

## **APPENDIX 1**

### **POLICY STATEMENT ON THE RENTAL OFFER FOR RESIDENTIAL LEASEHOLDERS ON ESTATE RENEWAL SCHEMES**

#### **Background**

The Broadwater Farm Rehousing and Payments Policy ('the policy') sets out the statutory offer to resident leaseholders whose homes in the Tangmere and Northolt blocks are being demolished, ie:

- the full market price for their property, plus
- a statutory 10% Home Loss, plus
- Disturbance Payments to cover the costs such as valuations, stamp duty, surveyor's fees as well as physical moving costs.

The policy also makes additional offers available, ie a Portable Equity Loan which can be used to help fund up to 40% of the cost of a new home in the borough.

Although the policy does not set out the options for those who cannot afford to purchase a new home using these offers, the borough-wide policy on which it is based (the Estate Renewal Rehousing and Payments Policy – the "ERRPP") offers to:

*'sympathetically review the options available to each leaseholder ... [which] may include alternative financing, smaller properties, or a rental offer on the estate renewal scheme',*

It also states that:

*'applications will be assessed in line with the Council's Housing Allocations Policy in force at the time of the assessment' and that: 'rental offers will not normally be made outside of the renewal area unless the applicants meet the income and saving thresholds, and restrictions on home ownership'.*

The offer of a tenancy is made through an application to the Discretionary Panel which has the power to make non-standard offers to residents. In considering the most suitable offer, the panel may consider all aspects of the request including the standard offer, the finances available to the tenant, their housing needs and any specific personal circumstances that are relevant to the decision.

This policy statement sets out the type of rental offer available to the panel where the panel deems this is appropriate, and the implications this has on the value offered for the leaseholder's current home rental offer.

#### **Scope of the policy**

This policy statement only applies to resident leaseholders of Tangmere and Northolt who are required to move due to the demolition of the block.

Tenancy Offers will only be made by the Assistant Director of Housing, in exceptional circumstances, where it has been requested by the leaseholder

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concerned and following a recommendation by the Broadwater Farm Discretionary Panel.

### **The tenancy offer**

As a local authority, and in accordance with its own agreed policies, Haringey Council's offer of a tenancy in these circumstances would be a secure social tenancy at formula ('Council') rents - unless the leaseholder was willing to accept a nomination to a Housing Association property.

In comparison to the alternative options, eg a private rented tenancy, a social tenancy with the Council has significant value, offering a secure, lifetime tenancy, low rent and the possibility to exercise the Right to Buy in future years.

A Council tenancy also has significant value to the Council as it would otherwise provide secure and stable housing to households in need, many of whom are currently in expensive, subsidised and less suitable temporary accommodation.

Social housing stock is in limited supply, so the Council therefore believes that where a social tenancy is to be offered to a residential leaseholder, it is appropriate that the leaseholder receives a reduced value for their current property (as set out below), regardless of whether this tenancy is with the Council or a Housing Association.

Where this offer is refused, or where the Discretionary Panel or Assistant Director of Housing believes a private tenancy is more suitable, the leaseholder may instead receive the full market value and a private sector tenancy offer.

In either case, the leaseholder would also receive the full Home Loss payment based on the full market value of the property, because, like other leaseholders affected, he/she is losing their home. Disturbance payments will be payable in full at the point the tenant (former leaseholder) moves, as it is with all other Council tenants.

Where an offer of a social tenancy is offered by the Assistant Director of Housing and accepted by the leaseholder, the leaseholder will receive a direct offer of a tenancy. This offer will be made in line with the Broadwater Farm Relocating & Payments Policy commitments to secure tenants and will thus include an ability of the second Band A move if they former leaseholder wishes.

### **The valuation methodology**

Where an offer of social tenancy is made, the Council has decided to use an existing valuation method as set out in the '*Existing Use Value as Social Housing*' (EUV-SH) valuation of 25% of market value as cited in the HMT guidance '*Stock Valuation for Resource Accounting*'.

This valuation method is set out as applying to properties which are transferred from one social landlord to another with a social tenant in occupation. While this is not completely analogous, this valuation takes into account that the Council is purchasing a property (the leaseholder's home) but at the same time gaining a social tenant (the former leaseholder).

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However, in some cases, this valuation may be lower than the price the leaseholder paid for the property, which may cause difficulties for those who bought under the Right to Buy.

As a safeguard, it is therefore also proposed that for former Haringey tenants who bought under the Right to Buy, the offer will be the higher of 25% of current market price or the price the leaseholder originally paid for their property, after deducting any discount received. This will be updated to current market valuations by the highest of either the Consumer Price Index or the Nationwide London House Price index. This safeguard will also be available to partners who inherited their property from a former Haringey tenant who bought under the Right to Buy.

This safety net does not apply to leaseholders who were not former Haringey tenants who bought the home under the Right to Buy.