

WESTMINSTER CITY COUNCIL

**POLICY FOR LEASEHOLDERS IN
HOUSING RENEWAL AREAS**

August 2018

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1. Introduction

- 1.1 In 2010 the Council published a Housing Renewal Strategy¹ that set out plans for housing renewal over a number of years and a number of programmes are underway. A key aim of the strategy is to increase the supply and quality of affordable housing. In 2015, a Housing Strategy Direction of Travel Statement was published, which set out the Council's intentions to deliver existing housing renewal programmes and to work towards housing renewal becoming business as usual.
- 1.2 This policy applies to leaseholders whose properties are identified for acquisition as part of a housing renewal programme. The policy sets out headline financial compensation and assistance leaseholders will receive from the Council where their properties are identified for acquisition, and the Council's overall approach to acquiring properties. As schemes come forward each leaseholder will be consulted and further details will be provided of how the scheme applies to them and their property.
- 1.3 There is a glossary in section 14, which explains some of the terminology in this policy. Other relevant definitions are set out in section 4.

2. Who this policy applies to

- 2.1 This policy applies to resident and non-resident leaseholders in Housing Renewal Areas where:
- 2.1.1 Their properties have been identified for acquisition *and*
- 2.1.2 The Cabinet Member responsible for Regeneration has made a decision that housing renewal should proceed, subject to obtaining any necessary planning consents.
- 2.2 This policy will not be used in cases of emergency repairs or emergency rehousing, where different procedures will be used.

¹ http://transact.westminster.gov.uk/docstores/publications_store/wcc_housing_renewal_report2010_lowres.pdf

3. Overall approach

3.1 Approach to the purchase of leaseholders' properties

The Council is committed to working closely with leaseholders in a way suited to their needs, to discussing their options and entitlements and communicating the content of this policy in an accessible way. The support given to leaseholders will be tailored to their circumstances as far as is possible.

3.2 Every reasonable effort will be made to negotiate the acquisition of leaseholders' properties by agreement and they will be informed of the relevant procedures, options and timescales and be given sufficient time to consider their options.

3.3 If attempts to acquire properties by agreement have been exhausted, a Compulsory Purchase Order (CPO) will be used as a last resort. It may be necessary for work to progress a CPO to be undertaken whilst negotiations to acquire by agreement are ongoing, but the Council's position will be that it will continue such negotiations to acquire by agreement. Where attempts to acquire by agreement are unsuccessful, the Council may have to use its powers of compulsory purchase as a measure of last resort.

3.4 Approach to rehousing for resident leaseholders

The Council's aim is that all resident leaseholders will have options to remain in, or return to, their Housing Renewal Area and different options are available to suit different circumstances. Where leaseholders have opted to remain in, or return to the Housing Renewal Area, reasonable efforts will be made to help them to remain homeowners, and for them to have similar rights as homeowners as they have now.

3.5 It should be noted however that the housing costs cannot be replicated exactly, as lending rates and conditions are subject to change. Utility, ground rent and service charge costs may also be different at the new properties compared with the leaseholder's existing property.

3.6 Practical, non-financial help will also be available for leaseholders to move outside the Housing Renewal Area if this is their wish. Limited financial help to buy another property outside the Housing Renewal Area may also be available in some circumstances.

3.7 The Council will provide leaseholders with information in writing of the timescales for applying for help and assistance, both financial and practical, to buy another property and it will be made available to them for a reasonable period.

3.8 **Approach to advice, support and information for resident leaseholders**

Free independent advice will be made available to each leaseholder to assess the best option for them. Specialist independent legal and financial advice may also be provided in some circumstances. This policy does not contain detailed information about disturbance payments and the equity loan/shared equity offer and this will be available to leaseholders as and when it is needed. They will be able to have one to one discussions with an officer of the Council or their agent.

3.9 **Approach to implementing this policy**

The Council may appoint agents to act on its behalf to deliver parts of this policy so any references to “the Council” in this policy may also apply to its agent. Leaseholders will be informed where agents are used.

3.10 The Council is aware that leaseholders may have particular circumstances and needs which may make them vulnerable. The Council will provide additional assistance to vulnerable leaseholders and will engage with third parties including family members, social services and health practitioners to identify and address any special needs.

3.11 **Date of implementation**

Leaseholders will be advised when the policy is implemented. As housing renewal may be undertaken in phases, the policy may be implemented in phases. Leaseholders will both be informed directly of how and when the policy will be implemented in respect of their homes.

4. **Key Definitions**

4.1 **Definition of a resident leaseholder**

A resident leaseholder is one who has been occupying their property as their only or main home throughout the period of 12 months before the date of the letter sent by the Council to the leaseholder, stating that it intends to acquire their property by agreement. Where housing renewal is taking place in phases, these letters may be sent out in phases. Leaseholders who live away from their property at any time during the applicable period of 12 months will normally be considered non-resident leaseholders, although there may be exceptions to this

and they will be considered in line with individual circumstances. These might include:

- Where a leaseholder is working abroad for a period
- Where a leaseholder has had to vacate their home for a period due to (for example) care responsibilities, harassment, ill health or disability.

4.2 The Council Tax register will be used to decide if leaseholders meet the residence qualification. Additional sources of information may be used to decide whether they are resident where the Council considers it to be necessary and appropriate.

4.3 The definition of a resident leaseholder for the purposes of statutory compensation is different. For these purposes a resident leaseholder is someone who has occupied their property as their only or main home for at least one year before they have to move out. The term “resident leaseholder” is used in this different sense in section 5 below.

4.4 **Definition of a non-resident leaseholder**

Any leaseholder not meeting the above criteria will be considered a non-resident leaseholder and will only be eligible for the option and entitlements set out in Sections 5 and 10.

4.5 **Definition of the Housing Renewal Area**

Each Housing Renewal Area will be identified in either a Cabinet Member or a Cabinet Report by reference to a plan. The boundaries of the Housing Renewal Area may be subsequently changed by the Cabinet Member or the Cabinet. The size of the Housing Renewal Area will differ between schemes, in some cases it may be part of an estate, or a single estate, while in others it may be more than one estate or a whole area.

4.6 Current Housing Renewal Areas are the Church Street/Edgware Road Area, the Tollgate Gardens Estate and the Ebury Bridge Estate. Others may be determined in future.

5. Financial entitlements - statutory compensation

5.1 Every leaseholder whose property is acquired by the Council is entitled to statutory compensation.

5.2 **For resident leaseholders (see 4.3 above for definition)**

5.2.1 ***Compensation equal to the open market value of the property***

The Council will appoint a qualified valuer to act on its behalf and undertake a valuation to determine the market value of the property. Leaseholders can also appoint a qualified valuer, to act on their behalf and the Council will reimburse the reasonable costs incurred by leaseholders in appointing their valuer. The valuation assumes that the sale is between a willing seller and a willing purchaser as if no renewal scheme were taking place.

5.2.2 ***A Home Loss Payment*** which is 10% of the market value of the property being sold subject to a cap which is set by the Government².

5.2.3 ***A Disturbance Payment***. This is a payment to cover all reasonable expenses associated with the sale of the property, moving, and in connection with the purchase of a replacement property. If the leaseholder is moving into one of the new build properties in the Housing Renewal Area, disturbance payments may include expenses associated with moving twice, where the leaseholder will have to move first into temporary accommodation. Examples include but are not restricted to:

- Early mortgage redemption fees at the existing property
- Mortgage and lender fees arising from the purchase of a replacement property
- Stamp duty land tax arising from the purchase of a replacement property, capped at the equivalent stamp duty value of the agreed purchase price of the property sold to the Council
- Solicitor/legal fees arising from the purchase of a replacement property
- Surveyors fees arising from the purchase of a replacement property
- Registered packing and removal services provided by a third party organisation (such as a removal company)
- Disconnection and reconnection of utility supplies and redirection of post.

² Currently this would be the Secretary of State for Housing Communities and Local Government (July 2018)

5.3 Resident leaseholders will have the opportunity to discuss their financial compensation with a dedicated officer. Further information about statutory compensation can be found in the Government's Compulsory Purchase and Compensation Booklet 4 – Compensation to Residential Owners and Occupiers. A copy is on line at the link below and hard copies can be provided if requested.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571453/booklet4.pdf

5.4 **For non-resident leaseholders (see 4.4 above for definitions)**

5.4.1 ***Compensation equal to the open market value of the property***

The Council will appoint a qualified valuer to act on its behalf and undertake a valuation to determine the market value of the property. Leaseholders can also appoint a qualified valuer, to act on their behalf and the Council will reimburse the reasonable costs incurred by leaseholders in appointing their valuer. The valuation assumes that the sale is between a willing seller and a willing purchaser and as if no renewal scheme were taking place.

5.4.2 ***A Basic Loss Payment*** which is 7.5% of the market value of the property being sold subject to a cap, which is set by the Government³.

5.4.3 ***A Disturbance Payment*** in relation to costs incurred in acquiring a replacement property, within one year (full information about how to claim this payment and the evidence which needs to be supplied will be provided).

5.5 Non-resident leaseholders will have the opportunity to discuss their financial compensation with a dedicated officer. Further information about statutory compensation can be found in the Government's Compulsory Purchase and Compensation Booklet 4 – Compensation to Residential Owners and Occupiers. A copy is on line at the link below and hard copies can be provided if requested.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571453/booklet4.pdf

³ Currently this would be the Secretary of State for Housing Communities and Local Government (July 2018)

6. Options for resident leaseholders to remain in the Housing Renewal Area

- 6.1 This section does not apply to resident leaseholders that have bought through the Flexible Ownership and Rent to Mortgage schemes (see Section 8).
- 6.2 It is expected that the new homes of similar size built in the Housing Renewal Area will be of a higher value than the leaseholders' current homes. The Council will provide a number of purchase options to help leaseholders buy one of the new properties and will make available independent advice to assist them in deciding on the right option for them. The aim is for all new properties to have leases for not less than 125 years.
- 6.3 **Option 1: Buying one of the new build homes with an equity loan or on a shared equity basis**
Equity loans and shared equity are similar and one or the other will be offered depending on whether the properties are to be sold by the Council, or an external organisation, which may differ from scheme to scheme.
- 6.3.1 Leaseholders are eligible for this option where they agree to put the value of their existing property into the purchase, plus their home loss payment. Examples of these arrangements are on pages 9 and 10. The Leaseholder's contribution will be made up of:
- 6.3.1.1 The market value of the property being sold to the Council (made up of their equity in the property plus the value of any outstanding mortgage). In exceptional circumstances, less than market value may be accepted and decisions will be made on a case by case basis and following a financial assessment.
 - 6.3.1.2 The home loss payment received.
 - 6.3.1.3 Any other capital/savings they want to put into the purchase although this is not compulsory.
- 6.4 **Buying with an equity loan**
Where this option is offered an external organisation, such as a private developer or registered provider, will sell one of the new build properties directly to the leaseholder at market value. The Council will offer the leaseholder an interest free equity loan to make up the difference between the leaseholder's contribution

(see 6.3.1.1 – 3) and the market value of the property. There are no repayments or interest on the equity loan. Its terms will be set out in a loan agreement. The Council's interest in the property is secured by a charge on the property. All other rights and responsibilities relating to the property will be set out in a lease. The leaseholder will need to repay the loan when the property is sold and any uplift or decrease in the value of the property will be shared between the Council and the leaseholder in line with their percentage contributions (see example 3 and 6.6.3).

6.5 Buying on a shared equity basis

Where this is offered the leaseholder will purchase a share in the equity of the new build property directly from the Council. The leaseholder's share will be their contribution (see 6.3.1.1 – 3), and the Council's share will be the difference between this and market value of the property. The terms of the purchase, along with other rights and responsibilities relating to the property, will be set out in a shared equity lease. The leaseholder will not have to make any payments, such as rent or interest, on the Council's share of the property. The leaseholder will be the sole owner of the property and the Council's interest will be secured by a charge on the property. The Council's contribution is recovered when the property is sold and any uplift or decrease in the value of the property will be shared between the Council and the leaseholder in line with their percentage contributions (see example 3 and 6.6.3)

Example 1: Buying with an equity loan, or on a shared equity basis, where the leaseholder has a mortgage at their existing property

Value of the property being acquired	£500,000
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(In this example the leaseholder has a £150,000 mortgage)

Value of new property	£700,000
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Leaseholder contribution to the new property:

Made up of:

Outstanding mortgage on the property being acquired*	£150,000
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Equity	£350,000
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Home loss payment (10% of the market value)	£50,000
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Total leaseholder contribution	£550,000 (79%)
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Council contribution to the new property:	£150,000 (21%)
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*In this example the existing mortgage needs to be ported over or a new mortgage of £150,000 will need to be raised before the sale of the new property can complete

There are no repayments on the Council's contribution to the purchase

Example 2: Buying with an equity loan, or on a shared equity basis, where the leaseholder has no mortgage at their existing property

Value of the property being acquired <i>(In this example there is no mortgage and the leaseholder owns the property outright)</i>	£500,000
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Value of new property	£700,000
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Leaseholder contribution to the new property:

Value of property being acquired	£500,000
<u>Home loss payment (10% of the market value)</u>	<u>£50,000</u>
Total leaseholder contribution	£550,000 (79%)

Council contribution to the new property:	£150,000 (21%)
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There are no repayments on the Council's contribution to the purchase

6.6 Full details about the terms will be made available to leaseholders interested in this option. In both circumstances the following basic terms will apply:

6.6.1 The leaseholder will be the owner of the property.

6.6.2 Leaseholders are able to sublet the new properties without needing permission from the Council or landlord (although permission from their lender may be needed if they have a mortgage).

6.6.3 Leaseholders have the right to sell the property. The Council's contribution to the purchase will be repaid when the property is sold, and any increase or decrease in the value of the property will be apportioned between the leaseholder and the Council in line with their respective shares, which will be calculated as percentages (see example 3 on the next page)

Example 3: Selling the property

When the property is sold the Council and the leaseholder will receive any increase in value proportionate to their contribution. The following example assumes the property has gone up 5% from its original value of £700,000 to £735,000 (note property values can go down as well as up)

The leaseholder		The Council	
Contribution to the purchase	£550,000 (79%)	Contribution to the purchase	£150,000 (21%)
5% increase in property value	£27,650	5% increase in property value	£7,350
Amount received if the property was sold	£550,000 <u>+£27,650</u> £577,650*	Amount received if the property was sold	£150,000 <u>+ £7,350</u> £157,350
	*Minus any outstanding mortgage		

- 6.6.4 Prior to any sale, the property will need to be independently valued and it must be sold at its open market value at the time. The valuation will be at the expense of the leaseholder along with all associated administrative and other costs connected with the sale.
- 6.6.5 The leaseholder is responsible for repairs, service charges, major works, insurance costs and all other costs associated with the new property.
- 6.6.6 The leaseholder is able to pay off the equity loan or increase their equity share in the new property, however, in order to do so a new independent valuation of the property will be needed, so that the Council's and the leaseholder's respective shares in the property can be adjusted. This valuation, and any associated administrative costs, will be the responsibility of the leaseholder. This process is called "staircasing". Once the leaseholder has paid off the equity loan in full, or staircased to 100% ownership, they will own the property outright.
- 6.6.7 The new property cannot have a greater number of bedrooms than the leaseholder's existing property, unless, subject to availability, leaseholders can finance the cost of any additional bedroom/s themselves. The cost of any additional bedroom/s will be determined by taking the difference between the market value of a new property of the size the leaseholder is entitled to buy and one of the size they want to buy.

6.6.8 If the leaseholder has a mortgage on their current home, this will need to be transferred, or a new one will need to be obtained of at least the same value (unless exceptional circumstances apply, see 6.3.1.1 above). Independent financial advice may be made available to leaseholders, if needed, to help them find a new mortgage.

6.6.9 Any disabled adaptations (integral and non-integral) present in a leaseholder's existing property will be reinstated in the new property and paid for by the Council. An assessment of any adaptations needed, and to be included in the new property, will be carried out by the Council's Occupational Therapist.

6.6.10 In the event of the original leaseholder's death after the completion of the sale, any heirs that were resident with the original leaseholder at the time of their death, and who had been living with them as their principal home for six months, and are members of their family, will have the opportunity to transfer these arrangements into their name and at their own expense. Family members are defined as the leaseholder's spouse, civil partner, people living with them as a spouse or civil partner, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews and nieces. The arrangement can only be passed on once from the original leaseholder to qualifying heirs.

6.6.11 Any heirs that are family members, as defined above, but are non resident, as defined above, will have the opportunity to transfer the arrangement into their name from the grant of probate for five years at their own expense. After five years, they will have the option to purchase the property outright, after which the Council will enforce a sale. The arrangement can only be passed on once in this way from the original leaseholder to qualifying heirs.

6.7 **OPTION 2: Becoming a shared owner at one of the new properties**

This option is available to leaseholders who are not eligible for the equity loan or shared equity option. Leaseholders will be eligible for this option where they have, or can raise, sufficient finance to buy at least a 25% share in one of the new properties and meet all other housing costs.

6.8 The shared ownership lease offered will mirror the Homes England's standard lease as far as possible. Full information about this will be made available. One exception to Homes England's standard terms, leaseholders are able to sublet

the new properties without needing permission from the Council or landlord (although permission from their lender may be needed if they have a mortgage).

- 6.9 Leaseholders can buy an initial share of between 25% - 75% of the property, and will pay a rent of up to 3% on the remaining share held by the Council. After the purchase of an initial share, they can buy more shares up to 100% of the property value. Shared owners are fully responsible for 100% of internal repairs, service charges and major works. The shared owner is responsible for 100% of the service charge regardless of their level of their share.
- 6.10 The level of the initial share to be acquired by each leaseholder will be determined using Homes England's Shared Ownership Eligibility and Sustainability Calculator. The model currently requires housing costs to be a minimum of 25% of net income and a maximum of 45% of net income.
- 6.11 **Option 3 Buying one of the new homes outright**
Leaseholders have the option to buy one of the new build properties outright if they want to and they are able to raise sufficient finance, using the compensation received as a result of the acquisition of their existing property, plus any additional capital or savings they are able to put into the purchase and/or by raising a mortgage.
- 6.12 Leaseholders choosing this arrangement are, subject to availability and their personal finances, able to buy a property that is larger than the one where they have been living.
- 6.13 **Option 4: Buying another leasehold property in the Housing Renewal Area**
In some cases, leaseholders may prefer to buy a replacement property in the Housing Renewal Area that they can afford to buy outright (i.e. one of a similar value to their current home) and is not being subject to acquisition. In these cases the Council will do everything it reasonably can to assist them in finding a new property which is for sale, or in some cases may be able to facilitate the purchase of another property from its own vacant stock.
- 6.14 **Option 5: Becoming a tenant in the Housing Renewal Area**
In some circumstances leaseholders may be able to remain in the Housing Renewal Area by becoming a social housing or intermediate tenant. This option is explained further in Section 9.

6.15 **Temporary accommodation**

In some schemes, the new homes might not be ready to move into straight away and it may be necessary for leaseholders to relocate to temporary housing while they are built. Where this is the case, leaseholders will generally be offered an assured shorthold tenancy in the local area, where possible. In some circumstances temporary housing from the Council's own housing stock may be available. One reasonable offer of temporary housing will be made of a suitable property with the same number of bedrooms as the existing property. The temporary housing cannot be sublet.

6.16 The Council will make every reasonable effort to offer a property which meets leaseholders' preferences and requirements and takes account the leaseholder's needs including the location of their support networks, employment and schools and the needs of any disabled household members. All temporary housing offers will be subject to the availability of supply.

6.17 Any disabled adaptations (integral and non-integral) present in a leaseholder's existing property will be reinstated in the temporary housing at no cost to the leaseholder.

6.18 There will be a right to appeal against the offer of temporary housing. Appeals must be made within 21 days of the offer by email or in writing and setting out why the offer is considered unreasonable. The Council will try to reasonably assist any leaseholders who cannot make the appeals by email or in writing. Appeals will be considered by the Director responsible for Regeneration or any other person delegated by them to make the decision, within 21 days following receipt of all information required for the appeal. Where such further information is needed, it will be requested within the 21 day period referred to. See further section 11 below.

6.19 Where the appeal is successful an alternative offer will be made. If the appeal is unsuccessful the Council's original offer of temporary housing will be reiterated and the leaseholder will need to either accept that offer or choose another housing option. Where appeals are unsuccessful leaseholders will be advised how to obtain independent advice as to the options open to them.

6.20 The housing costs in temporary housing will be up to the housing costs paid by the leaseholder at their existing property. Existing housing costs are calculated as being the total of any mortgage, ground rent and service charge payments made by the leaseholder in respect of their existing property. If there was no

mortgage at the property being acquired by the Council, the housing costs in temporary housing will be equivalent to any ground rent and service charge costs at their existing property. The leaseholder will be responsible for all other charges at the temporary accommodation. Leaseholders moving into temporary accommodation will be entitled to full disturbance costs associated with two moves.

6.21 Leaseholders that are eligible for Housing Benefit are expected to apply for it.

6.22 It may be possible for leaseholders to find their own temporary accommodation and they should firstly discuss this with the Council and decisions will be made on a case by case basis. The same approach to costs, as in 6.20, might be taken to any accommodation found by the leaseholder, if the costs are considered reasonable and agreed by the Council. If temporary accommodation costs are not agreed by the Council the leaseholder would be responsible for them.

6.23 The process of buying one of the new homes

It is the Council's aim that the new homes can be bought "off plan" at fixed prices at the point when the leaseholder is selling their current home to the Council, so there will be a simultaneous exchange of contracts. Where this cannot be done the following will apply:

6.23.1 Both valuations will assume that the two transactions occur at the same time (i.e. the valuation of the leaseholder's current home they are selling and the one they are purchasing).

6.23.2 Where the new properties will not be available to move into straight away, leaseholders will be expected to hold the capital from the sale of their existing home and their home loss payment themselves. As this is a large amount of capital, the Council will fund appropriate independent financial advice for leaseholders if they want it. Leaseholders are not expected to put any interest accrued into the purchase of the new home unless they choose to.

6.24 As part of the process of selling the properties "off plan", leaseholders will be asked to express an interest in purchasing a newly built property through one of the available options. Once the purchase terms are agreed, the leaseholder will enter into a binding contract to buy the property. At this stage, the leaseholder will be required to pay a deposit to secure their interest in the new property. After the property is built and it is ready to move into, the balance of the leaseholder's

contribution will become payable in order to complete the purchase. The Leaseholder will have at least 3 months, from the date at which they are notified that the property they have contracted to buy is ready to occupy, to complete their purchase. If they do not do this then the contract will be void, and the Council or another vendor is free to sell the property to another purchaser.

6.25 Allocating the new properties

After consulting with residents, a Local Lettings Plan will be developed for each scheme in a Housing Renewal Area setting out how the new homes will be allocated. The new homes offered to returning leaseholders might not be in the same location as the original home and might be in a different part of an estate or on a different estate if the Housing Renewal Area covers a number of estates.

7. Options for resident leaseholders that do not wish to remain in the Housing Renewal Area

7.1 Practical help with buying a replacement property outside the Housing Renewal Area

Where it is needed, the Council will provide practical, non-financial help to assist leaseholders to buy another replacement property. The need for this will be assessed on a case by case basis.

7.2 This help may include:

7.2.1 Information on how to purchase a property on the open market and help to identify a property.

7.2.2 Information on any other leasehold properties the Council knows are for sale in Westminster.

7.2.3 In some circumstances, the Council may be able to facilitate the purchase of a replacement leasehold property from its own vacant stock (this is dependent on the supply of housing stock and is subject to government rules and conditions).

7.2.4 Advice on intermediate low cost home ownership options.

7.3 Financial help to buy a replacement property in another part of Westminster (near the Housing Renewal Area)

Where the options described in Section 6 above to return to the Housing Renewal Area are unsuitable for the leaseholder, the Council may offer them the opportunity to buy another property locally (near the Housing Renewal Area) with an equity loan or on a shared equity basis. This option may be offered where leaseholders:

7.3.1 Have a need to remain close to the Housing Renewal Area, due to the location of their employment, support networks, or for other factors considered reasonable, **and**

7.3.2 Are unable to afford to buy another property outright of the same size and type, due to any difference in property prices.

7.4 Where this option is agreed, leaseholders will be eligible where they agree to contribute to the purchase of the new property:

7.4.1 The market value of the property being sold to the Council (made up of any equity in the property plus the outstanding mortgage).

7.4.2 The home loss payment.

7.4.3 Any other capital/savings they want to put into the purchase although this is not required.

7.5 Properties must be of the same size and type as the ones in which they have been living and cannot have a greater number of bedrooms than the leaseholder's existing property being acquired by the Council.

7.6 The offer is likely to be from the Council's (or its agents) own housing stock and so will be an ex social housing property. The terms of the purchase will mirror those set out in 6.6 (relating to shared equity and equity loans) as far as is possible, but it should be noted that the product offered to buy a replacement property could vary. Different providers can be subject to different rules and regulations when they are offering equity loans and shared equity. Leaseholders will receive full information about this if they want to pursue this option.

7.7 **Becoming a social housing or intermediate tenant**

In some circumstances where leaseholders are unable to purchase a replacement property (whether within Westminster or outside) they may be eligible to become a social housing or intermediate tenant in Westminster. Further information about this option is in Section 9.

8. Options and entitlements for Flexible and Rent to Mortgage resident leaseholders

8.1 A small number of leaseholders affected by the housing renewal schemes own a proportion of their property rather than having full ownership, as they have bought under the Flexible Ownership or Rent to Mortgage schemes. As the above schemes vary and the proportion owned differs (and can be as little as 10%), the Council will work with each leaseholder individually taking into account their personal circumstances, preferences and their level of ownership and will offer them the options at paragraph 8.2 below.

8.2 Options are:

8.2.1 Becoming a shared owner at a new property in the Housing Renewal Area, or at another property outside the Housing Renewal Area (but within Westminster), as long as sufficient finance to buy at least a 25% share can be raised. The actual level of ownership will be calculated in accordance with each leaseholder's financial circumstances and they will be expected to contribute their equity in the existing property and their home loss payment to the purchase.

8.2.2 Becoming a social housing or intermediate tenant (see Section 9).

8.3 An option may also be available to buy a property with an equity loan or on a shared equity basis in Westminster. The availability of this offer would depend on individual circumstances and level of ownership. If this option were agreed, leaseholders would need to contribute the equity in their existing property and their home loss payment to the purchase.

9. Becoming a social housing or intermediate tenant (for resident leaseholders)

- 9.1 In some circumstances a resident leaseholder may be eligible to become a social or intermediate housing tenant either in the Housing Renewal Area or in another part of Westminster.
- 9.2 Resident leaseholders may be eligible for this option where:
- 9.2.1 None of the alternative home ownership options set out in this policy are appropriate due to the leaseholder's financial circumstances and no suitable reasonable alternative accommodation is available, **or**
- 9.2.2 They wish to be a tenant and owner occupation is no longer suitable because of their disability or ill health, or the disability or ill health of their partner.
- 9.3 Factors which will be taken into account to assess eligibility will include:
- 9.3.1 The suitability of available home ownership options.
- 9.3.2 The length of time the leaseholder has lived in Westminster or the Housing Renewal Area and factors which require them to remain there such as; location of employment, support networks and any other reasonable factors.
- 9.3.3 Whether their housing needs could be met in other ways and if reasonable alternative housing is available elsewhere.
- 9.3.4 The leaseholder's financial circumstances including the level of equity in the property, any personal debt and if they may find it difficult to get another mortgage.
- 9.3.5 Any vulnerability issues such as age, ill health or disability.
- 9.4 The offers made will depend on the available supply of social and intermediate housing. Any offer made will be at the Council's sole discretion.

9.5 **Financial entitlement**

Where it is agreed that a leaseholder will become a social housing or intermediate tenant in Westminster, they will receive:

9.5.1 75% of the market value of their property (or interest in the property).

9.5.2 A home loss payment of 10% of the open market value of their property subject to a statutory maximum (no discount will be applied to the home loss payment).

9.5.3 A disturbance payment to reflect the cost of moving (see Section 5 for more information about financial entitlements).

9.6 **The tenancy**

Leaseholders eligible for this option will be offered a social or an intermediate tenancy depending on their circumstances.

9.7 **When an intermediate tenancy may be offered**

Intermediate tenancies have higher rents than social ones, but are below market rents and they are set at rates which reflect local incomes. An intermediate tenancy will generally be offered if the leaseholder's household income is such that the rent and other housing costs for a suitable property would be no more than 40% of the household's net income. Net income will generally be taken to be 70% of gross income.

9.8 Leaseholders will have high priority for any intermediate tenancies that are available and can apply for them through the Council's intermediate housing service (called Westminster Home Ownership). It should be noted that a range of providers offer intermediate tenancies and the tenancy terms may vary between each, and a shorthold assured tenancy may be offered. Generally intermediate tenancies will only be offered where it is likely that they will be renewed, as long as the tenant continues to meet the criteria for intermediate housing.

9.9 **When a social tenancy may be offered**

A social tenancy will generally be offered, subject to availability, when the leaseholder's household income is insufficient to meet the criteria for an intermediate tenancy.

9.10 The following factors will also apply when a social housing tenancy is offered:

9.10.1 The size of the property needed will be assessed in line with the Council's Housing Allocation Scheme.

9.10.2 The rent charged will be in line with the relevant rent or tenancy policy of the Council or any private registered provider (housing association) as applicable.

9.10.3 Leaseholders will have priority to bid for a social tenancy for a reasonable period. Where they bid for council tenancy it will be offered as a secure tenancy. It should be noted that some private registered provider (housing association) tenancies will be offered as fixed term tenancies. If the leaseholder does not bid for a property direct offers may be made. The direct offer will take into account where possible the leaseholder's stated preferences.

9.10.4 If the leaseholder wants to return to the Housing Renewal Area and there are no available properties to bid for, they will need to bid for a property outside the Housing Renewal Area. In some circumstances they may be given priority to bid for properties within the Housing Renewal Area, when the new build properties become available. These circumstances may include where the leaseholder:

9.10.4.1 Has children attending local schools in the Housing Renewal Area and the travel time, or costs from the property to which they initially moved, are unreasonable in the long term.

9.10.4.2 Is receiving support from a family member, or giving support to a family member living in the Housing Renewal Area, and this provision of support is not sustainable from the existing property in the long term.

9.10.4.3 Has employment in or near the Housing Renewal Area and the time or cost of travel to work is unreasonable in the long term.

10. Options for non-resident leaseholders

- 10.1 Non-resident leaseholders may sell their property to the Council and are entitled to financial compensation (see Section 5). Further information about rights and compensation are set out in the Government's Compulsory Purchase and Compensation Booklet 4 – Compensation to Residential Owners and Occupiers (See Section 5 above).

11 Appeals

- 11.1 Leaseholders can appeal to the Director responsible for Regeneration or to a senior officer nominated by them about how this policy has been applied to their personal circumstances. Appeals must be made within 21 days of any decision complained of, by email or in writing, of any written notification of the application which the leaseholder seeks to challenge, setting out the reason why the leaseholder believes that decision does not accord with the policy. The Council will offer reasonable assistance to any leaseholder who cannot make an appeal by email or in writing. The decision maker will decide the appeal using the evidence provided within 21 days following its receipt. The deadline for a decision on the appeal may be extended where further information is needed.
- 11.2 If the appeal is successful an alternative decision will be made. If the appeal is unsuccessful the Council's original decision will remain. The leaseholder will however be advised how to get independent advice of the options open to them.

12. Discretion and exceptional circumstances

- 12.1 The Director responsible for Regeneration or a senior officer delegated by them may exercise discretion to depart from or disapply any part of this policy due to exceptional individual circumstances and make take into account any circumstance they consider relevant.

13. Updating the policy

- 13.1 The Council reserves the right to amend or update the Policy in the future but will generally consult on any proposed changes. Changes may not be consulted on however where the amendments are imposed by legislation or they are only positive in nature.

14. Glossary

Assured shorthold tenancy

A tenancy which can last for a minimum period of six months, however it can be offered for a longer fixed period or continue indefinitely with the consent of the tenant and landlord. At the end of the fixed period, or at any time thereafter, the landlord is entitled to possession of the property as long as they give the tenant two months' notice.

Fixed term tenancy

Both councils and private registered providers (housing associations) ('social landlords') can offer social housing tenancies on fixed terms. The length of the fixed term will vary between social landlords but it will typically be for five years and may be renewed. Different social landlords may have different policies on when a fixed term tenancy will be renewed.

Flexible owner

A flexible owner, owns a share of a Westminster Council property and pays a social rent on the proportion they don't own. Every secure tenant that qualifies for the Right to Buy has the right to become a Flexible Owner, if they cannot afford to buy the property outright with the Right to Buy discount. Flexible ownership is also offered to Council tenants that don't meet the qualifying period for the Right to Buy. Flexible owners are responsible for repairs and for a proportion of other charges at the property. The minimum share that can be owned is 25% (prior to 1994 it was 10%).

Integral and non-integral adaptations

An integral adaptation is built in to the property, such as a walk in shower and a non-integral adaptation can be fitted once the property is built such as a grab rail and is relatively portable.

Intermediate housing

Intermediate housing is for households that cannot afford market housing but do not qualify for social housing. It can be offered by councils or registered providers (housing associations). In London the Mayor sets the income thresholds for eligibility. There are different intermediate housing products, which may include low cost home ownership products or discounted rental schemes – called intermediate rent. Intermediate rented properties might be for a fixed term or they might be offered on a longer term basis, or as long as household income does not exceed the maximum amount set by the London Mayor. Intermediate rents are below market rents and in Westminster are set at rates which reflect local incomes.

Off Plan Purchase

The purchase of a property before it is built, with only the plans available for inspection.

Rent to Mortgage

The Rent to Mortgage scheme was ended in 2005 by the Housing Act 2004. The scheme enabled council tenants to buy their homes by paying a proportion of the Right to Buy price (RTB), where they couldn't afford to buy them fully under the Right to Buy. Tenants could buy by making a minimum initial payment of any amount they could afford up to 80% of the RTB price. Rent to Mortgage owners do not pay any rent but they pay full service charges and a proportion of repairs costs.

Secure tenancy

A tenancy that can only be brought to an end by the landlord by a court order and the order will only be granted by the court if one of the statutory grounds for possession is made out and other statutory tests (including in certain cases, the reasonableness of possession action) are met.

Appendix A: Current Housing Renewal Areas**The Church Street/Edgware Road Area**

This area is set out in the draft Masterplan which can be found at:

<https://www.westminster.gov.uk/church-street-renewal>

The Ebury Bridge Estate

This consists of Edgson, Wainwright, Wellesley, Bridge, Dalton, Hillersden, Mercer, Pimlico, Bucknill, Rye, Doneraile, Victoria, and Westbourne Houses.

The Tollgate Gardens Estate

Work is underway to redevelop this area.