment for gap funding from Communities and Local Government (CLG). This has been published on Brent Council's website (Frequently Asked Questions section on South Kilburn Regeneration webpage) and in the December 2006 edition of the South Kilburn New Deal for Communities news letter "Spotlight".

However several factors need to be taken into account when reviewing the previously agreed approach. They are:-

- The continuing delay by CLG in making a commitment on the amount of gap funding for the main scheme. Officers have been in discussions with CLG for the last two years with regard to the funding gap. Though we anticipate a decision following the Government's Comprehensive Review later this year, officers don't know when the decision will be made by CLG and what

amount will be offered for the SK scheme. The delay from CLG has a direct impact on Granville New Homes allocations as well as resolving issues facing leaseholders. An early response about gap funding from CLG would have enabled the Council to progress the Granville New Homes allocations as part of the overall scheme. As such it is now being progressed in advance of (but still linked to) the main scheme and we need to address many issues without having a firm timescale for the overall scheme.

- Hyde Housing Association (the Council's selected preferred delivery partner) requested the Council to consider mandatory moves from the blocks in the first phase to create further development sites to progress the intentions of the Master Plan. This could be achieved by the Council applying to the Court for a possession order under Ground 10 or 10A of Schedule 2 of the Housing Act 1985 and Part V of the said Schedule.

Options to allocate for Granville New Homes

3.7 The Granville New Homes development offers an opportunity to provide rehousing options for tenants of whole blocks which would provide development sites for our preferred delivery partner. The main policy areas affected by decisions on allocations to Granville New Homes are highlighted in para 4.0, however the options for allocation to Granville New Homes are explored in greater detail below. The questions to be considered are:

- Should housing powers, - ground 10 (the Council intends to develop) or ground 10A (the Council intends to dispose for a re-development scheme) - be used to require possession from secure tenants in the blocks or should acceptance of Granville New Homes be on a voluntary basis?
- Could/should there be a combination of ground 10 or 10A and a voluntary approach.

3.8 Decisions on the above are required by July 2007 in order to start the process of allocation to give nominations to Hyde in line with the sale agreement and for the prospective tenants to have an opportunity to exercise tenants' choices for Granville New Homes as discussed further in paragraphs 4.21 of this report. The time scale for completing Granville homes is as follows;

- The first 37 properties will be ready for occupation by February 2008,
- The next 41 properties will be ready for occupation by May 2008
- The remaining 32 properties will be ready for occupation by July 2008.

Options:

Voluntary moves

3.9 Tenant's from the proposed blocks have a choice to move into Granville. Every tenant within these blocks will be given information pack which outlines details of tenancy terms and conditions together with their rights as a tenant. Each tenant interested in Granville will be offered individual assistance to decide on their housing need and support needed. It is not however a tenanted stock transfer so it is not subject to the same regulatory framework.

- 3.10 Voluntary transfers are by their very nature unpredictable – people will have the option to move if it suits them. If we are to help clear sites for Hyde, then the voluntary route is unlikely to produce one single empty block in phase one and this could mean the remaining tenants within these blocks would need double decanting in future thus significantly delaying the overall programme. Whilst a number of tenants will volunteer to move it only requires one tenant to refuse to move which defeats the purpose of achieving a cleared site.
- 3.11 There are leaseholders within all of the 6 priority blocks. As the voluntary allocations option cannot guarantee that all the tenants from any block will choose to move, Hyde Housing association is unable to provide options for moving leaseholders at this stage. This is because the cost of buying out leaseholders is too great a risk unless a development site can be created, and there is no certainty of a development site until all tenants have been decanted. As the Council does not initially intend to use its Compulsory Purchase Order powers, then leaseholders will not be forced to move. Hyde Housing Association has indicated that if all tenants in a block agree to move and there is a development agreement between the Council and Hyde then they propose to buyout and offer options to leaseholders. If all tenants in a particular block agreed to move then that the Council would need to pass a resolution to use its CPO powers to deal with the leaseholders interest in order to facilitate the creation of a development site. Relying on voluntary option does not guarantee achieving a vacant site and would require the use of statutory powers mentioned above in future. This therefore represents a risk to the delivery of the overall regeneration programme in terms of time and cost.

Mandatory moves

- 3.12 The Council could apply the mandatory process in order to move tenants into Granville New Homes if it wanted to. The Council could make use of ground 10 or 10A of the Housing Act 1985. Whether Ground 10 or Ground 10A is available to the Council depends upon how it is intended the redevelopment of the site vacated take place and this is discussed in detail in paragraphs 3.13-3.16. Allocation to the Granville New Homes will be made on a permanent basis offering an assured tenancy with Hyde.

Grounds 10 & 10A

- 3.13 Under Ground 10 the Council may (1) serve notices of the intention to demolish a building (of which the premises form part) making offers of suitable alternative accommodation to the secured tenants and (2) apply to the Court for repossession of premises.
- 3.14 Under Ground 10A the Council may (1) serve notices on the secure tenants explaining the proposed scheme (i.e. redevelopment, disposal) for the land of which the premises forms part (allowing 28 days to consider representations from tenants) making offers of suitable alternative accommodation, (2) apply to the Secretary of State for approval of the scheme (for the purposes of Ground 10A) and (3) apply to the Court for repossession of the premises. The prescribed procedure for applying to the Secretary of State for approval is set out in Part V of Schedule 2 of the Housing Act 1985.

- 3.15 The Council (the landlord) does not intend to demolish or reconstruct any of the property it wants to transfer to Hyde. For the purposes of this Ground 10 it is irrelevant if Hyde plans, following transfer, to demolish or reconstruct as it is not the landlord at the time that possession is sought. In the event that the Council intended to demolish the properties and transfer bare land to Hyde, then Ground 10 would apply. However, that is not what the Council intends.
- 3.16 On the basis that Hyde undertakes all the demolition or reconstruction post transfer, then technically Ground 10A is the ground that the Council will have to consider as one of the basis of moving forward.

Mandatory moves under Ground 10A

- 3.17 For the mandatory move under Ground 10A to work the Council would need to ensure that there is suitable alternative accommodation available to re-house tenants. In this case it would be the Granville New Homes development – but where a tenant wishes to remain with the Council then it would be through any available Council stock. The benefit of mandatory moves under ground 10A is that it helps to provide a vacant site and is likely to speed up the process of regeneration.
- 3.18 If we are to get Secretary of State’s approval for the implementation of ground 10a then we must demonstrate that we have an approved scheme, we can offer suitable alternative accommodation to all tenants and that we intend to dispose of the properties in accordance with the scheme within a suitable period after the tenants have moved from the block.
- 3.19 The issue of buying out leaseholders can then be addressed and the Council would need to resolve to use its Compulsory Purchase powers to effect a cleared site. Hyde has agreed that if we were to use ground 10A, then they would commit to meeting all leaseholder costs for buyout to achieve a vacant site. This would mean that Hyde would pick up the cost of the capital purchase in accordance with land and compensation Act 1973 and associated regulations with this Act. However, options for the leaseholders who wish to remain in South Kilburn as leaseholders would still need to be addressed.
- 3.20 The Council would also need to be prepared to transfer the site (or sites) that would be cleared to Hyde via a legal agreement after gaining the Secretary of State’s consent to the scheme.
- 3.21 The timing of this is crucial in meeting the “reasonable period” test – which has been interpreted as being “within one year”. A CPO process would take at least fifteen months to achieve if we could not buyout leaseholders by agreement, and could take upto eighteen months. This is one of the risks of this approach, but if the CPO process is started before possession was gained under Ground 10A then this risk would be mitigated.
- 3.22 The down side to mandatory moves is that it will force tenants to move – and by forcing people to do things that they do not want to do may naturally create opposition to the overall proposals. For Council Officers it is something that we have considered – weighed against the overall regeneration proposal is a significant risk – especially as there are no guarantees that we will obtain the level of funding gap we have requested.

Process of informing tenants

- 3.23 If members were to agree the voluntary move process then tenants will be informed of their rights and process of transfer by way of a letter and information pack from the Council.
- 3.24 If members were to agree the ground 10A move process then tenants will be informed through a transfer document, similar to a stock transfer offer document. However this is still not a tenanted stock transfer so is not governed by the stock transfer regulatory framework.

Evaluation

- 3.25 Officers have considered both approaches and have highlighted the merits and risks of each option above. Whilst the Ground 10A approach seems the most straightforward way to clear a site – it is complicated by the following issues:-
- ✘ To fully clear any of the blocks proposed would be dependent on the leaseholders and tenants willingness to move in the first instance. If we moved ahead under Ground 10A it is very likely that we would be challenged through the courts and it would put at risk residents support for the major programme.
 - ✘ It would be possible that we could fail to meet the test of the “reasonable period” for demolition as there is not a current planning permission for the site and we would have to rely on the SPD which the Executive approved in 2005.
 - ✘ Given the uncertainty of the CLG commitment to meeting the funding gap request, it is officers view that it will be too early to consider the disposal of the site in light of our negotiations with CLG. Once the gap funding commitment has been made – then officers would be able to recommend disposal to assist the main scheme.
 - ✘ It is a significant shift from the Council's original position to delivering regeneration to residents of South Kilburn. The Council maintained that if required to make allocations in advance of the main scheme it would use a voluntary process - and a departure from this approach without consulting residents opens up issues of credibility with residents. The consultation undertaken so far is described in paragraph 3.26 below.
 - ✘ For the reasons mentioned above it is unlikely that we will achieve a vacant site pre-ballot, which is the main objective of the options being proposed.

Consultation Process

- 3.26 In relation to whether to use a voluntary process or a mandatory process we have carried out a range of consultation with residents of South Kilburn. They have been held with the following groups:-

- The South Kilburn Project Steering Group
 - The Granville New Homes Steering Group
 - The Tenants Steering Group
 - The Home Owners Group
 - The Housing Forum
 - All tenants living in the priority blocks in phase 1
- 3.27 The South Kilburn New Deal for Communities Board was not formally consulted, however many of their tenant Board members sit on the majority of the groups listed above and the Housing Forum is an NDC managed forum. The groups/forums overwhelming responses were that the voluntary approach was preferable to the mandatory process. Residents felt that Brent had already given the message that the allocations would be on a voluntary basis and that there is no guarantee that CLG will fully fund the programme. Residents were concerned that by forcing people to move may have a negative impact of the wider scheme's ballot process. The only positive way was the voluntary process if residents were going to support any allocations process.
- 3.28 If we are to gain residents support throughout the process of regeneration, then it is important that we listen to their views and take on board their legitimate concerns. We have consulted residents and the overwhelming view expressed to Council Officers was that residents support the voluntary process in that it does not force people to move against their will.
- 3.29 On the basis that we do not wish to jeopardise the single stock transfer process and continue to work on an iterative process with residents then officers are recommending that members approve the voluntary process to allocate to Granville New Homes.
- 3.30 Members need to be aware that if the regeneration is to go ahead then there will need to be the use of mandatory rehousing powers for tenants and CPO powers for leaseholders at some stage in order to create development sites, so it may be that the tenants who do not choose to move under a voluntary allocation route at this stage could be required to move under a mandatory order at some point in the future, especially when we have a commitment from CLG in terms of gap funding for the overall scheme.

4.0 Policy Variations

- 4.1 There are a number of council policies that will need to be amended as a result of the sale of Granville New Homes and in order to ensure the allocation of new units in Granville New Homes helps address the wider regeneration objectives in South Kilburn.

Ring-fencing the scheme to the South Kilburn Area

- 4.2 The Council currently operates an "intra-estate transfer policy" for South Kilburn, which allows officers the discretion to offer vacant units to tenants who wish to remain in the area (where they have a justified need to transfer). This policy limits the number offered to no more than 25 units per year. In this case the objective of the Granville New Homes development was to provide the first phase decant for the South Kilburn Master Plan to provide cleared sites for future phases. The number of units available will be

between 80 and 110 units. This is significantly more than that which would be available through the intra estates transfer policy and members are asked to approve the ringfencing of these units for South Kilburn residents.

- 4.3 If the allocations process is to be successful, then in terms of needs matching, the development will need to reflect the mix of the tenants in the blocks to be vacated. Given that the Council has already approved the South Kilburn Master Plan, and that the Granville New Homes development forms part of it, the allocations should be offered primarily for tenants affected by phase 1 of the South Kilburn Master Plan and thereafter should be offered to South Kilburn tenants only.

Prioritised Blocks

- 4.4 It is on this basis that members are being asked to ring-fence the allocations to Granville New Homes from the first phase decant blocks identified in the South Kilburn Master Plan. The first phase priority blocks for decanting are identified as follows:-

1. **Marshall House**
2. **Ely Court**
3. **Cambridge Court**
4. **Bond House**
5. **Hicks Bolton House and**
6. **Wells Court**

- 4.5 Priority would be given in the order indicated above, i.e. those willing to move voluntarily from Marshall House would have priority over those willing to move voluntarily from Ely Court, then Cambridge Court, and so on. Marshall House offers significant land for development and is the priority target for decant. Leaseholder options will be targeted at this block should the Council achieve moving all the tenants from the block. The next two blocks (Ely Court and Cambridge Court) offer development potential and would assist the Council's delivery partners to a quick start on site when the blocks have been completely vacated. If the volunteers from the above blocks do not fill the vacancies available, then the remaining vacancies are then offered to all other tenants in South Kilburn.

- 4.6 If members were not minded to approve this proposal then the South Kilburn funding gap will increase further and it would be increasingly difficult to convince CLG to meet the whole of the funding gap. This is demonstrated below.

- 4.7 The South Kilburn Master Plan funding gap includes the Granville New Homes development. The planning, funding and development of the site was brought forward from the rest of the Master Plan when we received nearly £10m from Communities & Local Government (CLG) to effectively start the decant process. A ballot was anticipated to take place by 2006 on the main scheme, (and if it was successful, a stock transfer, which included Granville New Homes, would be taking place now).

- 4.8 This has not yet taken place so a decision needs to be made on the allocation of these homes outside of the main scheme. The Granville New Homes development is included within the South Kilburn Business Plan, so therefore any costs attributed to the scheme (build costs, demolition costs, development costs, decanting and rehousing costs and other statutory

costs) would have been covered by the future commitment to be made by CLG.

- 4.9 Due to the delays as identified in 3.6 above, the Council agreed to sell the development to Hyde as a way of raising finance to complete the scheme in advance of the main programme. Therefore any changes or delays to the Granville New Homes programme will have a financial impact on the Council or preferred partner. Therefore decanting costs will need to be tightly controlled to ensure that the minimum amount of double decanting (i.e. tenants having to move twice and be paid twice).
- 4.10 This then means that if the Council were not to agree the ring-fencing the development to South Kilburn tenants that will be affected by the South Kilburn Master Plan then the following impacts would be:-
- ★ There would be a direct impact on the business plan as the number of tenants to be re-housed through the scheme would potentially increase by a minimum of 85 relets.
 - ★ Hyde could request that the Council financially contribute towards the homeloss and disturbance payments of the additional costs (circa £500k).

Decant Status

- 4.11 That the tenants in the blocks identified in 4.4 are afforded decant status i.e. they are directly offered a property in Granville New Homes as this is part of the regeneration programme.

Homeloss & Disturbance Payments

- 4.12 Although it is proposed that the decanting of these blocks be carried out on a voluntary basis, the Council has no statutory duty to pay homeloss compensation and disturbance allowance, members are asked to approve a policy of payment of homeloss and disturbance allowance to those who move voluntarily to Granville New Homes from the priority blocks identified under its discretionary powers. It is anticipated that Hyde Housing Association will meet these costs: this is being negotiated as part of the sale of Granville New Homes.
- 4.13 Giving tenants the incentive to move from the blocks we require will assist the process. The payment of discretionary homeloss and disturbance payments will act as an incentive for tenants to take up the opportunity of moving to the Granville New Homes development and thereby maximising the possibilities for a vacant site.
- 4.14 If members are not minded to approve the discretionary payment, then tenants will wait till the scheme is approved by CLG and gap funding is made available, as then post ballot, they will be entitled to statutory homeloss and disturbance payments. This will not assist the Council in getting a cleared site in readiness for the major development and will be a missed opportunity to maximise on the momentum built by the Granville New Homes development.

Needs Plus

- 4.15 The Council's normal policy when allocating people to properties is that allocations are made on the basis of need. A variation is required to approve the discretion to apply a "needs plus one" basis for those currently under occupying larger homes in order to ensure that the Granville New Homes development can be maximised. There is a current shortage of one bedroom ground floor flats in the Granville New Homes development when comparing the mix of units required by some of the potential volunteers. Approving this policy change will facilitate the Council in meeting the decant needs in the prioritised blocks. This offer is geared to households under occupying larger units, for example where adult children have left home and parents are left occupying a family size unit.
- 4.16 It is normal within the regeneration process to offer this to tenants where it helps the Council and the delivery partner to maximise the units to both parties benefit for example the Council has in the past, used a "needs plus" process in places like the Chalkhill Regeneration programme.

Non-secure tenancies

- 4.17 Under normal circumstances the Council would relet vacant units to the general needs pool on a secure basis. A variation to policy is being requested to relet the units that are vacated within the priority blocks for decant on a non-secure basis to homeless persons / families in temporary accommodation to facilitate the handing over of empty blocks by the Council to our delivery partners in due course. The Council would retain responsibility for rehousing any households allocated on a temporary basis to the voids created, and this would not be transferred to the housing association. If the priority blocks (which are due to be demolished) were relet on a secure basis, then
- a) The Council would miss an opportunity to reduce costs for decants.
 - b) It will reduce the opportunity to achieve cleared blocks and
 - c) It will lengthen the programme and thereby increase costs overall.

Family Splits

- 4.18 That a variation to policy is agreed to ensure that the Council will only agree to splitting of families if it enables the Council and it's partners to fulfil the overall objective of maximising the Granville New Homes affordable units. The Granville New Homes development contains a range of 1 to 4 bedroom properties. For the Council to agree to splitting a family it would consider the following criterias:-
- i) The right size accommodation for the applicants would be larger than four bedrooms
 - ii) The right size accommodation for the applicants would be located above the 3rd floor, and
 - iii) The split would not occupy more than two units of accommodation.

Allocating to the Granville Development

- 4.19 If the proposed voluntary approach and change to the allocations policy are agreed by members, the tenants living in the priority blocks listed above at 4.4 above will be approached directly making an offer to them to voluntarily move to Granville New Homes. If members approve the policy variations proposed above then tenants in the priority blocks will all be eligible for discretionary homelessness and disturbance payments where applicable in order to encourage them to take up the offer. Where they choose not to move then they will be left in-situ until the major programme has been agreed and funding has been offered by CLG. Hyde has agreed to make payments equivalent to homelessness and disturbance payments to tenants who volunteer as an incentive to move, as part of the deal being negotiated with Officers. This is likely to encourage those tenants in the priority blocks to take up the offer, so that we can reduce the number of tenancies in the priority blocks.
- 4.20 All other allocations (i.e. not from the identified priority blocks) will be made on a voluntary basis through the Locata system, which will be ringfenced to South Kilburn tenants. Those tenants will not receive the equivalent of a homelessness or disturbance payment.

Management of allocations

- 4.21 The new homes would need to be allocated at least six months in advance of occupation. The key reasons for this include enabling;
- Tenants to exercise their choices with regard to fixture and fittings, colours for their new homes

Tenants' Rights

- 4.22 In each case tenants would be provided with the key information that would enable them to make their decision. This information would include: rent levels in the new homes, Right to Buy, compensation and disturbance costs, assistance with moving and any other statutory provisions relevant to the tenant. The "Granville Information Pack" contents are found at appendix 1 of this report.

Rent Arrears

- 4.23 Due to the nature of the area and the fact that there are a number of tenants in rent arrears in the priority blocks (arrears in the region of £14000 as at end of May 2007), every effort will be made to encourage tenants to clear their arrears in order to be selected for these new properties. If tenants have a court order for rent arrears and are abiding by the terms of the Court order, officers are recommending that they are included to be transferred to the new properties. Negotiations are in progress with Hyde as to how we resolve the collection of Council arrears post transfer (using a sliding scale of off-setting compensation against rent arrears).
- 4.24 The Council will continue to pursue any rent arrears owed before any transfers take place. The Council will not include those tenants who voluntarily apply for transfer into Granville New Homes, that have a firm possession order against their property and an eviction date has been set.

Special Needs

- 4.25 Tenants who require specific aids for their disability will be referred to the Occupational Therapist for an assessment so that their needs can be met within the design parameters - if possible at the time of allocation.

Feedback from those affected

- 4.26 All affected tenants were written to in May 2005 and a follow-up interview was conducted between December 2006 and June 2007 to elicit their views. Attached is the data compiled from the process of interviews with the tenants affected.

BLOCKS	NO OF UNITS	VOLUNTEERS ON TRANSFER LIST	LEASE HOLDERS	REFUSED	NO RESPONSE	VOIDS	Check
MARSHALL	36	18	12	5	0	1	36
ELY	16	5	4	2	4	1	16
CAMDRIDGE	24	9	12	1	2	0	24
HICKS	8	4	2	1	1	0	8
BOND HOUSE	16	7	3	0	6	0	16
WELLS	44	22	8	2	12	0	44
TOTAL	144	65	41	11	25	2	144

Treatment of Leaseholders

- 4.27 Hyde's stated position in relation to leaseholders is as follows:-

- a) If the Council resolves to use ground 10A as the process of allocation then Hyde are willing to meet the full costs of leaseholder purchase and compensation.
- b) If the Council resolves to use the voluntary process then Hyde can only offer leaseholder buyouts and other options for leaseholders if there is a guarantee that at least one block will be cleared, thereby creating a development site.
- c) If there is no guarantee that a whole block (or blocks) will be cleared, then the Hyde Board would consider that it is too high a risk to meet the cost of leaseholder options. They are prepared to leave existing leaseholders in situ until we achieve a positive ballot for the main scheme.
- d) The new properties for sale will be available for leaseholders to purchase at the full market price.
- e) Hyde is unable to offer an equity swap arrangement for existing leaseholders at this time due to the uncertainty of the overall project moving forward. This is due to the fact that Hyde is expending a considerable amount of capital to finish the build contract at

Granville New Homes and any equity swap will not produce an initial capital receipt. If in the future there is certainty of the project moving forward on either a wholesale or piecemeal basis then if there is certainty of a further phase of development then Hyde may be able to consider offering equity swaps into Granville New Homes to achieve vacant possession of an existing block. In this event the future phase will need to be able to cover the outstanding historic capital deficit on Granville New Homes.

- 4.28 In order to get a cleared block (or blocks) e.g Marshall House, Ely and Cambridge Courts, the Council will need to ensure that all tenants have been offered a suitable alternative offer – whether it be at Granville or any other property that is available to the Council or Hyde. This offers a real challenge to the Council and Hyde as there is no guarantee that all tenants in the affected blocks will volunteer.
- 4.29 Given the Council's current financial position it is unlikely that funds could be found by the Council to buy out leaseholders, however Hyde Housing Association could consider payments (dependent upon the overall timing of the buyouts) to effect a cleared site. It would be seen as an early development opportunity to maintain a build programme and contribute to reducing the overall funding gap.
- 4.30 Members are therefore to note that the Director of Housing & Community Care is in discussions with Hyde to agree leaseholder options to resolve potential issues with leaseholders mainly in Marshall House, to facilitate the creation of a vacant site for Hyde Housing Association. However if the Council is able to create vacant sites at Ely Court and Cambridge Court then options will be explored for the leaseholders in those blocks.

5.0 Financial implications:

- 5.1 As part of the agreement to sell Granville New Homes to Hyde, the Council agreed that some properties would be sold on the open market to reduce the remaining gap and also to fund the cost of decant.
- 5.2 Hyde have made an allowance for the following items:-
- | | |
|---|-------------------|
| ➤ £4000 homeloss payment x 85 units | = £340,000 |
| ➤ £1500 disturbance payments x 85 units | = <u>£127,500</u> |
| Maximum decanting costs will be | £467,500 |
- 5.3 This is likely to be the maximum cost if eighty five tenants from the priority blocks occupy Granville New Homes. The cost will be lower if other tenants from the non priority blocks occupy Granville New Homes. This is also part of the negotiations with Hyde.
- 5.4 In relation to the issue of arrears of rent legally due, officers will seek to recover all monies due to the Council prior to transfer or negotiate with Hyde to buy off the arrears as part of the deal.
- 5.5 The Council will seek to minimise on the actual number of homes required for sale and maximise on any possible residual surpluses created to be ploughed back into the main South Kilburn regeneration scheme in order to

assist the financing of the overall scheme.

6.0 Legal Implications

Powers

6.1 As outlined above, all proposed moves would be voluntary at this stage. If compulsory tenant moves become necessary later in the process, this may be accomplished by gaining possession of the properties under Ground 10A of the Housing Act 1985. In summary, the landlord must first:

- (a) serve a notice in writing on all secure tenants whose dwellings are affected by the scheme, stating: the main features of the scheme (or the scheme as it will be after a proposed variation to it); that the Secretary of State's approval is to be sought; and the effect of such approval in relation to proceedings for possession of the dwellings;
- (b) inform the tenants that they have a specified period (which must be at least 28 days) in which to make representations to the landlord; and
- (c) consider any representations received during that period.

6.2 Unlike a tenanted transfer, however, no formal ballot will be carried out under Ground 10A. However, the Secretary of State before giving his consent will consider the following:-

- (a) the effect of the scheme on the extent and character of housing accommodation in the neighbourhood;
- (b) over what period of time it is proposed that the disposal and redevelopment will take place in accordance with the scheme; and
- (c) to what extent the scheme includes provision for housing provided under the scheme to be sold or let to existing tenants or persons nominated by the landlord.

6.3 The landlord must not apply to the Secretary of State for approval of a scheme unless the statutory consultation procedure has been carried out.

Land disposal issues

6.4 It is not proposed to dispose of any land to Hyde at this stage. However, if a vacant block is achieved, then this would be transferred to Hyde under the Council's power under section 32 of the Housing Act 1985. Specific consent from the Secretary of State will be required unless one of the general consents applies.

7.0 Diversity Implications

7.1 The diversity implications surrounding the Master Plan were fully addressed in the report to members in July 2004. The proposals in this report have been subject to screening and in the officers view there are no adverse implications arising from this development. An equalities impact

assessment on the changes to the allocations policy is appended to this report at appendix 2.

8.0 Comments from Partners

- 8.1 Hyde Housing Association and Brent Housing Partnership (BHP) have been consulted on this report and have indicated their views as follows:

Hyde Housing Association

- 8.2 Hyde's preference would have been for a mandatory decant of at least one block (Marshall House being the priority as it delivers the highest development potential for new homes). Hyde had suggested that a "mini-ballot" approach as an alternative. However our legal advisors stated that this was never legally or technically possible and in fact could have been quite counter-productive if individual tenants voted "no" but were still compelled to move, given the Council's previous statements.
- 8.3 Hyde would have wanted to maximise the potential of the Granville New Homes scheme in relation to the overall South Kilburn development, as it is our only joint chance of creating a significant amount of potential development for new homes. Hyde are also disappointed not to be able to offer options for leaseholders at this time, but the level of risk involved in funding leaseholder buyout or equity transfer without certainty of a resultant development site is too high to bear at this point.
- 8.4 Hyde understands the residents' concerns and also understands the predicament that Brent is in due to the lack of commitment of CLG to gap funding. Hyde was hoping that they would have been able to work through their proposal of a mini ballot approach in partnership with Brent.

Brent Housing Partnership

- 8.5 BHP have highlighted several issues:-

Lease holders

- As these building are decanted lease holders may expect some reduction in charges to reflect the fact that they are formally identified for demolition and being let on a temporary basis. The Council will need to take this matter into consideration should any tenant in the priority blocks decide not to move into the new development.
- Lease holders may be faced with the prospect of being unable to sell their properties on the open market. What consideration might be given or what action could be taken if a leaseholder dies leaving vacant possession or has a demonstrable need to move for work or health reasons? The Council, BHP and Hyde will need to consider how this issue could be addressed in the near future.

Temporary Lets

- What arrangements will be made? This needs to be agreed for temporary allocations and management well in advance of the first vacations. Officers are currently making appropriate arrangements to

manage this process.

9.0 Conclusion

- 9.1 Members are asked to approve the decisions in section 2 of this report. Once members decisions are known, Officers will take the appropriate steps to implement members' decisions.

Background Papers

Granville New Homes File

Anyone wishing to inspect these documents should contact:

Robert Johnson, South Kilburn Housing Project Director,
South Kilburn Regeneration Office, 21 – 23 Peel Precinct, Kilburn
London NW6 5BS

Martin Cheeseman
Director of Housing and Community Care