

# **CAMBRIDGE ROAD ESTATE (CRE) KINGSTON KT1**

## **FREEHOLDERS AND LEASEHOLDERS DECANT POLICY**

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### A. GLOSSARY – *some important terms briefly explained*

**Basic loss payment** – an additional sum of money that non-resident leaseholders and freeholders are entitled to if they are being compelled to sell their home as a result of a regeneration scheme. This payment is in addition to the payment of the market value of your home.

**Compulsory Purchase Order (CPO)** – a CPO allows certain bodies, which need to acquire land or property for purposes such as regeneration, to do so without the consent of the owner.

**Disturbance payment** – disturbance payments are made to compensate for reasonable expenses incurred in moving home during a regeneration process, for example removal expenses, cost of altering soft furnishings, reconnecting movable fixtures and fittings, telephone reconnection charges and additional costs incurred such as Stamp Duty. The disturbance payment can be paid in one of two ways – either (a) a one of payment of £5,000 without the need for the Council to review the receipts and invoices for the costs you incur, or (b) you can provide receipts or invoices and the Council will reimburse based on these.

**Equity** – in this context, the market value of a property less any outstanding debts on it, for example a mortgage or other secured loan.

**Equivalence** – the principle of equivalence means that you should not be better or worse off than before the regeneration proposals.

**Home loss payment** – home loss payments are made in recognition of the personal distress and inconvenience suffered by people who are displaced from their homes as a result of the regeneration process, compulsory purchase, or under other qualifying circumstances.

**Leasehold swap** – the Council offers the leaseholder a new property of the same or lesser value and a new lease on similar terms to the existing.

**Market value** – The amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion (RICS definition).

**Non-resident leaseholder** - a leaseholder for whom the property in question is not their primary residence.

**Pre-Emption** – where an owner of a shared ownership or shared equity lease wishes to sell their interest it must first be offered to the Council. This is called a right of pre-emption in favour of the Council and is included in the lease.

**Repairs fund** – sometimes known as a ‘sinking fund’, this is an account into which leaseholders contribute on a regular basis in order to set aside money that can be used towards the cost of replacing or repairing major components, or other major or planned works.

**Resident leaseholder** – a leaseholder is one that has been in occupation of the property as their sole and principal home for at least one year preceding the date of the notification letter from the Council setting out its intention to acquire the property.

**Service charge** – Leaseholders and freeholders contribute toward the cost of managing, maintaining and servicing the communal areas and external areas of their block and estate by way of a service charge. Other management charges and a contribution to a sinking fund (**Sinking Fund**) are included in the service charge.

**Shared equity** – the Council offers the option where you own a proportion of a new property which you purchase from the Council. The Council retains the remaining proportion of the equity and you do not pay rent on the unowned proportion, which is retained by the Council. On any sale of the property you and the Council will share the proceeds in proportion to your respective ownership share.

**Shared Ownership** – Shared ownership is a part-buy, part-rent scheme under which you own a proportion of the property and pay a rent on the unowned portion, which is retained by the Council. Leaseholders are able to buy a proportion of the new property and pay rent on the unowned proportion.

**Sinking Fund** – see Repairs Fund above.

**Staircasing** – is the term used for when you buy a greater proportion of equity in your home. The process is set out in your lease. It is possible to staircase to 100% ownership. Valuations required as part of this process will be carried out by an independent surveyor.

**Succession rights** – rules governing how leaseholders and freeholders are allowed to transfer their share in a property upon death.

**Vulnerable** – defined as a someone who less able to safeguard his or her personal welfare or the welfare of any children in the household, and will be in need of care and attention by reason of age, infirmity, or suffering from chronic illness or mental disorder, or substantially handicapped by being disabled”.

## 1 INTRODUCTION

- 1.1 The Council has ambitious plans for the Cambridge Road Estate. Regenerating the estate will require the acquisition of existing leasehold and freehold interests on the estate and this policy sets out the process that will be followed in relation to those interests.
- 1.2 The Council recognises the major impact moving out of an established home can have and this document outlines the Council's approach. It also explains entitlements to compensation and the practical guidance and support the Council can provide to those affected.
- 1.3 This policy is designed for leaseholders and freeholders on the Cambridge Road Estate. Leaseholders and freeholders make up a significant part of the community. It is the aim of this policy to encourage leaseholders and freeholders to remain rather than leave to retain the existing community.
- 1.4 In most cases, the Council will need to purchase your leasehold or freehold property before the redevelopment can proceed. This policy sets out the financial compensation and general assistance you will receive from the Council if your property is identified for demolition. This policy also outlines the Council's overall approach to acquiring your property and the options available to assist you to find a new home.
- 1.5 We understand that having to sell your home to the Council can be an unsettling experience. We hope that the information set out here will reassure you about the process and the options available to you. Whatever your preferred option is, we aim to make the purchase of your home and your move from it as easy and stress-free as possible.
- 1.6 The Council will ensure that:
- All resident leaseholders and freeholders receive a suitable housing offer on the new estate
  - No party (either the Council or any leaseholder or freeholder) is financially better or worse off as a result and leaseholders and freeholders should not be financially disadvantaged by the regeneration.
- 1.7 We know that the policy cannot cover every eventuality and needs to be able to reflect the personal circumstances of affected leaseholders and freeholders. The principles set out in this document set out the general approach, however where cases fall outside the policy for those who are vulnerable or who are facing financial difficulty the Council will consider individual circumstances, on a case by case basis based on the principles set out in this document.
- 1.8 Appendix 5 sets out the procedure the Council will follow in relation to any appeals made under this policy which fall outside the scope of the financial offer. For Freeholders and Leaseholders there will be a process of discussion and negotiation around the financial offer / compensation which they are offered for their interest in the property. The appeals procedure is not intended to duplicate this.

## **2. WHO DOES THE POLICY APPLY TO?**

- 2.1 This policy applies to resident and non-resident leaseholders and freeholders on the Cambridge Road Estate.
- 2.2 A resident leaseholder or freeholder is one that has owned and been in continuous occupation of the property as their principal home for at least one year preceding the date of acquisition of the property by the Council.
- 2.3 The entitlement for non-resident leaseholders or freeholders differs from resident leaseholders and freeholders and is set out in **section 5 (ENTITLEMENT TO COMPENSATION)**.

## **3. WHEN WILL MY HOME BE PURCHASED?**

- 3.1 The Council will share timescales for the redevelopment at the earliest opportunity in order to help you plan. The redevelopment will be carried out on a phased basis. This means that properties will be redeveloped in accordance with a programme, which will be agreed (wherever possible) at the beginning of the scheme. This will be fully explained to leaseholders and freeholders during the consultation process.

## **4. THE PURCHASING PROCESS**

This section outlines the Council's overall approach to purchasing your property and the options available for both resident and non-resident leaseholders and freeholders.

### **4.1 Consultation**

- 4.1.1 At the start of the redevelopment process officers from the Council or their agents will write to all leaseholders and freeholders to explain how leaseholders and freeholders will be affected by the redevelopment proposals, will explain the purchase process, the options available to leaseholders and freeholders and the assistance and support that can be provided by the Council.
- 4.1.2 Each leaseholder and freeholder will be able to request an individual meeting with a Council officer to discuss your case and to answer any questions that you may have about the process, to provide clear information about what you can expect from the purchase process and to discuss the options available to you. The Council is committed to ensuring that all those affected are treated fairly and equally, have confidence in the process, and receive a high level of service.
- 4.1.3 At this point you should advise the Council officer whether you are a resident or non-resident leaseholder or freeholder. If you are a non-resident leaseholder or freeholder, it is important to note that the Council is under no formal obligation to rehouse either your tenant or any other occupant in the property, and the purchase will only be concluded with vacant

possession of the premises provided by you. Further information about the entitlements for non-resident leaseholders is detailed in section 5 (**ENTITLEMENT TO COMPENSATION**).

- 4.1.4 The Council understands that the purchase process can be a difficult time, so you are free to request further meetings with the Council officer to discuss any queries or issues you may have. Where possible and reasonable, the Council officer will make themselves available for meetings outside of normal working hours.

## **4.2 Valuing your Home**

- 4.2.1 The Council will arrange for an independent chartered surveyor appointed by the Council to visit you and carry out a valuation of your home. Following this visit, the surveyor will send you a written offer for your home. This will be the market value of your property.
- 4.2.2 The surveyor considers the following matters in assessing the market value of your property:
- The internal condition
  - Any internal improvements to the property such as new bathrooms and kitchens
  - The location of the property and amenities within the area such as transport links, shops and services
  - The housing market in the immediate area, including recent completed sales prices of similar ex-local authority properties in areas nearby of a similar age and condition
  - Anything else that in the reasonable opinion of the valuer has a material impact on the value of the property.
- 4.2.3 Please note that valuations are not based on website estimates or estate agent asking prices, but instead on actual completed sales recorded at the Land Registry and the professional assessment of the independent surveyor, as above.
- 4.2.4 The written offer will also include details of the compensation to which you are entitled. Please see section 5 for further information regarding compensation. The valuation is valid for a three month period from the date of the valuation letter, although this period can be extended with the agreement of both parties.

## **4.3 Market Value**

The definition of a fair market value, as prescribed by the Royal Institute of Chartered Surveyors, is the price at which the property would change hands between a willing buyer and a willing seller. This means that neither the buyer nor the seller are under any compulsion to buy or to sell, and both have a reasonable knowledge of the relevant facts.

The Council's offer will be at the market value. This value will be based on the fundamental principle of equivalence. This means in terms of the value of a property in a regeneration area, that the owner of the property should not be financially better or worse off than before the regeneration proposals.

## **4.4 What should I do if I disagree with the Council's valuation?**

If you disagree with the Council's valuation of your home, you are encouraged to obtain your own valuation completed by an independent chartered surveyor.

If you decide to obtain your own valuation, there will be costs attached. The Council will pay a reasonable amount to cover these costs and these should be agreed with the Council before they are incurred. The surveyor you choose should be completely independent of the Council and must be a member of the Royal Institute of Chartered Surveyors (RICS).

More information about appointing a surveyor can be found on the RICS website [www.rics.org](http://www.rics.org) by contacting them on 024 7686 8555 or via email [contactrics@rics.org](mailto:contactrics@rics.org)

#### **4.5 Expert Determination**

If the valuations of the Council's surveyor and your surveyor differ and there is no prospect of the two surveyors reaching agreement, then with your written agreement the Council may choose to make an application to the RICS for an independent expert, the identity of which will be agreed by both you and the Council, to carry out a determination of value. If the Council seeks to pursue this option you will be asked to speak to your surveyor to confirm that they would be happy to participate in the Expert Determination as they may need to undertake some additional work to assist the process. The Council will reimburse their additional reasonable and proper costs in relation to this.

The Council commits to paying the amount determined as a result of the expert determination although the outcome of the Expert Determination is not legally binding.

#### **4.6 Compulsory Purchase**

4.6.1 If agreement is not reached either through negotiation or by the Expert Determination process then the Council may seek to proceed with the purchase of your home through use of a Compulsory Purchase Order (CPO). This will be a last resort for the Council as our preference is always to reach an agreement with you through negotiation wherever possible.

4.6.2 Due to the amount of time a CPO takes to put in place and the importance of the regeneration of your estate proceeding the Council will start preparing for a CPO once the consultation phase has commenced. This will be explained to you during the consultation phase.

4.6.3 If we are unable to agree a price for your property, we will write to you about using our powers of compulsory purchase to take possession of your property. We may at this point give you a fixed period to agree the market value and which option you would like to take. At the expiry of this period, if agreement has not been reached, all options (apart from Option A – Open Market Purchase) will be withdrawn. The Council will only vary this approach in exceptional circumstances.

Please see **Appendix 1** for further details about the CPO process.

## **5. ENTITLEMENT TO COMPENSATION**

As it is the Council that wants to buy your property, it is important that you are reimbursed for any relevant costs that you incur as a result in addition to the market value of your property. This section details what you as a leaseholder or freeholder are entitled to from the Council in terms of compensation. The type of compensation you are entitled to depends on your circumstances and whether you are a resident or non-resident leaseholder or freeholder.

A resident leaseholder or freeholder is one that has owned and been in continuous occupation of the property as their principal home for at least one year preceding the date of acquisition of the property by the Council. The Council will be able to confirm this status by using evidence such as the Council Tax register. A non-resident leaseholder or freeholder is one that does not meet this criteria.

Any monies owed to the Council such as service charge arrears may be deducted from the compensation payable.

### **5.1 Compensation for resident leaseholders or freeholders**

#### **Home loss payment**

- 5.1.1 A home loss payment is an additional sum of money that you are entitled to if you are being compelled to leave your home in certain circumstances, such as a result of a regeneration scheme. This payment is in addition to the payment of the market value for your home. It is designed to compensate you for the inconvenience, stress and upset caused by the move.
- 5.1.2 As a resident leaseholder or freeholder you are entitled to receive a 10% home loss payment. This is 10% of the market value of your home, with a minimum payment of (currently) £5,800 and a maximum payment of (currently) £58,000. The minimum and maximum amounts are set on an annual basis by the Government.
- 5.1.3 You must have owned and lived in the property for at least a year to qualify for this payment. You will be required to provide sufficient proof that you have lived in the property for at least a year in the form of bank or mortgage statements, Council Tax statements, utility bills etc. The Council may carry out other checks to ensure that those who claim to be resident leaseholders or freeholders are actually resident.
- 5.1.4 The home loss payment is paid at the same time as the market value payment that you receive for your property when the Council completes the purchase.

#### **Disturbance payment**

- 5.1.5 A disturbance payment is additional compensation that you may be entitled to, which is designed to compensate you for certain costs that you may incur as a result of having to



move home. For the most part it is only available to resident leaseholders and freeholders. The Council may offer the option of a lump sum payment without the need for the Council to review the receipts and invoices for the costs you incur. If this option is not chosen you will need to provide receipts or invoices and the Council will reimburse based on these, so it will be important that you keep a detailed record of costs incurred. The disturbance payment may be paid in one of two ways – either (a) a one of payment as a lump sum (to be determined by the Council) without the need for the Council to review the receipts and invoices for the costs you incur, or (b) you can provide receipts or invoices and the Council will reimburse based on these.

5.1.6 Some of the items that can be claimed are listed below, although this is not an exhaustive list:

- Removal costs
- Special adaptations to the replacement premises subject to a needs assessment
- Altering soft furnishings and moveable fittings and fixtures to fit your new home
- Disconnection and reconnection of services (gas, electricity, telephone etc.)
- Redirecting mail (for one year only)
- Carpet alterations
- Curtain alterations
- Disconnection and reconnection of appliances (e.g. washing machines, cookers)
- Replacement carpets and curtains (these are only permitted if you can demonstrate that your existing furnishings do not fit your new home, or cannot be modified to fit your new home. This is subject to written approval from the Council).

5.1.7 Other expenses may be considered appropriate with prior written agreement from the Council. It is important that you discuss these with the Council at the earliest opportunity.

5.1.8 It is important that you keep a detailed record of the costs incurred in connection with the move. In order for the Council to reimburse you for these costs, you are required to provide the Council with receipts for all reasonable costs. It is important to get a receipt or pro-forma invoice from the companies that you use to carry out any works or services that you wish to seek reimbursement for. We strongly recommend that you use reputable companies which provide genuine receipts and invoices which feature:

- Preferably VAT Registered and VAT Number
- On company headed paper
- Contact details
- Company registration details
- Date
- Invoice number
- Description of services provided
- Invoice total.

5.1.9 Should any items that you wish to claim be over the value of £750, the Council will require three quotes from reputable companies to ensure that value for money is achieved. For works or services over £750, the Council will need to approve all payments in advance of the work being commissioned.

If you require help in making upfront payments please contact the Council.

## **Additional costs incurred in selling your home and/or purchasing another property**

5.1.10 In addition to home loss and disturbance payments, you can also claim for reimbursement of legal and/or surveyor's costs you incur that are linked to the sale of your current property and (where relevant) the purchase of your new home (whether this is on the Estate or elsewhere). These costs include, for example:

- Legal (conveyancing) fees arising from the sale of your home to the Council and the purchase of a new property, and Stamp Duty arising from the purchase of a replacement property and other disbursements
- Disbursements including Stamp Duty
- Solicitor / legal fees arising from the purchase of a replacement property
- Surveyor's fees arising from the purchase of a replacement property.

The Council will also reimburse you for other relevant costs properly incurred.

5.1.11 Once you have found a solicitor and/or a surveyor you will need to obtain a quotation from them and provide a copy of this to the Council for approval. Please make sure that your surveyor and/or solicitor knows that they will only be paid at the end of the process, once the sale has been completed.

5.1.12 You should note that it is your responsibility as leaseholder or freeholder to prove to the Council that any claims for compensation you make are reasonable and have been incurred directly as a result of the Council acquiring your property. In practice this is likely to involve the provision of proper receipts and the prior agreement of costs where appropriate.

5.1.13 If you are unsure about any payments or invoices you receive from suppliers, we strongly recommend that you speak to the Council before you make any payment or commitment to a company.

## **5.2 Compensation for non-resident leaseholders or freeholders**

### **Basic loss payment**

5.2.1 A basic loss payment is an additional sum of money that you are entitled to if you are being compelled to sell your property in certain circumstances, such as a result of a regeneration scheme. This payment is in addition to the payment of the market value for your home.

5.2.2 As a non-resident leaseholder or freeholder you may be entitled to receive a 7.5% basic loss payment. This is 7.5% of the market value of your home, with a maximum payment of £75,000. You must have owned the property for at least a year to qualify.

5.2.3 The basic loss payment is paid at the same time as the market value payment that you receive for your property when the Council completes the purchase.

### **Expenses incurred in purchasing another property**

5.2.4 In addition to the basic loss payment compensation is payable in respect of incidental charges or expenses incurred in acquiring a replacement property or interest in other land in the United Kingdom within a period of one year from when the Council takes possession of your property. Examples of compensation include:

- Stamp Duty arising from the purchase of a replacement property and other disbursements
- Solicitor / legal fees arising from the purchase of a replacement property
- Surveyor's fees arising from the purchase of a replacement property.

## 6. YOUR NEW HOME OPTIONS

Many leaseholders and freeholders will wish to make their own arrangements when they have agreed a valuation for their existing property and simply purchase a new home on the open market without any further involvement from the Council. However, if you are a resident leaseholder or freeholder the Council can offer you options which are designed to allow you to stay on the estate in one of the newly built homes.

This section details the options that are available to resident leaseholders and freeholders. These options will be made available as early as possible in the redevelopment process dependent upon phasing.

### 6.1 Housing Options:

- A. Outright sale/purchase**
- B. Purchase of new property in the development**
- C. Shared Equity**
- D. Shared Ownership.**

#### **A: Outright sale/purchase**

This option is the straightforward purchase of your leasehold or freehold property for the agreed market value. When leaseholders or freeholders reach agreement with the Council regarding their valuation and compensation payments, they will then make their own arrangements to find a suitable new home. This option is available to both resident and non-resident leaseholders and freeholders.

#### **B: Purchase of new property in the development**

This is sometimes known as a 'leasehold swap' and is when the Council will offer you the option of moving from your present property to a new build property of a similar size (or smaller) on the same estate, providing you can afford to acquire the full value of the new property. The Council will pay the surplus to you where the value of the new property is less than the value of your existing property.

#### **Key information for this option includes:**

- This option is only available to resident leaseholders and freeholders
- Your existing property will be valued by the Council as per Section 4.2



- You will select one of the available new build properties on the estate and this will be valued by the Council
- You will be notified of the estimated annual service charge - you will be responsible of these costs
- At the point of exchange the market value of both the existing and new properties are agreed by both parties
- Any planned maintenance contributions not covered by the service charge will be charged as per the terms and conditions of the lease
- The length of lease will be 125 years
- You will have the normal rights and responsibilities of a full owner-occupier.

### **C: Shared Equity**

If the market value of your current property is less than the market value of a new similar sized (or smaller) property and you are unable to afford the difference then the option of shared equity will be offered to you.

The starting point for eligibility for a shared equity offer requires the leaseholder or freeholder to invest the full market value (all the equity in the property plus the full amount of their current mortgage) and the full home loss payment from the sale of their existing property into the purchase of their new home. This will buy a proportion of equity in the new property. The Council will retain the remaining unpurchased proportion of the property. This remaining proportion can be purchased by you at its market value at any future point. No rent is charged on the unpurchased proportion. The new property that you wish to purchase does not have to be on the estate should you wish to move away from the estate.

#### **Key information for this option includes:**

- This option is only available to resident leaseholders and freeholders
- Your existing property will be valued by the Council as per Section 4.2
- You will select one of the available new build properties on the estate (or a property elsewhere should you wish to move away from the estate) of a similar size (or smaller), determined by the number of bedrooms, and this will be valued by the Council
- You will be notified of the estimated annual service charge. You will be responsible for 100% of these costs irrespective of the proportion of equity you own in the new property
- At the point of exchange the market value of both the existing and new properties are agreed by both parties
- Any planned maintenance contributions not covered by the service charge will be charged as per the terms and conditions of the lease - you will be responsible for 100% of these costs irrespective of the proportion of equity you own in the new property
- The length of lease will be 125 years
- There is no minimum stake that you would need to purchase in order to qualify for shared equity - however, you are required to invest the full market value of your existing home plus your full home loss payment in order to be eligible for this option
- The proportion of equity that you own in the new property is recorded on the lease
- You do not have to pay any rent on the unpurchased proportion of the property
- You can increase the proportion of equity you own in the new property up to 100% in accordance with the provisions of the lease - this is known as staircasing
- At the point of sale in the future, you and the Council will share the proceeds in proportion to your respective ownership share

- You will have the normal rights and responsibilities of a full owner-occupier
- Once you have staircased to 100% ownership you will be free to deal with the property as you wish
- If you have not staircased to 100% ownership there are restrictions on what you can do with the property so that (a) if you wish to sell your interest you are free to do so but the Council must be given the first opportunity to purchase your share (at its market value) before you can sell on the open market, and (b) on your death succession rights will be restricted by the lease to either (i) your spouse/civil partner or long-term cohabiting partner, or (ii) your adult child or other relative provided that in each case they were occupying the property for at least 6 months prior to your death, provided that if succession has taken place once under (i) one further succession will be permitted from your spouse/civil partner or long term cohabiting partner to your or their adult child or relative provided that they were occupying the property for at least 6 months prior to their death so that in total there is a maximum of two permitted successions. If there are no permitted successions the Council will consider offering a shared ownership option to a household member who wishes to continue to reside at the property dependent on individual circumstances.

#### **D: Shared ownership**

Shared ownership is a part-buy, part-rent scheme under which you own a proportion of the property and pay a rent on the unpurchased proportion, which is retained by the Council.

If you choose, for whatever reason, not to invest the full market value and home loss payment for your current property (or the maximum that you can afford to – please see Section 6.2 - Options for leaseholders and freeholders in financial difficulties and in need of support and assistance), then you will be offered the shared ownership option.

There will be a minimum requirement of 25% in terms of the amount of equity purchased if you choose this option.

After an initial period, you will have the right to purchase additional proportions of equity in the property up to 100% in accordance with the provisions of the lease. This is known as staircasing. If you increase the proportion of equity you own in the new property, the amount of rent you pay will decrease. If you purchase 100% of the equity in the new property then no rent will be payable.

#### **Key information for this option includes:**

- This option is only available to resident leaseholders and freeholders.
- Your existing property will be valued by the Council as per Section 4.2
- You will select one of the available new build properties on the estate and this will be valued by the Council
- You will be notified of the estimated annual service charge - you will be responsible for 100% of these costs irrespective of the proportion of equity you own in the new property
- At the point of exchange the market value of both the existing and new properties are agreed by both parties
- Any planned maintenance contributions not covered by the service charge will be charged as per the terms and conditions of the lease - you will be responsible for 100% of these costs irrespective of the proportion of equity you own in the new property

- The length of lease will be 125 years
- You will have the normal rights and responsibilities of a full owner-occupier
- You will be able to sub-let the property in certain circumstances with written permission from the Council
- You can increase the proportion of equity you own in the new property up to 100% in accordance with the provisions of the lease - this is known as staircasing
- For the first year of the shared ownership lease, the rent that you pay will be equivalent to 2.5% of the unpurchased proportion of the property, payable in monthly instalments - this amount will then be adjusted each year in line with the Retail Price Index (RPI) + 0.5%
- When additional proportions of equity are purchased, the rent is recalculated in the same way, at 2.5% of the new unpurchased proportion, adjusted each year thereafter in line with the Retail Price Index (RPI) + 0.5%
- On the death of the Shared Owner there will be no limit to succession rights.

Please see **Appendix 4** for a worked example of a shared ownership scheme.

## **6.2 Options for leaseholders and freeholders in financial difficulties and in need of support and assistance**

- 6.2.1 It is recognised that some leaseholders and freeholders may have financial difficulties and will require some additional support and assistance in securing a suitable home. The financial position of the leaseholder and freeholder may preclude the household from being able to satisfy or meet all of the minimum purchase requirements of the various options outlined in section 6.1: Housing Options. To qualify for additional support options, we will ask for supporting documents to be provided to confirm income and expenditure. If it is decided that the household has financial difficulties and qualifies for additional support and assistance, shared equity and shared ownership options will be explored and may be offered by the Council on the following basis.
- 6.2.2 The starting point for eligibility for a shared equity offer requires the leaseholder or freeholder to invest the full market value (all the equity in the property plus the full amount of their current mortgage) and the full home loss payment from the sale of their existing property into the purchase of their new home.
- 6.2.3 If the leaseholder or freeholder is only able to raise some borrowing, but at a level that is less than the mortgage for the existing property, they will be offered shared equity to the level they can purchase based on investing all of the equity they hold in their existing property, the maximum new mortgage they can obtain, and their full home loss payment.
- 6.2.4 If the leaseholder or freeholder is unable to raise any borrowing (e.g. mortgage) at all and cannot otherwise match the full market value of their existing property, then they will be offered shared equity to the level they can purchase based on investing all of the equity they hold in their existing property and their full home loss payment.



6.2.5 Shared ownership will be available and offered to leaseholders and freeholders who choose not to re-invest the full value of their existing home or the maximum amount they can afford to invest. This will be subject to an independent financial assessment. In other options, the leaseholder or freeholder would be able to staircase, increasing the proportion of the property they own.

### **6.3 Options for leaseholders and freeholders assessed as vulnerable and in need of assistance and support**

6.3.1 The Council is also aware that there are leaseholders and freeholders that have complex needs which make them vulnerable. We will provide additional support to those leaseholders and freeholders with complex needs that are assessed as being vulnerable and assist them with their move.

6.3.2 A vulnerable leaseholder or freeholder for the purpose of this policy is someone that is “less able to safeguard his or her personal welfare or the welfare of any children in the household, and will be in need of care and attention by reason of age, infirmity, or suffering from chronic illness or mental disorder, or substantially handicapped by being disabled”. Detailed consultations will be conducted with social services and relevant health practitioners to obtain the necessary information and documentation (e.g. care needs/packages) regarding the needs of the household to assess and determine vulnerability.

### **6.4 Temporary housing options for leaseholders and freeholders**

6.4.1 For the majority of those leaseholders and freeholders who decide to take up one of the purchase of a new property on the redeveloped estate, shared equity or shared ownership options, the Council will try to ensure as far as possible that the phasing of the development is timed in such a manner that you will be able to move to your new home at the same time as you complete on the sale of your current home.

6.4.2 For some leaseholders and freeholders, however, it may not always be possible for the Council to offer you an immediate move to a newly built home.

6.4.3 In this scenario the Council would then provide you with interim housing in an existing void (empty) property, ideally on the estate, until your new home is ready to move into.

6.4.4 The offer of a temporary move to an existing void property would be contained within a formal contract between yourself and the Council and subject to you accepting the following arrangements:

- The market value of your current property will be agreed with you (as per section 4.2) - after any outstanding mortgage or debts secured on the property have been repaid, the value of any remaining equity will be held by the Council on your behalf - these funds will only be released on completion of your new home
- If you are eligible for a home loss payment, the full amount will also be held by the Council when you move to the interim property - Home loss payments are not paid twice (you will be



paid home loss when you move out of your current property but a further home loss payment will not be paid for moving out of the interim property)

- At the same time as agreeing the market value of your current property you will also agree the value of your new property - this will be fixed within the contract and will not be subject to fluctuations in the market
- The Council will not charge you any rent for the interim property as long as you proceed with the completion of the purchase of the new property (although you will have to pay service charge) - if whilst in the interim property, you decide to opt out of the purchase of the new property, you will be required to re-pay the full rent (social rent) for the duration of your stay in the interim property and vacate the property immediately
- As long as you proceed with the completion of the purchase of the new property the Council will not pay any interest to you on the monies held but in return the Council will not charge you any rent for the interim property (as set out above)
- To assist with the costs of the move, disturbance payments will be made to you in accordance with the provisions set out in Section 5 – Entitlement to compensation - a disturbance payment may be paid twice (once for moving from your existing home to the interim property, and again for moving from the interim property to the new property) for essential costs related to the moves
- You will occupy the interim property during the whole period as your principal home
- We will seek to offer you a void property that will accommodate your household's housing needs, e.g. in terms of numbers of bedrooms required and the requirements of any medical assessment where relevant
- The interim property will be granted through a non-secure tenancy
- Choices of interim and new properties will be on a first come, first served basis.

6.4.5 The duration of your stay in the interim property will depend on the regeneration programme. In the interim contract, a reasonable time will be included to allow for construction and completion of the new property. If there is a delay beyond the agreed completion date, you can decide whether you want to wait for the new completion date, or opt out of the process altogether. If you opt out due to a delay in the programme (beyond the agreed dates in your interim contract), you will have to vacate the interim property immediately, but you will not be required to pay rent for the time spent in the interim property.

## Appendix 1 – THE COMPULSORY PURCHASE ORDER (CPO) PROCESS

This section explains the procedure that the Council must go through to obtain powers to acquire land or property compulsorily. It is highly recommended that you also read the Department for Communities and Local Government's Compulsory Purchase Procedure Booklet 1 for up to date information on the process, also accessible via the following link:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/11487/147639.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11487/147639.pdf)

The Compulsory Purchase Order process has a number of stages:

1. Formulation / information gathering
2. Resolution
3. Making of the order
4. Objections
5. Public local inquiry
6. Decision
7. Further challenge
8. Taking possession of the property.

### 1. Information gathering and preparing the order

If the Council needs to acquire land or property for a regeneration programme, it will usually seek a Compulsory Purchase Order (CPO). Relevant information required to support the CPO will be collected and the Council will also define the boundaries of the area for compulsory purchase.

During this stage the Council will seek to identify everyone who has an interest (those who own or have rights over property or land) in the property or land to be acquired, including those with freehold or leasehold interests as well as any occupiers or tenants. This may include serving what is known as a Requisition for Information Notice. This is a legal notice that requires you to let the Council know about anyone who has an interest in your property. This could be a mortgage company or a relative who also owns the property. If you receive a notice, you must respond to it.

### 2. Resolution

A report making the case for a CPO is then presented to the appropriate Council committee for decision. If it is agreed, a resolution will be passed declaring the Council's intention to make a CPO. The resolution is entered in the local land search register.

### 3. Making of the order

The CPO will be made and all known persons with an interest (those who own property or land) will be informed through service of a notice. The Council will, in accordance with the law, also make a public announcement in the local press by means of a statutory notice in the classified advertising section, inviting representations or objections to be made within 28 days. This gives everyone who is affected by the order an opportunity to express their views. Representations or objections are sent to the Secretary of State for Communities

and Local Government. At the same time, all interested parties will receive a statement showing the Council's reasons for making the CPO.

#### **4. Objections**

If no valid objections are received and the Secretary of State is satisfied that the procedures have been followed properly, the CPO will either be confirmed, modified or rejected without the need for a formal hearing. However, if objections are received which the Secretary of State considers to be valid, a public local inquiry will be held.

The Council will try to negotiate with objectors to see if their objection can be resolved prior to any inquiry. If the parties are unable to reach agreement and objections remain, a public local inquiry will be held, and interested parties notified.

#### **5. Public local inquiry**

Shortly after the closing date for objections, the Secretary of State will write to the Council and the objectors informing them that an inquiry will be held. The date of this letter is known as the relevant date. This date is used to establish the timetable for the subsequent inquiry process. No later than six weeks after the relevant date and at least 28 days before the inquiry, the Council must supply a Statement of Case to the government and each objector. This explains the reasons for making the CPO.

Within 22 weeks of the relevant date, the inquiry will normally be held; it will be overseen by a government-appointed inspector, although the Secretary of State can change the time periods. The inspector will visit the site before, during, or after the close of the inquiry. However, the inspector cannot discuss the merits of the case with objectors during the visit.

Sometimes, the government-appointed inspector may choose the written representations procedure as an alternative to an inquiry. Under this procedure, objections would be considered by an inspector in writing.

Regardless of which procedure is used, the inspector will produce a report for the Secretary of State clearly setting out their conclusions and recommendations. The inspector will recommend a course of action to the Secretary of State.

#### **6. Decision and confirmation**

After considering the inspector's report, the Secretary of State will confirm, modify or reject the CPO. The Council must then advertise the decision in one or more local newspapers (by means of a statutory notice in the classified advertising section of the local newspaper), and notify all those affected by the CPO.

#### **7. Further challenge**

In exceptional cases there may be grounds for seeking a judicial review of the inspector's decision in the High Court, if objectors consider that there are legal grounds on which to call into question the decision-making process of the inspector.

## **8. Taking possession of property and land**

If the CPO is confirmed, the Council will continue to negotiate with the owners property or land to be acquired. The Council will only use the powers granted by the Act as a last resort.

If the powers of the CPO are used, ownership of the land or property is transferred to the Council within an agreed timescale and compensation is paid to the owner.

## **Appendix 2: ITEMS TO NOTE**

### **2.1 Value of the newly built homes**

The Council is committed to delivering high quality new homes, designed to high standards inside and out and with much improved energy efficiency and insulation. As such, these properties tend to command a premium on the open market when compared to the homes they are replacing. As such, it is more than likely that the newly built homes being delivered and potentially offered to you on your estate will be valued considerably higher than the existing homes on the estate of a comparable size.

### **2.2 Mortgage**

Please note that you will need to advise your bank/building society regarding the sale of your property. This may result in a redemption fee on your mortgage, which can be reimbursed as part of the disturbance payment (see section 4.1.2). It is recommended that you seek independent financial advice with regards to any new mortgage required for the purchase of a new property as the terms, rates and affordability criteria may have changed.

### **2.3 Resident and non-resident leaseholders and freeholders**

These leaseholder and freeholder options are intended to allow resident leaseholders and freeholders the option to remain on their estate. As such, different options may be available to resident and non-resident leaseholders/freeholders depending on their circumstances. A definition of resident and non-resident leaseholders/freeholders can be found in the glossary above. In general, a leaseholder/freeholder will be considered resident if they have lived in the property for at least the last year as their sole or principal home.

### **2.4 Claiming housing benefit on shared ownership properties**

Anyone living in a shared ownership home, where they part buy and part rent the property, is eligible for support in the form of housing benefit (or housing support costs as part of Universal Credit application) in respect of the rent that they pay, subject to the resident meeting the eligibility criteria for the benefit.

Housing benefit or the housing costs element of Universal Credit will also meet 100% of any eligible service charges (again subject to the resident meeting the eligibility criteria for the benefit). So, if the charge is for something that it would be covered by housing benefit/ Universal Credit housing costs within a normal council tenancy, it would also be fully covered for a shared ownership property. If the claimant owned 70% of the property housing benefit/ Universal Credit housing costs would (if the leaseholder were eligible for support) still pay 100% of any eligible service charges.

## 2.5 Stamp Duty Land Tax (SDLT)

When you buy a new residential property you pay SDLT on the purchase price in accordance with rates set by the Government. How much you pay depends on the value of the property you are buying.

The current rates and Stamp Duty calculator are available on the Government website:

<https://www.gov.uk/stamp-duty-land-tax/residential-property-rates>

## 2.6 Department of Communities and Local Government

Information on compensation that leaseholders and freeholders are entitled to can be accessed using the following website:

<https://www.gov.uk/government/collections/compulsory-purchase-system-guidance>

## Appendix 3: USEFUL CONTACTS AND LINKS

### Department for Communities and Local Government

Tel: 0303 444 0000

Website:

[www.gov.uk/government/organisations/department-for-communities-and-local-government](http://www.gov.uk/government/organisations/department-for-communities-and-local-government)

CPO and compensation (home loss and disturbance) guidance from Communities and Local Government can be found here:

[www.gov.uk/government/publications/compulsory-purchase-and-compensation-booklet-1-procedure](http://www.gov.uk/government/publications/compulsory-purchase-and-compensation-booklet-1-procedure)

### Citizens Advice Bureau

Address: Neville House, 55 Eden Street, Kingston

Tel: 0203 166 0953

Website: <http://www.citizensadvicekingston.org.uk/>

### The Leasehold Advisory Service (LEASE)

Address: Maple House, 149 Tottenham Court Road, London  
W1T 7BN

Tel: 020 7383 9800

Website: [www.lease-advice.org/](http://www.lease-advice.org/)

### Leasehold Advice Centre

Address: Birch House, Guildford, Surrey GU6 7LS

Email: [Help@LeaseholdAdviceCentre.co.uk](mailto:Help@LeaseholdAdviceCentre.co.uk)

Tel: 01483 268 434

Website: [www.leaseholdadvicecentre.co.uk/](http://www.leaseholdadvicecentre.co.uk/)

### The Royal Institution of Chartered Surveyors (RICS)

Address: 12 Great George Street, Parliament Square,  
London, SW1P 3AD

Tel: 024 7686 8555  
Website: [www.rics.org](http://www.rics.org)

**The Lands Tribunal**

Address: Procession House, 55 Ludgate Hill, London, EC4M  
7JW

Tel: 020 7029 9780  
Website: [www.landstribunal.gov.uk](http://www.landstribunal.gov.uk)

## Appendix 4: WORKED EXAMPLE OF A SHARED OWNERSHIP SCHEME

*Based on interest on un-purchased equity share charged at 2.5% per annum.*

Market Value (£)	% Share	Share purchase price (£)	Monthly rent (£)	Monthly Service charge (£)	Total Monthly Housing cost (£) (exc. mortgage)
450,000 for 2 bed	25	112,500	703.13	37.50	740.63
	50	225,000	468.75	37.50	506.25
	75	337,500	234.38	37.50	429.38
575,000 for 3 bed	25	143,750	898.44	37.50	935.94
	50	287,500	598.96	37.50	636.46
	75	431,250	299.48	37.50	336.98

This chart should only be used as an indication of likely costs. Market values and service charges will be different for each scheme.

***100% of the service charge is chargeable to the resident irrespective of the % of equity owned.***

## Appendix 5 – Appeals Procedure Note

### 1. Purpose

This note has been produced to set out the procedure the Council will follow in relation to any appeals made under the Cambridge Road Estate decant policies **adopted on 8 March 2018**. It sets out examples of the decisions which will be considered under the appeals procedure and sets out the process that the Council will follow for their consideration of appeals. The type of decisions that can be appealed are not limited to the examples given in this note.

### 2. Tenants

All decisions made by the Council in relation to tenants under the decant policy may be appealed. Examples of issues which will be subject to appeal include, but are not limited to:

- A. a medical adviser recommendation, decision on bed size entitlement
- B. a decision as to who qualifies for rehousing
- C. direct offers in circumstances where the bidding process is unsuccessful or a temporary decant is required
- D. deductions from home loss payments
- E. decisions not to make a discretionary home loss payment.

The above list does not include everything and is for illustrative purposes only.

### 3. Freeholders/leaseholders

For freeholders and leaseholders there will be a process of discussion and negotiation around the financial offer/compensation which they are offered for their interest in a property. The appeals procedure is not intended to duplicate this.

However, it is recognised that there are a number of decisions that may be made by the Council in relation to freeholders and leaseholders, which fall outside the scope of the financial offer.

The following decisions are those that are considered the most likely to be the subject of an appeal, to be governed by the process set out below: (However, it is accepted that this list may not be exhaustive and does not include everything.)

- A. a decision as to the terms the freeholder/leaseholder is offered for a replacement home
- B. a decision as to the properties the freeholder/leaseholder can choose from on the new development in terms of equivalence/size
- C. a decision that the freeholder/leaseholder is non-resident (as this may impact on the terms on which any replacement home is offered)

- D. the offer made in terms of temporary housing
- E. a decision to offer shared ownership<sup>1</sup> rather than shared equity<sup>2</sup> on the basis that compensation is being invested in the new home or the leaseholder or freeholder is unable to raise the borrowing required.
- F. what can be included as disturbance payments and additional costs incurred in selling and purchasing your home.
- G. an assessment that a leaseholder or freeholder is or is not vulnerable and in need of additional assistance and support.

#### **4. Appeals Process**

The key points of the process that will be followed include:

- A. A request for an appeal may be made in writing or orally to the Council and the Council will accommodate and support those who need extra help in submitting an appeal or during any part of the appeal; this can be done by contacting the relevant officer via (tbc)
- B. The appeal submission should be made within 21 days of the date that the person appealing received written notification or notice of the decision they are appealing against. Residents can be supported in making an appeal in the following ways (tbc)
- C. Additional information can be included in the appeal, after the 21 days and up until the appeal date, if there are exceptional reasons why this information was not included within the 21 days.
- D. The person appealing will choose whether the appeal should be considered by way of a hearing or on the basis of a written submission and if there is to be a hearing this will be arranged within 7 days of the appeal submission, unless this is not practicable
- E. Where a hearing is chosen the person appealing will be entitled to bring an advocate or friend to the hearing to support them and/or to speak on their behalf
- F. Appeal applicants may also go to the residents groups for support (details at: tbc) or seek other advice and support as appropriate, to include appropriate attendance at appeal
- G. The appeal may include submission of witness or expert evidence that can be by way of oral or written submissions, but notification of these must be received as part of the initial appeal submission if practical
- H. The appeal will be considered by a Panel of two comprising (1) a senior Council officer who was not involved in the original decision (2) an independent person appointed by the Council, in consultation with recognised residents' representatives, for the purpose

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<sup>1</sup> Shared Ownership is where there is part ownership where rent is paid on the remaining part

<sup>2</sup> Shared Equity is where there is part ownership where no rent is paid on the remaining part

of the appeal process, such person to be suitably qualified and experienced in considering appeals and not directly or indirectly involved in the CRE regeneration currently working for landlords in regeneration projects.

- I. The decision of the Panel will be communicated to the person appealing in writing (and by whatever other means requested) within 7 days of the appeal hearing or 14 days of the written appeals submission
- J. There is no further RBK appeal but this does not exclude any appeals to the relevant court and the Ombudsman and any other support or remedy available to the appeal applicant, including discussion and negotiation with leaseholders and freeholders.

**30 April 2018**