Item No.	Classification:	Date:	Decision Taker:
N/a	Open	16 March 2018	Leader of the Council
Report title:		Amending the shared equity rehousing policy for qualifying homeowners affected by regeneration	
Ward(s) or groups affected:		Homeowners affected by regeneration	
From:		Chief Executive	

RECOMMENDATIONS

1. That the Leader of the Council:

   - Approves the amendments as set out in paragraphs 17 to 37 the Council's rehousing policy for qualifying homeowners affected by regeneration and summarised below:

     - Minimum share under shared equity purchases to be revised from 50% to 25%
     - Homeowners will no longer have to invest their home loss payment as part of the acquisition of a replacement Council property
     - Homeowners will now be able to choose between two different Council shared equity products – shared equity or an equity loan
     - Inheritance clauses in shared equity and equity loan leases to be amended to allow one inheritance
     - Pre-emption clauses to be removed from shared equity or equity loan leases
     - Commitment to cover additional Stamp Duty Land Tax (SDLT) costs to homeowners as a result of homeowners opting for the new equity loan model

   - Instructs officers to progress discussions with the Council's development partners for major regeneration schemes to seek where appropriate and possible, parity in the terms of the rehousing offer made by the Council and that of its partners.

BACKGROUND INFORMATION

2. In 2005, the Council introduced measures which were intended to assist certain homeowners who would be affected by the regeneration of the Heygate Estate. Since that time the Council has continued to listen to the views of homeowners affected by regeneration, as well as keeping abreast of relevant policy and guidance and the approach taken by other London authorities.

3. In 2006 the Council extended the policies in place for Heygate resident homeowners to Aylesbury resident homeowners. The Council first amended these policies in 2007, then 2010, 2014 (where a shared equity rehousing route was first approved) and most recently in 2015 (where a requirement for homeowners' savings to be taken into account as part of the financial assessment process was removed). A chronology of the amendments to the Council's rehousing policy is attached at Appendix A of the report.

4. The council has so far provided rehousing assistance to a total of 46 households affected by regeneration by providing rehousing from its own stock. This is out of a total of 191 households from the three estates (Heygate, Aylesbury and Elmington) who have applied for rehousing assistance and where their rehousing route has been determined.

5. Since the introduction of the shared equity rehousing route in 2014 the Council has supported two homeowners to purchase Council properties through the shared equity route and so enabling them to remain in their locality and continue to be part of their existing local community. One was a homeowner from the Elmington estate and the other was a homeowner from the Aylesbury estate.

6. Resident homeowners affected by regeneration have legal protection if their homes are compulsorily acquired. There is, in addition national and regional policy and guidance which requires to be considered. The Council has regard to its statutory obligations and to all relevant policy and guidance, in advance of, as well as following compulsory purchase. Its approach has to reflect its fiduciary responsibilities; it must also be mindful of the Government's advice that account should be taken of the whole costs of compulsory acquisition, when negotiating in advance.

7. The Council seeks to ensure that its policies and procedures are fair and equitable to all resident homeowners who are affected by regeneration schemes. It is therefore necessary to keep the Council's policies under regular review. In addition, reviews can also be considered in order to respond to practical suggestions made by those affected.

KEY ISSUES FOR CONSIDERATION

8. The Council still needs to acquire 230 properties on the Aylesbury estate, and 3 properties on the Sceaux Gardens estate. On the Aylesbury estate it is estimated that currently 50% of that number are resident leaseholders and therefore live in the property and will be eligible for rehousing assistance.

Review of the current rehousing assistance package

9. Through the process of acquiring homeowners on Phase 1b/1c of the Aylesbury Estate, some leaseholders have recently indicated a preference for an offer which is structured in a way which is slightly different to the offers the Council has historically made. The difference is minimal in terms of its structure (and the impact for the Council), but given the importance to leaseholders, it requires consideration.

10. In December 2016 the government published its Estate Regeneration National Strategy, whilst the GLA also published a Good Practice Guide to Estate Regeneration in February 2018. The Council has compared its existing approach to rehousing homeowners affected by regeneration and considers that its current approach is consistent with the key themes within these documents. In the Estate Regeneration National Strategy Section 1 of the document emphasises the need for early and on-going engagement with residents. Section 4 sets out the need to minimise disruption to residents and maintaining community ties. This includes assisting residents to remain within the local area, and making sure residents only need to move once, which the Council does through the rehousing options that it currently offers.

11. The Council has also reviewed the rehousing policies of other London Local Authorities and has set outa comparison in the table below.

Table 1

Criteria	**Southwark**	**Other boroughs**
Resident leaflet / information provided	Yes	Yes
Offer made over and above statutory compensation	Yes	Yes
Residency criteria for rehousing	Yes	Yes
Relevant date for eligibility	Yes	Yes
Single move only	Yes	Yes
Requirement to invest all market value and Home Loss compensation	Yes, although this report proposes to amend this requirement	Yes
50% minimum purchase for shared equity	Yes, although this report proposes to amend this requirement	Common requirement
Ability to use savings/other funds to purchase greater proportion of shared equity	Yes	Commonly available
No rent on remaining equity	Yes	Yes
Shared ownership option available	Yes	Not in majority of projects
Reversion to Council tenancy available	Yes	In limited circumstances
Financial Assessment for eligibility for assistance	Yes, where application made through the Council	Not commonly required
Right to return to Estate	Commitment to support leaseholders to remain in the local area.	Commonly right to return to Estate or local area

12. This table sets out that there are significant similarities between the offer made by the Council to affected resident leaseholders on the Aylesbury estate and the offers made by other acquiring authorities, in similar regeneration schemes, together with elements of the Council offer which are different to the offers made across other projects. In a number of areas the Council already offers above what is offered by other Local Authorities.

13. As set out in paragraph 5 of the report, since the introduction of the Council's shared equity policy only two homeowners have taken up the Council's shared equity rehousing offer. In fact during this time two homeowners have purchased under shared ownership terms even though they were eligible for shared equity. So although the Council considered the shared equity route proposed in March 2014 as an attractive route for homeowners that would decrease the need for the Council to use its compulsory purchase powers in estate regeneration schemes, this has not necessarily proved to be the case.

14. Two issues have been the subject of particular emphasis in the homeowners objection to the recent Aylesbury CPO Public Inquiry, but have also been raised by other homeowners:

- Due to the difference in values between on and off Estate properties, if the homeowner accepts a rehousing offer, in most instances, they would not be a 100% owner.
- The pre-emption clauses within the Council's shared equity lease.

15. More broadly homeowners have also made representations about the requirement to use their home loss payment towards the purchase of any replacement property when purchasing under shared equity terms.

16. As noted, some homeowners have raised concerns with the Council's policy in that it does not allow them to purchase an equivalent value property and remain a 100% owner of a property. However this is a misunderstanding of the current policy rather than the reality of the position. Due to the Council operating a choice based system, if the homeowner was to find a property of equivalent or lower value than their existing property within the Council's stock, they could purchase that property and be a 100% owner under the existing policy.

Proposed amendments to the Council's rehousing assistance policy

17. Although the Council considers that its current offer is one of the most generous in London and goes above statutory requirements, to respond to the specific objections raised by homeowners as part of the Aylesbury Estate CPO process, the Council is proposing to amend its rehousing policy for qualifying homeowners affected by regeneration. It is hoped that this will encourage greater take up of the Council's rehousing offer and reduce the need to rely on compulsory purchase orders to achieve its regeneration objectives.

18. The proposed amendments to the Council's policy only relate to scenarios where a leaseholder affected by regeneration has applied for rehousing assistance through the Council, has been accepted for assistance and is seeking to purchase a property from within the Council's existing or new build stock. It does not relate to properties offered by Registered Providers or other organisations, although as set out in paragraph 1 of this report the Council will make representations to the Council's development partners on major regeneration schemes with a view to having its policies mirrored wherever possible.

19. The proposed amendments to the policy are set out below.

Minimum share under shared equity to be revised from 50% to 25%

20. The Council recognises that house prices in the borough, particularly new build stock are continuing to rise. In recognition of this and to make as many properties as possible available to homeowners affected by regeneration, it is proposed that the minimum share of the Council property that can be purchased under shared equity terms is reduced from 50% to 25%.

21. Under the new Equity loan arrangement (see below) although the homeowner will own 100% of the property their contribution must be a minimum of 25% of market value of the property.

22. Although the minimum purchase or contribution level will now be 25%, the homeowner must as a minimum contribute the full equity/capital amount available to the homeowner from the sale of the existing property.

Homeowners will no longer have to invest their home loss payment as part of the acquisition of a replacement Council property

23. Rather than investing their market value and home loss payments, save where the home loss payment is needed to reach the minimum 25% value threshold, the leaseholder now only needs to invest the market value of their property (minus any amounts owed to the Council through service charge and Council tax).

24. In line with the Cabinet report 'Financial Appraisal Process for Home Owners Affected by Regeneration Schemes' agreed by Cabinet in December 2015 the Council will not consider savings as part of any assessment.

25. Homeowners can however opt to include their home loss payment as part of the purchase. As above, although it is not expected to be necessary in the great majority of cases, in some instances applying the home loss payment may be necessary in order to achieve the minimum required 25% share of the open market value of the replacement property. Where a homeowner is purchasing under the revised shared equity route set out below the homeowner must have the capital equivalent to 25% of the purchase price and so may have to invest some or all of their Homeloss payment to achieve this.

Homeowners will now be able to choose between two different Council shared equity products

26. Homeowners will now be able to choose one of two different methods of shared equity.

    - They can either proceed under the existing policy, whereby they buy a minimum share of 25% of the Council's property, paying no rent on the unowned share ("shared equity"); or
    - They can alternatively choose to own 100% of the replacement property with the Council taking a charge against the replacement property equivalent to the 'unaffordable' element ("equity loan").

27. Where the equity loan is selected, the charge will be on the percentage of the 'unaffordable' element at completion, and will be repayable in full on the sale of the property or on the death of the leaseholder (subject to paragraphs 28 and 29 below). On sale of the property the proceeds of the sale will be split according to Council/homeowners' ownership proportions.

28. The homeowner may reduce the amount of the charge over time subject to revaluation and recalculation of relevant proportions. Where revaluation and recalculation of relevant proportions are requested an administrative charge will be levied to cover the Council's costs in this regard.

29. In order to protect the Council's position, on any sale of the property by the leaseholder a Clause will be inserted regarding the mechanics of how the property is marketed in that the market price must be agreed by both the homeowner and the Council, and a mechanism for dispute resolution will be included. This is to avoid sales at an undervalue.

30. This new product will be referred to as an 'Equity Loan' to distinguish it from the current Shared Equity product.

Inheritance clauses to be amended

31. In a variation from the current policy, homeowners of any shared equity product will be allowed to pass the property on through inheritance to a spouse, civil partner or other family member who has been living in the property with the homeowner.

32. After the property has been inherited in this way it cannot be passed on via inheritance again unless the Council's charge is redeemed in full. This is to ensure that the Council will at some point in the future receive the deferred capital receipt.

Pre-emption clauses to be removed

33. There will be no longer be any pre-emption provisions on the sale of a Council property sold under shared equity terms to homeowners affected by regeneration schemes. These currently require a leaseholder to offer the property back to the Council before trying to sell it on the open market.

34. In the Cabinet paper introducing shared equity in March 2014 it was set out that although the Council had pre-emption clauses in the leases it currently did not have a policy or budget to exercise this right. Therefore there are currently no implications for the Council in removing pre-emption rights from the leases.

Stamp Duty Land Tax (SDLT)

35. Where property or land over a certain price in England, Wales and Northern Ireland is bought Stamp Duty Land Tax (SDLT) is payable to the government. The current SDLT threshold is £125,000 for residential properties. The current legislation around disturbance costs payable when a property is acquired under or pursuant to a compulsory purchase order is that the Acquiring Authority (the Council) is liable for the SDLT equivalent to the price of the homeowner's current property.

36. SDLT rules around the purchase of shared ownership and shared equity properties where only a percentage of the property is actually purchased provide that the purchaser can opt to pay SDLT on the percentage of the property that they are purchasing. In most cases this will be equivalent to the price of their current property so the Council will cover the SDLT costs of the purchase of the replacement property.

37. However in the case of the Council's revised policy the Council recognises that SDLT will now be payable on 100% of the replacement property and there will be no option for the homeowner to opt to pay SDLT on a lower percentage. The Council considers that requiring homeowners to meet the additional SDLT charge will be a detriment to the leaseholder and potentially prohibitive in enabling homeowners to be able to take up this option. Therefore the Council will, where resident homeowners have opted for the equity loan model on the purchase of a Council property, pay the increased SDLT liability to the homeowner as a disturbance cost.

Policy comparison

38. The proposed details and restrictions that would be adopted by the Council in this new rehousing route and a comparison to the Council's current shared ownership and shared equity policies are set out below in Table 2.

Table 2

	Council Shared Ownership	**Council Shared Equity**	**Council Equity Loan**
Minimum purchase level	25%	25%	100% *
Maximum initial purchase level	75%	90%	100% *
Available ownership levels	25%, 50% and 75%	25%, 35%, 45%, 50%, 60%, 70%, 80% and 90%	100% *
Staircasing	Yes	Yes	The amount of the charge may be reduced over time (subject to revaluation and recalculation of relevant proportions).
Allowable retention	Not applicable. Requirement removed through December 2015 Cabinet decision.		
Choice of ownership level?	Yes, as long as the purchase is affordable	No Market value of the existing property must be invested with the purchaser purchasing the nearest affordable 10% tranche as set out above	No The Council will support homeowners to purchase 100% through a charge held against the property provided a minimum of 25% of the purchase price is paid by the Council by the leaseholder and at least the Market Value of the existing property is invested. The Homeowner has a choice to invest additional capital should they have it
Rent payable on unowned share	Yes Rent is calculated at 3% of the unowned share on flats & 2.75% on houses.	No	No No interest payable on charge held against the property.
Ground rent	£50 per annum	£200.00 per annum for the first 25 years, rising by £100.00 every 25 years.	£200.00 per annum for the first 25 years, rising by £100.00 every 25 years.
Major works Service charge liability	Apportioned to owned share		
Annual revenue Service charge liability	Full payment for buildings insurance, ground rent and communal heating/hot water (if provided), payment for all other services apportioned to owned share	Full payment for all services	Full payment for all services

* The homeowner will not have to find the capital to purchase 100% of the market value of the replacement property as a mechanism is available whereby the Council will take a charge over the proportion of the property's value (maximum 75%) which is unaffordable to the homeowner.

	Council Shared Ownership	Council Shared Equity	Council Equity Loan
Pre-emption (Right of first refusal)	No		
Sale of Share	No Open market sale at 100% only	No Open market sale at 100% only	Not applicable
Able to add owners after initial purchase	Yes	Not while ownership is less than 100%	Yes
Inheritance	Share can be inherited	One inheritance allowed to pass the property to a spouse, civil partner or other family member who has been living in the property with the homeowner	One inheritance allowed to pass the property to a spouse, civil partner or other family member who has been living in the property with the homeowner
Subletting	Prohibited while ownership is less than 100%		Prohibited while charge still subsists
Term	125 years (or remainder of term less 5 days where the council is not the freeholder)		125 years (or remainder of term less 5 days where the council is not the freeholder). Where a freehold property is purchased this will not apply.

Other considerations

Service charges and major works

39. Under the current model of shared equity that the Council offers, annual revenue service charge liability is 100% of all services received regardless of percentage share owned. This covers items such as buildings insurance, ground rent and all communal services such as heating and hot water. This will be unchanged in the equity loan model.

40. In the current model, major works liability is apportioned to the owned share. In the new model, although the homeowner will be a 100% owner of the property, major works charges will still be apportioned according to the percentage of the ‘owned’ share.

Subletting of property

41. The Council’s policy is intended to assist with the rehousing of resident leaseholders such that properties purchased pursuant to the scheme will be for the occupation of the leaseholder as their main residence. The Council will continue to make relevant occupancy checks as part of the application process to ensure that rehousing assistance is provided to those who genuinely are resident in the affected property.

42. The Council's policy is to prohibit subletting whilst ownership is less than 100% and where the property is subject to a charge. However where the leaseholder has achieved 100% equity through staircasing or having paid off any charge in favour of the Council in full, as with existing Right to Buy leases there will be no restrictions on sub-letting of the property.

Determination by Tribunal

43. In the absence of agreement as to the market value of a leaseholder's current property, the Council will make an initial payment of 90% of Council's valuation pending determination of market value by agreement, relevant alternative dispute resolution (ADR), or by referral to the Upper Tribunal (Lands Chamber) with the balance payable following determination.

Criteria for rehousing offers

44. In all regeneration schemes the Council has established eligibility criteria for its rehousing offers. Those criteria can however be applied flexibly subject to Director's discretion. The eligibility criteria (and the way in which they are applied) will remain unaffected by these policy changes.

45. The process for a homeowner who has applied and been accepted for rehousing assistance through the Council is that they are able to 'bid' for a property through the Council's choice-based system (Homesearch). This property may be leasehold or freehold but must be owned by the Council and not a Housing Association. Again this process will not be affected by the proposed policy change.

46. As set out in paragraph 18 the property must be within the Council own stock and homeowners will not be eligible to 'bid' to purchase properties that may be subject to requirements to remain as affordable housing through planning (S106) or grant funding requirements. In the majority of cases this will only relate to new build properties. In some cases a specific exemption may be able to be secured by the Council, in which case the Council will make this known to homeowners who have been accepted for Council rehousing assistance so that properties that meet the homeowner's requirements can be made available specifically to homeowners before they become available more generally on Homesearch.

47. As is noted throughout the report, Council rehousing assistance enables homeowners to move into existing Council stock. In the case of regeneration schemes such as the Aylesbury, where a development partner is taking forward the redevelopment of the estate, the Council's offer could enable homeowners to stay in the local area should they choose to and they find a suitable alternative property they want to move to. However it does not enable homeowners to be able to return to the footprint of the estate. Where phased regeneration schemes are in place, such as the Aylesbury, it may be possible for homeowners in some (later) phases who wish to remain on the footprint of the estate to do so by accessing the other rehousing options made available through the Council's development partner.

Other rehousing routes available

48. As the council's chosen development partner for the Aylesbury estate, Notting Hill Housing Trust offer their own version of shared equity to homeowners affected by the regeneration which continue to be available alongside the council's rehousing assistance routes. Effectively, this offers homeowners an additional choice for rehousing and is an alternative way for them to access affordable home ownership that has been specifically designed for their individual needs.

Policy implications

49. All existing policies offering rehousing assistance to homeowners affected by regeneration and the policy in relation to the borough wide hardship repurchase scheme would be amended accordingly. However, the lettings policy will not require any amendment.

Community impact statement

50. The Equality Act 2010 requires the council, when taking decisions, to have due regard to the need to:

    (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
    (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
    (c) Foster good relations between those who share a relevant characteristic and those that do not share it.

51. The Council through a process of regular review has been considering the impact on all protected groups throughout the development of the proposals for the regeneration of any of its estates, particularly in regard to its rehousing policies.

52. For example, specifically on the Aylesbury estate as part of the production of the Aylesbury Area Action Plan (AAAP) an Equalities Impact Assessment (EqIA) was carried out and the formulation of the Plan had regard to that assessment. The assessment identified some of the impacts of the development, raising, for example the issue that land market forces may have a significant impact on the regeneration. This could result in certain groups (such as families and the unemployed), as well as low-income residents, moving away from the area to cheaper locations.

53. In 2017 the Council commissioned an independent organisation, Mott MacDonald to conduct an EqIA to assess the impacts of the Council's CPO on the remaining residents, all of whom are homeowners, on Site 1b/1c. Although specific to the residents on Site 1b/1c this EqIA also considers, where relevant, impacts on residents of the Aylesbury Estate as a whole, and residents across Southwark. This EqIA concludes that the rehousing options currently offered by the Council effectively mitigates the potential impacts on affected homeowners by the regeneration of the estate. However the Council is keen to go further and to offer a wider range of rehousing opportunities to mitigate the impacts of the regeneration.

54. In offering this wider range of rehousing options for qualifying homeowners the Council has reviewed the information currently held on applications previously received from homeowners on regeneration schemes. While there is no evidence that any group may be affected more than another by the proposed change in policy, the data available on those individuals who have applied for rehousing assistance through the Council on regeneration schemes to date does show a bias towards a greater number of older homeowners applying for rehousing assistance through the Council in regeneration schemes. This is evidenced through the proportion of applications received from older homeowners being much greater than applications received from younger homeowners.

55. To date 38% of applications have been made by households over 60 years of age, with a further 28% being made by households over 50 years of age. It is however logical that a greater number of older homeowners would feel the need to apply for rehousing assistance as access to finance may be more difficult than for those younger homeowners who are still of working age. Table 3 shows the outcome of the rehousing assistance applications where the rehousing route has already been determined.

Table 3

Feb 2018	**Rehousing assistance determination**				
Age of homeowner	**No assistance**	**Shared ownership**	**Shared equity**	**Council tenancy**	**Total**
Less than 50	19	9	0	6	34 (34%)
50-60	8	9	0	11	28 (28%)
Over 60	8	11	2	17	38 (38%)
Total	35	29	2	34	100

56. The change in policy does not alter any of the existing rehousing routes and adds an additional rehousing option for qualifying homeowners and so cannot be said to be benefitting or disadvantaging any affected household.

57. It is noted that there could have been some financial impact through SDLT by homeowners purchasing 100% of their property, but the Council has sought to mitigate this by agreeing to cover these additional costs as set out in paragraphs 35 to 37 of this report. Equally it is noted that there may be a financial impact in terms of the level of service charges required to be paid on an ongoing basis, but this is again mitigated by at the same time retaining the current existing option for shared equity purchase.

58. On balance it is considered that although certain groups may be more affected by regeneration schemes the Council's rehousing policies in place are there to mitigate the impacts of the scheme overall. The rehousing options do not in themselves benefit or disadvantage any particular group and are in place to benefit all homeowners affected by regeneration. It should also be noted that in offering such rehousing assistance routes the Council is acting beyond its statutory duty and is in line with government guidance set out through the DCLG's Estate Regeneration National Strategy and the Mayor of London's Good Practice Guide to Estate Regeneration.

Resource implications

59. No additional staffing resources will be required by this amendment to Council policy.

- Officers within the regeneration team and the MySouthwark Homeowner team will coordinate the internal dissemination of information to colleagues within the Council and the external delivery of information to residents and other stakeholders, setting up appropriate forums and updating procedures and literature as required. Those home ownership officers dealing with the technical implementation of the policy will contribute to these processes when required.

- Officers currently employed within the MySouthwark Homeowner team and already involved with the financial assessment of homeowners applying for rehousing assistance will lead on the technical implementation of the policy. This will include the updating of all systems and documentation in relation to the financial assessment process.

60. There will be a cost in relation to the drafting of new precedent leases if the Council's current leases are not appropriate for this amendment to the policy, and to the preparation of the form of legal charge and its registration to provide adequate security. However this work can be provided under the Council's contract for the provision of residential conveyancing work. The costs will be met by Regeneration through an existing budget set up to pay for legal costs.

Legal implications

61. As set out in previous reports on shared equity, the General Housing Consents 2013 allow the council to dispose of properties under a shared equity arrangement without the need for specific consent from the Secretary of State. Further legal implications are set out in the concurrent report of the Director of Law and Democracy.

Financial implications

62. The financial implications for the introduction of the Council's Shared Equity policy are set out in the report to Cabinet in March 2014. Although this report sets out amendments to the Shared Equity policy, it does not envisage that there are significant financial implications that arise as a result of those amendments.

63. The Council will receive an initial capital receipt from the sale of a property from its stock but, as was the case with the introduction of the Council's shared equity option, will forego for an unknown period of time the capital receipt for the remainder of the asset. Through both shared equity routes proposed the Council will (at a later date) receive a further capital receipt either on the sale of the Council's remaining share in the property, or through the redemption of the charge held against the property. This later capital receipt will also benefit from any increase in value in the property's value over that period, and so provide benefit to the Council in the longer term.

64. Where the Council has a charge over the property this will be represented as a percentage of the property, but will include a minimum figure, which equates to the original percentage that the Council put into the property purchase. This will ensure that should the property market suffer a decline, then the Council would

still receive its initial investment into the property back.

65. As set out in the March 2014 Cabinet report where a property is purchased under shared equity terms with the Council retaining the ownership of a percentage of the property, there are financial implications under current capital finance regulations if the initial share of the property purchased is less than 50%. This is because those receipts are subject to different treatment within the Council's accounts. Where the sale generates a receipt that is in excess of 50% the receipt is treated the same as a receipt received under the Right to Buy, so the receipt is immediately directed towards the cost of building new council homes. However where a sale is less than 50%, then the receipt is recycled back into the regeneration scheme. This would not be applicable in the equity loan model where 100% of the property is purchased by the homeowner (albeit subject to a charge from the Council).

66. There will be a small impact in terms of additional disturbance costs associated with the Council's commitment to covering increased SDLT costs under the Equity Loan scheme as set out in paragraphs 35 to 37 above. Based the Council's recent acquisition of a two bedroom property on the Aylesbury estate and sale of a two bedroom property from within its existing stock the Council has calculated that additional SDLT costs of approximately £10,000 might be likely to be incurred in this scenario. This will be an additional cost to the Council and will come out of the existing acquisition budget for schemes. The Council will monitor the impact of this across its schemes and where appropriate will report as part of the Council's capital monitoring procedures.

67. As set out in paragraph 1 of this report it is the Council's intention to seek to align the Council's partners on regeneration schemes who are offering shared equity products to homeowners with the Council's new policy. In schemes where contractual arrangements are already in place, the Council will need to have further discussions with the partner to understand how this might be achieved and the financial implications, if any, for the Council. In schemes where a partner is not yet on board the Council through its competitive procurement process will seek to ensure that the offer to be made to homeowners is reflective of the Council's current policy on shared equity sales, although it is noted that this has the potential to have a negative impact on land values offered by developers. However the benefits to the Council in being able to achieve vacant possession of sites quicker, with a more favourable offer to homeowners, in the long term may outweigh this impact.

Consultation

68. As has been noted, the proposal for a variation in the structure of the Council rehousing policy was raised by homeowners through the Aylesbury Estate CPO inquiry process. During the inquiry, homeowners indicated a preference for an offer which is structured in a way which is slightly different to the offers the Council has historically made. The difference is minimal in terms of its impact, but is understood to matter to the particular homeowners. The extent of consultation undertaken by the Council has reflected the way in which the proposal has arisen and the fact that a change is being made which simply adds to (rather than reduces) the rehousing opportunities offered. The proposals have been discussed with representatives of Creation Trust who are supportive of the changes proposed, which will benefit leaseholders not just on the Aylesbury estate, but on other Council estates where the acquisition of homeowners is

proposed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

69. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act is a pre-commencement statute which imposes limitations on the Council's power of disposal.

70. The report recommends an additional route by which the Council can dispose of properties to leaseholders affected by regeneration schemes, namely by assisting with the financing of the leaseholder's purchase, and the Council's financial interest in the property being secured by a charge. The Council can dispose of properties held within its housing portfolio as long as the disposal is in accordance with the provisions of section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government (now known as the Ministry of Housing, Communities and Local Government) is required.

71. A number of general consents have been issued in the General Housing Consents 2013. General consent A3.1.1 provides that a local authority may dispose of land (which includes buildings – including houses and flats) for a consideration equal to its market value. The consents include the grant of a shared ownership lease within the definition of "dispose", and the definition of "shared ownership lease" means a lease granted on payment of a premium calculated by reference to a percentage of the market value. The proposals in this report are to dispose of properties for a premium which represents a percentage of the market value, with the balance of the purchase price being secured by a charge.

72. Section 2 of the Local Government Act 2000 ("the 2000 Act") provides that :

    (1) Every local authority is to have power to do anything which they consider is likely to achieve any one or more of the following objects –

        (a) the promotion or improvement of the economic well-being of their area;
        (b) the promotion or improvement of the social well-being of their area; and
        (c) the promotion or improvement of the environmental well-being of their area.

    (2) The power under subsection (1) may be exercised in relation to or for the benefit of –

        (a) the whole or any part of a local authority's area, or
        (b) all or any persons resident or present in a local authority's area.

73. Subsection (4) of section 2 of the 2000 Act confirms that the power under subsection (1) includes power for a local authority to:

    (a) incur expenditure
    (b) give financial assistance to any person.

74. The council's contribution to the purchase price of a share of the replacement property, secured by a first legal charge, is in order to assist with the rehousing of Aylesbury leaseholders within the local area and as such is likely to achieve the promotion of the well-being objects of the 200 Act. The provision of financial assistance secured by a charge falls within the provisions of section 2(4) of the 2000 Act.

Strategic Director of Finance and Governance (H&M 17/124)

75. This report seeks approval from the Leader of the council to amend the shared equity rehousing policy for qualifying homeowners affected by regeneration and also instruct officers to progress discussions with the council's development partners for major regeneration schemes to seek where appropriate and possible, parity in the terms of the rehousing offer made by the Council and that of its partners. The amendments are aimed at encouraging a greater take up of the council's rehousing offer and reducing the need for compulsory purchase orders for regeneration schemes.

76. The financial implications of the proposed amendments to the shared equity rehousing policy are contained in the body of the report. Additional costs may arise from the council's commitment to meet additional SDLT liabilities but these are not expected to be significant.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Shared Equity – An Additional Rehousing Assistance Route for Homeowners Affected by Regeneration	160 Tooley Street	Hugh Barber 020 7525 3368
Link:http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?AIId=31665		
Financial Appraisal Process for Home Owners Affected by Regeneration Schemes	160 Tooley Street	Hugh Barber 020 7525 3368
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?Id=5572		

AUDIT TRAIL

Cabinet Members	Councillor Mark Williams, Regeneration and New Homes Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officers	Neil Kirby, Head of Regeneration South Richard Selley, Director of Customer Experience	
Report Authors	Simon Chambers, Regeneration Manager Ross Reddy, Sales and Acquisitions Manager	
Version	Final	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments Included**
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		16 March 2018