

Presentation of Homeowners case to Scrutiny and Overview – A brief overview of the impact of regeneration on Southwark Homeowners

In October 2013, the Homeowners Council (HOC) presented a deputation to the cabinet . The key issues that affect Homeowners were highlighted in that deputation.

1. In particular, HOC was concerned about the impact of regeneration on those homeowners who have come under tremendous pressure to sell their homes at significantly less than the value those homes are worth, to give way to the regeneration of affected areas. For example, the Aylesbury and Heygate estates.
2. In those areas, the market value of those homes are depreciated by as much as 32% less than their open market value to allow developers to acquire them. In the case of Terry Redpath, his home was devalued by 28%. In the case of another homeowner in the same area, her home was devalued by 34%. The open market value is £240k for a five bedroom flat in the same area. However, the homeowner was being ‘forced’ to sell her home for £172k; a net loss of £58k.
3. The usual persuading argument is that the homeowner faces hefty major works bill if they stayed or be forced to sell via compulsory Purchase order (CPO). Many of them who have not sold are facing as much as £15 – 20K major works bills in the next few years, on top of annual service charges averaging around £3,000 attributed largely to rising cost of energy bill and astronomical maintenance cost of outdated boiler room that supplies this areas. It has been shown that 60% of the energy cost is attributed to the maintenance of the outdated boiler which is more than 30 years old. Future plan to update this facility will generate more major works bill that will run into tens of thousands for affected homeowners.

The solution proposed by HOC

HOC recognise that growth may be necessary through infill and densification but believe that **homeowners within estates must not lose financially as a consequence.**

The Homeowners Council proposes the following to be effected immediately:

4. **Amenity land value** – and opportunity to compensate homeowners for loss of amenity through reduced major works costs. In the case of Aylesbury those homeowners who are losing out should be compensated for the loss or offered like-for-like value replacement asset.
5. **Suspension of service costs during works**, recognising that construction works will have temporary but major impact on our environment and propose the transparent incorporation of all relevant estate service costs into construction costs for new developments and refurbishment
6. Opportunity for **same size equity share** replacement ownership. The value of equity must be based on open market value. For example Mr Redpath should have been offered equity worth £220k and not £172k.
7. **True market value of current accommodation** to ensure a fair equity share in new accommodation. The true value must be based on current open market value.
8. **In-borough homeowners transfer to new and existing developments** to facilitate redevelopment of current estates. Those who transfer should be given the option to return.
9. **Provide guarantees for the reduction of estate service costs** on completion of refurbishment and development works