

Report for: Cabinet 15 September 2020

Title: Housing options at 500 White Hart Lane – agreement of equity loans for Love Lane leaseholders

Report

Authorised by: David Joyce, Director of Housing, Regeneration and Planning

Lead Officer: Molly Perman, Regeneration Manager

Ward(s) affected: **Northumberland Park**

Report for Key/

Non-key Decision: Key Decision

## **1. Describe the issue under consideration**

- 1.1. In September 2017 the council's Cabinet approved the future acquisition of 29 affordable homes at 500 White Hart Lane (the Development) for housing purposes, including six intermediate units. The purpose of this acquisition, aside from increasing the council's housing stock, was to make these homes available to Love Lane residents who have to move because of the High Road West Scheme, so that the council could meet its commitments to maximise their rehousing options. The homes at 500 White Hart Lane are now under construction and due to start completing in November 2020.
- 1.2. The High Road West Scheme is a residential led, mixed use scheme, which seeks to deliver 500 council-owned social rented homes, new community and social infrastructure and a new local centre across an 11 hectare site in North Tottenham, which includes the Love Lane Estate. The scheme guarantees all resident leaseholders on the Love Lane Estate an opportunity to acquire an affordable home within the High Road West site. In addition to this, the Leaseholder Guide, adopted in 2014, committed to developing options to allow resident leaseholders to purchase an affordable property within the area. The units at 500 White Hart Lane have been developed to provide such an option in advance of High Road West being delivered and the offer of an equity loan from the council will help to make these new homes affordable to resident leaseholders.
- 1.3. This report seeks Cabinet approval to delegate authority to the Director of Housing, Regeneration and Planning to offer Equity Loans to residential leaseholders of the Love Lane Estate to assist in the purchase of intermediate units at 500 White Hart Lane. The offer of any equitable loan will be subject to the resident leaseholder selling their leasehold property on the Love Lane estate to the council

## **2. Cabinet Member Introduction**

- 2.1. The council is committed to working with leaseholders to identify rehousing solutions that meet their needs. We understand that Love Lane Estate leaseholders have

concerns about their current and future homes and face some difficult decisions about whether to stay in the area or purchase a new home now outside of the Estate. We also understand that no two households are the same; each household will have different needs and varying financial positions.

- 2.2. It is for these reasons that Cabinet made a decision in March 2020 to agree a new High Road West leaseholder offer for consultation with leaseholders, which proposes an enhanced equity loan for new properties within the High Road West Scheme. It is also for these reasons, that this report seeks authority to offer Love Lane resident leaseholders shared equity loans with a lower threshold requirement at 500 White Hart Lane.
- 2.3. 500 White Hart Lane is located one mile from High Road West. By offering Love Lane resident leaseholders the opportunity to acquire a property on this site with a reduced equity requirement, the council is maximising rehousing options for leaseholders and directly dealing with affordability concerns.

### **3. Recommendations**

3.1. It is recommended that Cabinet:

- 3.1.1 Agrees that the intermediate properties at 500 White Hart Lane be offered for sale to the resident leaseholders on the Love Lane Estate who wish to sell their property to the council: and
- 3.1.2 Gives delegated authority to the Director of Housing, Regeneration and Planning and the Director of Finance to agree any individual equity loans to those resident leaseholders subject to:
  - a) the resident leaseholder contributing the full market value of their current home plus home loss payment where this is possible; and
  - b) the equity requirement to qualify for a Portable Equity Loan be within the agreed cost envelope set out in the EXEMPT report which permits equity amounts below the 60% level.
- 3.1.3 Gives delegated authority to the Director of Housing, Regeneration and Planning to agree, in consultation with the Cabinet Member for Housing and Estate Renewal, the marketing strategy for any intermediate properties at 500 White Hart Lane, that are not acquired by Love Lane resident leaseholders and to dispose of these properties in accordance with that strategy.

### **4. Reasons for decision**

- 4.1 The reason for this decision is to ensure that the council can keep its commitments to resident leaseholders on the Love Lane Estate, to maximise their rehousing choice and provide affordable rehousing options.

- 4.2 As described in paragraph 6.9 below, the council's Estate Renewal Rehousing and Payments Policy (the ERRPP) sets out the council's minimum commitments to residents affected by regeneration schemes. For resident leaseholders it details the arrangements of equity loans, which aim to help them acquire new homes by providing additional finance, which is only repayable upon the subsequent sale of the property or the death of the leaseholder.
- 4.3 The ERRPP normally requires resident leaseholders to contribute 60% of the equity of the new home they wish to acquire to qualify either for an equity loan in the renewal area or (the "portable equity loan") elsewhere in the borough. The resident leaseholder must contribute the full market value of their current home plus the Home Loss payment.
- 4.4 The ERRPP also requires that any additional contribution by the leaseholder beyond 60% must go to increase the leaseholder's equity share in the replacement property, thereby setting a maximum value of the replacement home of 1.83 times the value of the leaseholder's current home. If this is greater than the borough-wide upper quartile house price, that latter becomes the maximum value of the replacement home.
- 4.5 Recent valuations of both the new homes at 500 White Hart Lane and of properties on the Love Lane Estate have suggested that the some resident leaseholders may not be able to raise the 60% equity requirement for an equivalent size home at 500 White Hart Lane and that therefore some properties at 500 White Hart Lane may exceed these maximum replacement home values. This would mean that some of the homes could be unaffordable, hence the proposal outlined below.
- 4.6 The ERRPP does however allow for individual schemes to offer a lower minimum equity share; and therefore a higher maximum replacement home value. Officers recommend setting a lower minimum equity requirement where a resident leaseholder on Love Lane cannot afford to contribute 60% of the value of the new home at 500 White Hart Lane. This will ensure that the council meets its commitment to provide affordable rehousing options for Love Lane resident leaseholders as well as maximising rehousing choice.
- 4.7 Should Love Lane resident leaseholders not wish to take up the offer of a property at 500 White Hart Lane, the Council needs to make sure it makes best use of these intermediate properties. As such, a marketing strategy will be required to ensure that any surplus properties are marketed to those who the Council believes has the greatest need for the homes. This could include other resident leaseholders affected by estate renewal schemes. For this reason, this report also seeks a delegated authority for the Director of Housing, Regeneration and Planning to agree, in consultation with the Cabinet Member for Housing and Estate Renewal, the marketing strategy for any intermediate properties at 500 White Hart Lane, which are not acquired by Love Lane resident leaseholders.

## **5. Alternative options considered**

### Not to offer an equity loan

- 5.1. If the council choose not to offer an equity loan on the purchase of these units, it is unlikely that they would be affordable to Love Lane resident leaseholders. This is

because the cost of the new homes will be higher than the value of the leaseholders' current property on the Love Lane Estate. This would mean that 500 White Hart Lane would not help the council to meet its commitments to resident leaseholders on the Love Lane Estate.

To offer an equity loan under ERRPP terms but not with the option of a lower equity share from the leaseholder

- 5.2. The council could choose to offer an equity loan on the purchase of these units only where the value of the current property plus 10% Home Loss equals 60% of the new property and not with a lower minimum equity share where necessary. This may mean that some resident leaseholders from the Love Lane Estate that wish to purchase a property at 500 White Hart Lane are not able to.

## **6. Background**

### 500 White Hart Lane

- 6.1. In September 2017 the council's Cabinet approved the future acquisition of 29 affordable homes at 500 White Hart Lane for housing purposes to increase the council's housing stock, provide greater housing choice for residents and drive up the quality of council housing. The Development is located on the north side of White Hart Lane, close to the junction with Devonshire Road.
- 6.2. The purpose of this acquisition was also to support Love Lane Estate residents' rehousing options, which was part of the justification in approving the planning application for the Development which is located a mile away. This enabled the council to negotiate the new, high quality, affordable homes at a reasonable price. The units secured were a mix of social rent and intermediate tenures to provide an additional rehousing opportunity for Love Lane secure tenants and resident leaseholders. More detail on the offer to Love Lane residents to move to the High Road West scheme or elsewhere in the borough is provided below.
- 6.3. In September 2018 the Director of Regeneration and the s151 Officer, following consultation with the Cabinet Member for Housing, Regeneration and Planning, agreed the purchase price and the final terms of the acquisition of these affordable homes. On 21<sup>st</sup> September 2018 the Council entered into a development agreement to acquire the 29 units (consisting of 23 social rented units and 6 intermediate units) from Fairview Homes. The acquisition was funded from the Housing Revenue Account (HRA) and Right to Buy (RtB) receipts. The 6 intermediate units will, on completion, be available for sale by the Council to those resident leaseholders on the Love Lane estate who wish to acquire one of these properties.
- 6.4. Six intermediate units will be of the following size mix:
- 1 x 1 bedroom 2 person
  - 1 x 2 bedroom 3 person
  - 2 x 2 bedroom 4 person
  - 1 x 3 bedroom 4 person
  - 1 x 3 bedroom 5 person

- 6.5. The 23 social rent units are not the focus of this Report. It is however proposed that these units be prioritised for Love Lane secure tenants either through a local lettings policy for 500 White Hart Lane or through the Neighbourhood Moves Scheme, which is subject to approval at this same Cabinet meeting and then the outcome of a consultation on that policy.

#### The High Road West scheme – resident leaseholder offer

- 6.6. The recommendation within this report follows previous Cabinet decisions in relation to the High Road West Scheme and the offer to resident leaseholders. In December 2014 and December 2015, Cabinet agreed the High Road West masterplan, the leaseholder guides, the commencement of the rehousing process for Love Lane residents, the demolition of the Love Lane Estate and noted the business case for the preferred delivery structure for the scheme.
- 6.7. The draft Love Lane Leaseholder Offer for High Road West was approved for consultation by Cabinet on 10th March 2020. This sets out the council's commitments to resident leaseholders and details the offer to those that wish to purchase a new home in the High Road West area with an equity loan from the council, as well as a number of other options for purchasing a new home in the borough. The consultation period will take place in the autumn, subject to confirmation of funding for the scheme.
- 6.8. This Cabinet also agreed to consultation on a Local Lettings Policy for High Road West which provides an offer of a home in the scheme for secure and non-secure tenants living on Love Lane Estate.

#### The Haringey Estate Renewal Rehousing and Payments Policy ("ERRPP")

- 6.9. The borough wide ERRPP, which was agreed by Cabinet on 27<sup>th</sup> October 2017, sets out the council's policy on equity loans. This provides that "Resident leaseholders...that wish to remain in the renewal area or borough, but who cannot afford to purchase a property outright may be able to buy a new property with an equity loan from Haringey Council...". The purpose of the loan is to help leaseholders make onward purchases by providing them with additional finance, which is only repayable upon the subsequent sale of the property or the death of the leaseholder.
- 6.10. Resident leaseholders are eligible for this option where they agree to contribute:
- "The market value of the property of their current home, made up of any equity in the property, plus any outstanding mortgage, and
  - Any Home Loss payment, i.e. 10% of the market value of the property being acquired, subject to the statutorily defined limit..."
- 6.11. The effect of requiring a minimum equity contribution of 60%, and of requiring any additional contribution to increase the leaseholder's equity rather than the value of the replacement home is that that value cannot be higher than 1.83 times the value of the current home. If that figure is higher than the borough-wide upper quartile house price, then that latter figure is the maximum value.

- 6.12. The Cabinet approval of the ERRPP did not include authority to agree equity loans for individual schemes. This Report is therefore recommending approval in principle to the offer of equity loans to those that are seeking to acquire one of the six intermediate units at 500 White Hart Lane and the delegation of authority to the Director of Housing, Regeneration and Planning to agree the individual terms of each equity loan with leaseholders. A template equity loan agreement has been drafted by the council's Legal Service and will form the basis for each individual equity loan agreed which will be secured by a legal charge against the property.

#### Determining the equity contribution

- 6.13 The council's property team will work with the appointed valuer for the resident leaseholder to determine and agree the value of the existing property on the Love Lane Estate and the new property at 500 White Hart Lane. The recommendation will allow the Director of Housing, Regeneration and Planning, in consultation with the Cabinet Member for Estate Renewal, to agree the amount of the Equity Loan. Should the value of the resident leaseholder's Love Lane Estate property be less than 60% of the new property to be acquired, the council will offer to accept a lower equity contribution from the leaseholder (within an agreed cost envelope set out in the EXEMPT report) and this lower amount will be recommended in a report to the Director of Housing, Regeneration and Planning. The resident leaseholder will be expected to contribute the full value of their existing property on the Love Lane Estate plus their Home Loss payment.
- 6.14 In circumstances where the resident leaseholder is unable to contribute the full market value of their home, the Council will seek financial evidence as to why and this evidence will be considered by the ERRPP Discretionary Panel. A recommendation will then be made to the Director of Regeneration, Planning and Housing regarding the level of equity loan which should be offered.
- 6.15 The acquisition of 500 WHL was funded from the HRA and RtB receipts. There is a cost implication to the HRA of accepting a lower equity contribution for these properties. A cost envelope is set out in the exempt report to ensure that this cost can be planned for within the HRA budget and to ensure financial parameters have been agreed.

#### Marketing strategy

- 6.16 Should Love Lane resident leaseholders not wish to take up the offer of a property at 500 White Hart Lane, the Council needs to make sure it makes best use of these intermediate properties. As such, a marketing strategy will be required to ensure that any surplus properties are marketed and let to those who the Council believes has the greatest need for the homes. This could include other resident leaseholders affected by estate renewal schemes.
- 6.17 Halfway through the marketing period to Love Lane resident leaseholders, Officers will review the likely take up of properties and seek to develop a marketing strategy for any surplus properties. In developing this strategy officers will take into account the need of other resident leaseholders affected by other estate renewal schemes. A strategy will then be presented to the Director of Regeneration, Housing and Planning

for approval. The strategy will also outline the budget for the strategy, which may include covering any void costs.

## **7. Contribution to strategic outcomes**

- 7.1. The measures set out in this report contribute to Priority 1 of the Council's Borough Plan (2019-2023):
  - Priority 1 - Housing – “A safe, stable and affordable home for everyone, whatever their circumstances”
- 7.2. This recommendations in this report will support Objective 4 of the Haringey Housing Strategy 2017-2022 which identifies that a key priority is to “Provide stable, safe well-managed homes in decent environments”. Ensuring that all residents live in safe homes is essential to delivering this priority.

## **8. Statutory Officer Comments**

### **Finance**

- 8.1. The July 2018 cabinet report recommended the acquisition of these 29 affordable units; part funded using RTB retained receipts.
- 8.2. The RTB retained receipts can only be used to fund acquisition of 1-4-1 replacement of affordable homes. This means that the council can only use RTB retained receipts on 23 units for social housing.
- 8.3. The full cost of acquiring the remaining 6 units to be offered to leaseholders on equity loan will be funded through borrowing.
- 8.4. There is provision in the HRA capital programme for the acquisition of these 29 affordable units at 500 white hart lane.
- 8.5. There may be void period should the 6 units offered to leaseholders not be taken up immediately on practical completion. The marketing strategy/plan should be such that will minimise the risk and any financial implication will be assessed at the point of agreeing this strategy/plan.
- 8.6. Further finance comments are contained in the exempt part of the report.

### **Legal**

- 8.7. The Assistant Director for Corporate Governance has been consulted in the drafting of this report.
- 8.8. The relevant terms of the Council's framework policy for rehousing resident leaseholders affected by estate regeneration, the ERRPP, are set out in the body of this report.

- 8.9. The homes at 500 White Hart Lane were purchased by the Council specifically to provide housing options for those expected to be displaced by the proposed High Road West regeneration. While the ERRPP provides for a minimum equity contribution of 60%, it also permits variation of that figure where appropriate.
- 8.10. In the circumstances set out in this report it is open to Cabinet to agree variation of the minimum equity contribution and the consequent increase in maximum value of replacement property that can be funded.
- 8.11. The Council has the power under section 17 of the Housing Act 1985 to acquire properties for housing purposes and under section 120 of the Local Government Act 1985 the Council may also acquire properties for any purpose authorised by that Act or any other act (including for housing purposes).
- 8.12. Section 12 of the Local Government Act 2003 provides that the Council may invest for any purpose relevant to its functions under any enactment and Section 1 of the Localism Act 2011 gives the Council power to do anything that individuals generally may do. Therefore, the Council can provide the equitable loans as envisaged under the ERRPP, subject to the terms and conditions being agreed.
- 8.13. The offer of any equitable loan will be subject to the resident leaseholder selling their leasehold property on the Love Lane estate to the Council and the loan will be secured as a legal charge against the property acquired.
- 8.14. Any disposal must comply with the provisions of section 32 of the Housing Act 1985. This states that the Council can dispose in any manner it wishes but must obtain the consent of secretary of state first. Specific consent is not required if the Council complies with consent set out in A3.1.1 of the General Housing Consent 2013. Under this a local authority may, dispose of land for a consideration equal to its market value.

### **Procurement**

- 8.15. Not applicable

### **Equalities**

- 8.1. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - Advance equality of opportunity between people who share those protected characteristics and people who do not
  - Foster good relations between people who share those characteristics and people who do not.
- 8.2. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.



- 8.3. The proposed decisions are to agree that the intermediate properties at 500 White Hart Lane be offered for disposal to the resident leaseholders on the Love Lane Estate and to give delegated authority to agree any individual equity loans to those resident leaseholders, subject to specified conditions. The objective of these decisions is to make homes available to Love Lane residents who have to move because of the High Road West Scheme, so that the Council can meet its commitments to maximise rehousing options for Love Lane residents.
- 8.4. The people affected by the proposed decisions are the leaseholders on the Love Lane Estate. The Equality Impact Assessment of the proposed decision to consult on the Love Lane Leaseholder Offer, accessible at [https://www.minutes.haringey.gov.uk/documents/s115062/Appendix4\\_DraftLoveLaneLeaseholderOfferEqIAfinal.pdf](https://www.minutes.haringey.gov.uk/documents/s115062/Appendix4_DraftLoveLaneLeaseholderOfferEqIAfinal.pdf), can provide insight into the demographic profile of this group. This EqIA notes that older people, people with disabilities, Turkish people, Black people, and non-British White people are overrepresented among leaseholders relative to the population of Northumberland Park ward or Haringey. In the implementation of this decision the Council will be obliged to have due regard for the needs of these individuals that derive from their sharing of any of the protected characteristics.
- 8.5. The proposed decisions are in line with the ERRPP. This has been subject to an Equality Impact Assessment, which is accessible here: <https://www.minutes.haringey.gov.uk/documents/s96881/FINAL%20Appendix%201%20EqIA.pdf>.
- 8.6. It is not envisaged that the proposed decisions will result in any discrimination, harassment, or victimisation contrary to the Equality Act 2010. If the Council becomes aware of any inequalities in the course of the implementation of the proposed decisions, appropriate and proportionate steps will be taken to prevent or mitigate any further inequalities.

## 9. Use of appendices

Exempt Appendix 1 – Valuation Report for 500 White Hart Lane

## 10. Local Government (Access to Information) Act 1985

Cabinet decision at meeting 12 September 2017- 500 White Hart Lane - Acquisition of Properties

<https://www.minutes.haringey.gov.uk/mglIssueHistoryHome.aspx?IId=59115>

Estate Renewal Rehousing and Payments Policy

[http://www.haringey.gov.uk/sites/haringeygovuk/files/estate\\_renewal\\_rehousing\\_and\\_payments\\_policy\\_2017.pdf](http://www.haringey.gov.uk/sites/haringeygovuk/files/estate_renewal_rehousing_and_payments_policy_2017.pdf)

Cabinet decision at meeting 10 March 2020 - High Road West Scheme - next steps for consultation on resident offers and Local Lettings Policy

<https://www.minutes.haringey.gov.uk/mglIssueHistoryHome.aspx?IId=69653&Opt=0>