

Item No. 9.	Classification: Open	Date: 14 December 2010	Meeting Name: Cabinet
Report title:		Amending the Rehousing Policy for Home Owners Affected by the Regeneration of the Aylesbury Estate	
Ward(s) or groups affected:		Faraday	
Cabinet Member:		Councillor Fiona Colley, Regeneration & Corporate Strategy and Councillor Ian Wingfield, Deputy Leader and Housing Management	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION & CORPORATE STRATEGY AND COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

1. This report formally grants Aylesbury leaseholders and freeholders all the rehousing options which were offered to Heygate homeowners. It ensures that Aylesbury homeowners will be offered a wide range of options including priority access to shared ownership schemes both on the footprint of the estate and across the borough, the option to buy a vacant council property on a shared ownership basis and if necessary the opportunity to become a council or registered social landlords (RSL) tenant. By offering this wide range of options we hope to ensure that the rehousing of Aylesbury homeowners goes as smoothly as possible and that they are also able to enjoy the benefits of the regeneration of the estate.

RECOMMENDATION

That the Cabinet:

2. Agrees to amend the set of rehousing options for all resident homeowners with limited capital and/or income affected by the regeneration of the Aylesbury Estate and applies the current rehousing policies for homeowners on the Heygate Estate

BACKGROUND INFORMATION

3. The Heygate Estate is currently awaiting redevelopment. Unlike the Aylesbury Estate, Heygate Estate residents were rehoused over a relatively short time period as a result of the council's regeneration proposals being brought forward. While Aylesbury Estate residents will be rehoused over a roughly 15 year period, there are not expected to be any significant opportunities for homeowners to be rehoused in new shared ownership properties in the early phases of this regeneration programme.
4. On 26 September 2006, the council's then Executive agreed a series of options for the rehousing of resident leaseholders affected by the regeneration of the Aylesbury Estate to closely match those previously agreed for the Heygate Estate in February 2005. The options were to be cascaded to Heygate leaseholders (i.e. each option offered in turn)

and were revised on 21 November 2007, to extend the rehousing assistance on offer. At the time it was recognised that the existing policy required improving in order to assist as many leaseholders as possible to retain some form of home ownership by providing them with a greater choice of properties.

5. The main change to the policy for the rehousing of Heygate leaseholders was to allow leaseholders (subject to affordability testing) to purchase vacant council homes suitable for their household on a shared ownership basis at a minimum equity purchase level of 25%. Rather than the council dictating particular properties that leaseholders could purchase, leaseholders could pick a property using the council's choice-based 'Homesearch' lettings system from the council's portfolio of vacant properties.
6. This change had two principal benefits:
 - It made available a wider choice of properties across the borough for leaseholders to purchase outright or on a shared ownership basis.
 - It provided more exit opportunities, via voluntary repurchase, and would be swifter and more cost effective than enforcing a Compulsory Purchase Order (CPO).
7. Leaseholders who were unable to afford the minimum equity purchase and/or the respective ongoing costs of home ownership were immediately recommended for a council or Registered Provider (RP) tenancy with a social landlord. As a result, qualifying leaseholders could also identify potential suitable homes for rent using Homesearch.
8. As stated in paragraph 4, it was intended that the policies governing the rehousing of home owners affected by the regeneration of the Heygate Estate should apply in the same way to those on the Aylesbury Estate. However, because the rehousing process for Aylesbury home owners was due to commence after the process for Heygate leaseholders, the council deemed it prudent to wait until the revised policies on the Heygate Estate were embedded before they are applied on the Aylesbury Estate. The purpose of this delay was to allow any issues arising out of the revised policies to be resolved in advance of their application on the Aylesbury Estate.
9. It should be noted that on 22 November 2010, the HCA issued a press release confirming the curtailment of funding for housing Private Finance Initiative (PFI) pipeline projects, i.e. those projects where the outline business cases have not yet been approved by the CLG and HM Treasury's Project Review Group (PRG). A total of 13 councils/projects, including the Aylesbury PFI Housing Project, are affected by this decision. The immediate implication for the council is that its Aylesbury PFI Housing Project has no immediate prospect of receiving funding under the Government's PFI housing programme. Despite this curtailment of funding to the Aylesbury PFI Housing Project, the Aylesbury Regeneration Programme will continue. In particular, the development of the North Wolverton (site 7) and Amersham (site 10) sites are proceeding and the residents living in the blocks located on these sites are currently be rehoused.

10. Council officers are reviewing the options for progressing the regeneration of the Aylesbury Estate in the light of the curtailment in PFI funding in consultation with Creation Trust and will be reporting back to Cabinet in due course.

Outcomes

11. The revised rehousing assistance package for Heygate leaseholders commenced operation in January 2008. At the time there were 110 leasehold properties affected by the proposed redevelopment. Forty applications were received, the rehousing route for two applications are not yet to be determined due to relatively recent submission and/or ongoing complications. Sixteen leasehold households have been rehoused with three more actively seeking rehousing on Homesearch (due for completion at the end of 2010). Table 1 (below) provides more detail on the success of the revised Heygate policies.

Table 1 – Heygate Leaseholder Rehousing Statistics (as at 11 October 2010)

Recommended rehousing route	Applications	Rehoused as recommended	Arranged own rehousing	On bidding system (live cases)	No assistance can be given
Council/RP tenancy	12	10	2	0	0
Shared ownership of vacant council unit	11	6	2	3	0
Did not qualify	7	N/A	5	N/A	2
Fraud	2	N/A	1	N/A	1
Decided to complete before decision was made	6	N/A	6	N/A	0
Rehousing route not yet determined (live cases)	2	N/A	N/A	N/A	TBC
Total	40	16	16	3	3

12. Sixteen leasehold households have so far decided to arrange their own rehousing at some point during the application. There are a number of reasons why this occurs;
- In some instances applications were made speculatively while the leaseholder is actively seeking open market rehousing routes that are subsequently taken and
 - In other cases, leaseholders simply do not want to take the rehousing route recommended by the council.
13. The challenging application process has assisted leaseholders to be focussed and realistic about their need to move and the limitations of what the council is able to offer.

14. Although there are three Heygate applicants who could not be assisted in this manner and remain on the Estate, the success of the rehousing assistance package for Heygate leaseholders is clear. The outstanding cases have specific complications and form a very low proportion when compared with the 32 leaseholders who have left voluntarily. Without the existence of the shared ownership route, all of the eleven leaseholders recommended for it would have been recommended for council or RP tenancy.

KEY ISSUES FOR CONSIDERATION

15. In order to align the rehousing options for home owners affected by the regeneration of the Aylesbury Estate to those available to their Heygate Estate neighbours requires several changes to the current policy. The revised policy would only apply to those home owners affected by the regeneration of the Aylesbury Estate and who:
 - Are resident in the property to be repurchased and qualify for rehousing assistance and
 - Have been resident for at least one calendar year before making an application and either purchased the property on the open market before 27 September 2005 or have made an application under the Right to Buy to acquire the property before this date.
16. The council will invoke its statutory rehousing obligations for homeowners who do not meet the above criteria should this be deemed necessary. This process would include registering on the waiting list for rehousing as a council, RP or private sector tenant with priority assessed in accordance with the general lettings policy rather than automatically at the highest priority.
17. The key policy changes and corresponding implications are set out below.
 - **Buying a property on the open market** – the policy will remain unaltered.
 - **Buying a shared ownership unit** – this policy requires a minor alteration to allow RP shared ownership purchases across the borough rather than being solely focused on the footprint of the Aylesbury Estate, so that when homes are available they can be prioritised for purchase by home owners affected by the regeneration of the Aylesbury Estate who are qualified to buy them. In normal circumstances, existing home owners are precluded from purchasing affordable homes outside the Aylesbury area. (The zone agent covering Southwark and beyond dictates the general qualification criteria for the purchase of affordable homes in their area of operation and has confirmed that Aylesbury home owners can be prioritised to purchase properties for sale on shared ownership terms in the sub-region).
 - **Buying a retained equity unit** – this remains unaltered. The availability of such tenures on properties to be built on the Aylesbury Estate is not guaranteed and will be subject to negotiation with individual RPs.
 - **Comparative value transaction** – this policy requires the greatest alteration. The council was granted a specific consent from the Secretary of State to be able

to sell its vacant properties on shared ownership terms to leaseholders affected by regeneration on both the Heygate and Aylesbury Estates. Consequently, this policy was amended for Heygate leaseholders to allow them to reserve properties suitable for their housing need for purchase from within the council's portfolio of vacant stock (advertised weekly on Homesearch) on shared ownership terms. All reservations/purchases are made on the basis that purchasers can afford the minimum 25 percent equity stake. Only when it is proved that leaseholders cannot afford the minimum 25 percent equity purchase and the ongoing costs of home ownership (i.e. mortgage, service charges, shared ownership rent) will leaseholders be recommended for a council or RP tenancy. The policy now needs to be amended to include resident home owners affected by the regeneration of the Aylesbury Estate. *(For information, where leaseholders are assessed to be able to afford more than 100, but less than 110 percent of the equity they can purchase the desired property on full ownership terms).*

18. It should be noted that the council and RP tenancy option was amended because Section 50 of the Land Compensation Act 1973 provides there shall not be any reduction in the compensation payable on account of the acquiring authority undertaking to provide replacement residential accommodation. Because the council has now moved to purchasing dwellings on a voluntary basis ahead of Compulsory Purchase Orders on the Heygate Estate it is appropriate to make this change. This means that should a home owner be recommended for this option and take advantage of it, then the full market value as well as appropriate home loss and disturbance payments must be made on repurchase rather than offering a repurchase at sitting tenant value alone.
19. Furthermore, there are nine freeholders affected by the regeneration proposals and the council will need to repurchase their properties. To clarify, it is intended that the change in policy will allow these freeholders to also take advantage of the rehousing options proposed by this report should they qualify and wish to do so.
20. Based on the information collated in Table 2 (below), a maximum of 344 Aylesbury homeowners may qualify for rehousing assistance based on residency information that the council currently holds. However, it is likely that the actual number of qualifying households will be much lower. For example, it is common for homeowners to be non-resident and not have informed the council, there being no obligation to do so.

Table 2: Resident Aylesbury Homeowner Residency Profile (as at 8 November 2010)

Site & Block Details	Tenant Re-Housing/ Leaseholder Buyback Start	Tenant Re-Housing/ Leaseholder Buyback Finish	Total Number of Leaseholders	Total Number of Resident Leaseholders*	Rehousing Assistance applied for
Sites 7 and 10 Missenden (300-313), Wolverton (1-59) Live rehousing phase	Started	2011	18	16	12

Site & Block Details	Tenant Re-Housing/ Leaseholder Buyback Start	Tenant Re-Housing/ Leaseholder Buyback Finish	Total Number of Leaseholders	Total Number of Resident Leaseholders*	Rehousing Assistance applied for
Site 1b Bradenham (42-256), Chartridge (1-105) Live rehousing phase	Started	2012	27	17	1
Site 1c Arklow House (1-28), Chartridge (106-149), Chiltern (1-172)	2011	2012	24	14	1
Sites 8 and 9 Taplow (1-215), Northchurch (1-76), East Street (184-218)	2012	2013	35	34	0
Sites 4a, 4b, 5, 6 Wendover (1-36, 73-116, 157-200), Wolverton (60-125), Brockley House (1-14), Wendover (37-72, 117-156, 201-240), Wolverton (126-151), Wolverton (152-192), Wendover (241-471), Ravenstone (1-81), Albany Road (140), Foxcote (1-30), Padbury (1-25), Winslow (1-30)	2014	2018	117	99	0
Sites 2a, 2b, 3a, 3b, 11, 12, 13, 14 Lees House (1-12), Soane House (1-35), Missenden (1-299), Michael Faraday House (1-105) Inville Road (51-67), Chadwell House (1-8), Darvel House (1-8), Calverton (1-31), Danesfield (1-31), Emberton (1-35), Gaitskill House (1-66), Gayhurst (1-162), Hambledon (1-20), Latimer (1-141), Albany Road (198-202)	2019	2024	171	164	0
Totals			392	344	14

21. Should all 344 Aylesbury homeowners qualify for and apply for rehousing assistance, based on the outcomes achieved for Heygate leaseholders laid out in Table 1 where 8.18% of leaseholders have purchased a vacant council unit on shared ownership terms (including those currently bidding), this would equate to 28 Aylesbury homeowners being rehoused on this basis. These properties would no longer be available for letting to other housing applicants. In addition, on the basis of 9.09% of Heygate leaseholders reverting to council/RP tenancy, this would equate to a total of 31 households on the Aylesbury being granted a tenancy
22. The council's current and immediate proposals for the regeneration of the Aylesbury Estate include redeveloping sites 7 & 10. While the council is proposing to submit an

outline business case to the HCA for the Aylesbury PFI Housing Project comprising sites 1b, 1c, 7, 8 & 9 despite the curtailment in PFI funding, it would be prudent for the council to proceed with its rehousing plans for these sites. In total, an estimated 15 properties would be needed from the council's general needs social housing stock for these development sites during the next four years of which 7 could be removed permanently:

- seven Aylesbury homeowners are likely to be rehoused on shared ownership terms.
 - eight Aylesbury homeowners are likely to be rehoused as council tenants
23. Despite the potential sale of around seven council properties on a shared ownership basis, if these sales were not allowed then it is highly probable that under existing policy the purchasers would be recommended for council tenancies, resulting in the repurchase money not being returned to the council. It is currently unclear what sizes of property will be required to rehouse these homeowners because this is dependent on their housing need at the time each homeowner is assessed by the council's homeownership officers.
24. Evidently, there will be a negative effect on the availability of vacant council units in the borough for general lettings should this policy be adopted. When considered in the context of the total number of properties which are estimated to become vacant and available for general lettings over the acquisition and rehousing period (see paragraph 41), the impact is considered to be slight. Furthermore, allowing the additional rehousing route of shared ownership purchases of vacant council units will assist the council to repurchase more properties on a voluntary basis. This will help to avoid the necessity of invoking a CPO to secure the vacant possession of any property together with the associated costs, staffing resources and delays in being forced down this route.

Community impact statement

25. There are no particular groups which have been identified as being disadvantaged by the change in policy. The affordability assessment takes into consideration the age of the home owner such that if they are above state retirement age, no mortgage ability is assumed. Therefore, this decision has been judged to have no or a very small impact on local people and communities itself, outside of the wider decision to regenerate the area.

Resource implications

26. There are no immediate staffing resource implications. Existing staff employed within Home Ownership Services, Allocations and Housing Management under existing budgets who have been dealing with the rehousing applications for Heygate leaseholders will deal with the rehousing applications for home owners affected by the regeneration of the Aylesbury Estate.
27. However, there is a possibility that further staffing resources may be requested at a later date depending on the demand from home owners to take advantage of the available council assisted rehousing options. There are plans to initiate other

regeneration schemes across the borough within the next few years which will increase workload and if run concurrently may overburden current staff structures. Officers review staffing resource implications regularly and so are able to identify potential issues before they become problematic. Should this be the case, the Cabinet will be consulted accordingly.

Legal implications

28. There are no legal implications other than the approval of the policy changes recommended in this report.

Consultation

29. Views from the Regeneration Sub-Group of Creation Trust were sought from this group on the proposed policy change on 20 October 2010 who supported the proposed changes.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Property

30. As a result of these properties having a low market value in comparison to others in the vicinity the assistance scheme plays an important role in enabling home owners with limited wealth to secure replacement accommodation. This in turn helps with negotiations to secure purchases by agreement rather than following the confirmation of a Compulsory Purchase Order. Owners accepted on the scheme will receive the same compensation as those that do not qualify i.e. market value, Home Loss, disturbance and reasonable surveyor and legal fees.

Strategic Director of Communities, Law & Governance

31. Section 2 of the Local Government Act 2000 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.
32. This provision would give the council the power required to change the homeowner options policy as long as this is being done for the promotion or improvement of the economic, social or environmental well-being of the area.

Finance Director

33. The Finance Director notes that this report is proposing to amend the set of re-housing options for all resident home owners with limited capital and/or income who are affected by the regeneration of the Aylesbury Estate, in order to align the options with those which were made available to leaseholders affected by regeneration of the Heygate Estate.
34. The relevant rehousing options available to home owners have been detailed within the body of this report and the Finance Director acknowledges these, with the proposed amendments to policy, as outlined in paragraph 17.
35. It is observed that no immediate increased costs are identified in relation to staffing the proposed home owner re-housing process for the Aylesbury Regeneration Programme. It is proposed that existing staff employed within Home Ownership Services, Allocations and Housing Management who worked on the re-housing process for the Heygate Estate manage and process applications for re-housing arising from home owners affected by the Aylesbury Regeneration Programme, now that the Heygate re-housing process is coming to an end.
36. However, there is potential for further staffing resources to be required at a future date were the demand from home owners applying for re-housing to increase beyond the capacity of the existing staffing resource to manage the workload resulting from this increased demand. In this instance cost pressures would be likely to arise and were resources unavailable for re-deployment from elsewhere within the council, additional staff may need to be employed. The cost increase resulting from employing additional staff would need to be fully scoped and appropriate budgetary capacity identified ahead of employing any additional staff.
37. It is observed in paragraph 18 that where the council repurchases units from homeowners, which it is undertaking to do voluntarily ahead of Compulsory Purchase Orders, the amount payable will be the full market value of the unit plus appropriate home loss and disturbance payments and surveyor/legal fees, rather than sitting tenant value only.
38. Although some voluntary repurchases have already been made, the Aylesbury Estate still contains 392 leasehold units which must be repurchased for the regeneration to progress. The costs of repurchasing 110 units in Phase 1 and part of Phase 3 of the programme on sites identified for the council's PFI proposal have been budgeted within the Housing Investment Programme. Work is now underway to identify funding to defray the cost of repurchasing the 294 units in the remaining Phases.
39. Were funding sources not forthcoming or consumed elsewhere within the Housing Investment Programme this deficiency would represent a significant risk to the progression of the Aylesbury Regeneration Programme, as leaseholder repurchases cannot proceed without it and the council must have funding in place at the point a Compulsory Purchase Order is made.
40. Council officers will therefore plan for inclusion of appropriate costs within the HIP ahead of time, to mitigate against this risk as far as is possible and will where appropriate always seek external financial support from relevant agencies such as the

Homes and Communities Agency (HCA) by maintaining close contact with HCA representatives to further this aim.

Housing Options Manager (Regeneration and Neighbourhoods)

41. The council's lettings policy (as it applies to rehousing tenants / home owners on regeneration schemes) provides for the council to make a suitable offer of alternative accommodation to those home owners who are assessed as not having sufficient resources to purchase another property on the open market in Southwark. As set out above in paragraphs 15 onwards, it is currently estimated that this will apply to some 30 households on the Aylesbury estate.
42. The proposals in this report to bring the provisions for home owners on the Aylesbury in line with those on the Heygate estate will mean that an additional number of properties will be made available to home owners – not to rent on a LBS tenancy but to part or wholly purchase.
43. This will have the effect of removing these properties from the council's stock for letting – but increases the options for homeowners to retain a stake in their home which they cannot afford on the open market in the borough.
44. Over time this initiative will contribute to a reduction in available council homes for letting, but the experience on the Heygate has shown the numbers affected to be limited. On current projections, the proposals for the Aylesbury are likely to mean a reduction in lettings of 1 or 2 properties each year against a total projected annual number of letting of some 2,500 available lettings in the coming years. The proposals in this report are not thought therefore, on the experience so far, to have a significant impact on the council's ability to meet urgent housing priorities from others waiting on the council's Housing List.
45. It is recommended that close monitoring of the demand on the Aylesbury takes place before it is suggested to adopt this approach on further regeneration schemes. If it is found that the majority of properties purchased are estate based flats, the initiative could be deemed to contribute to developing mixed and sustainable communities. If on the other hand most properties purchased by leaseholders are street properties, and possibly purchased in greater numbers than anticipated, then Cabinet may wish to review the effect of this. To sell a significant number of such popular properties from its portfolio could after all have a detrimental effect on the council's ability to rehouse, say, under-occupiers. So far, the limited experience on the Heygate estate indicates that a variety of property types have been bought under this equivalent value initiative. If this too proves to be the case on the Aylesbury, and if numbers do not significantly rise from the current estimates, then it could be deemed that the benefits of being able to make this option available to these leaseholders on low income outweigh the effects of not being able to rehouse such a small number of households from the council's waiting list.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Rehousing of tenants and homeowners for the Aylesbury Estate Regeneration Programme (Executive Report September 26, 2006)	Aylesbury Regeneration Team, 160 Tooley Street, London SE1 2TZ	Geri McLeary 020 7525 4904
Elephant & Castle Leaseholder Policy (Executive Report February 8, 2005)	Home Ownership Team, 160 Tooley Street	Samantha Cheng 020 7525 4338
Projects Update (Major Projects Board Report November 21, 2007)	Aylesbury Regeneration Team, 160 Tooley Street	Geri McLeary 020 7525 4904
Aylesbury Home Owners Rehousing Toolkit (Updated)	Aylesbury Regeneration Team, 160 Tooley Street	Geri McLeary 020 7525 4904

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy Councillor Ian Wingfield, Deputy Leader and Housing Management	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
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Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Property	Yes	Yes
Housing Options Manager	Yes	Yes
Cabinet Member	Yes	Yes
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