

Report for: Cabinet Member Signing

Title: Update to Noel Park Leaseholder Buyback Offer

Report

authorised by : David Joyce, Director Placemaking and Housing

Lead Officer: Jahedur Rahman, Operations Director, Housing Services and Building Safety

Ward(s) affected: Noel Park

Report for Key/

Non Key Decision: Key

1. Describe the issue under consideration

- 1.1 On 13 July 2021 Cabinet approved the revised leaseholder repayments options for the major works programme and this included the Noel Park estate. Whilst not part of the options approved by Cabinet, there is also an option for leaseholders to offer their properties for purchase by the Council. Such properties are acquired as part of the buyback programme. This discretionary option was open to all 76 Noel Park Leaseholders, both resident and non-resident, who were part of the Noel Park major works programme.
- 1.2 The Council's discretionary option to consider a buyback at the request of a Noel Park leaseholder was reflective of the fact that the leaseholders were facing substantial major works estimates and were likely to face challenges selling on the open market ahead of the works being completed. The Council wanted to ensure that leaseholders would not be "trapped" in their property prior to the commencement of the major works programme.
- 1.3 Following that cabinet report, a programme of direct engagement, including 121 meetings, door knocking and direct mailing took place with those affected leaseholders on Noel Park. During this programme the various re-payment and cost capping options were discussed. The Council also spoke directly with any leaseholder who enquired about the possibility of selling their property back to the Council.
- 1.4 All affected leaseholders have now had over 18 months to request a buyback offer from the Council for their property.
- 1.5 To date the Council has made 12 buyback offers in writing to Noel Park leaseholders, of which 9 were accepted. To date 6 have completed and the remaining 3 leaseholders have been advised that they need to complete the sale of their property to the Council by the end of March 2023.
- 1.6 Work has now started on the Noel Park major works programme and is scheduled to complete by the end of Q1 2024/25. Once works have been completed, leaseholders should not face any challenge selling on the open market, specifically as a result of the Council's major works programme.

1.7 Therefore, the Council is proposing to prioritise its resources and revise the discretionary option for all affected Noel Park leaseholders to request an offer from the Council to purchase their property. From April 2023, the Council will only make offers to purchase Noel Park leaseholder properties from resident leaseholders only, prior to the service of the notice of a commencement date for the major works on their property and who are also facing substantial hardship if they cannot sell immediately. This position will not affect the right of first refusal under the Right to Buy legislation.

1.8 This report seeks authority to proceed on this basis.

2. Cabinet Member Introduction

N/A

3. Recommendations

3.1 It is recommended that the Cabinet Member agrees to an updated and revised discretionary option of a buyback offer to Noel Park Leaseholders who wish to sell their property to the Council after 1 April 2023 onwards by only making and agreeing offers to those that satisfy the following conditions:

- the request is received within 12 months from 1 April 2023;
- the seller is a resident leaseholders only; and
- who have not yet been served notice of a commencement date for the major works on their property; and
- who are also facing a case of genuine financial hardship that requires them to sell immediately

4. Reasons for decision

4.1 On 13 July 2021 Cabinet approved the revised leaseholder repayments options for the major works programme and this included the Noel Park estate. Whilst not part of the options approved by Cabinet, there is also an option for leaseholders to offer their properties for purchase by the Council. Such properties are acquired as part of the buyback programme. This discretionary option was open to all 76 Noel Park Leaseholders, both resident and non-resident, who were part of the Noel Park major works programme.

4.2 Leaseholders have now had over 18 months to request a buyback offer from the Council for their property.

4.3 Work has now started on the Noel Park major works programme and is scheduled to complete by the end of Q1 2024/25. Once works have been completed, leaseholders should not face any challenge selling on the open market, specifically as a result of the Council's major works programme.

4.4 Therefore, from 1 April 2023, the Council no longer needs to continue to make offers to buyback Noel Park leaseholder properties except in very limited circumstances. Specifically, the request must be received within 12 months of 1 April 2023, the seller is a resident leaseholders only, before works have been scheduled to start on their property and who also face genuine financial hardship if they cannot sell immediately,

5. Alternative options considered

- 5.1 The major works programme on Noel Park has now started and the current discretionary option to leaseholders to request a buyback has been open for 18 months to all affected leaseholders. The option to keep the current, opened ended, discretionary option of a buyback on request to all 76 Noel Park leaseholders would preferentially prioritise resources for all affected Noel Park leaseholders ahead of other Council housing priorities.
- 5.2 The option to extend the limited buyback option for the next 12 months for non-resident leasehold properties as well as resident leaseholder properties would potentially prioritise leaseholders' investment risk over the primary housing needs of resident leaseholders.
- 5.3 Therefore, the need to prioritise resources in the next 12 month starting on 1 April 2023 for resident leaseholders only, who may face substantial financial hardship in their primary housing situation if they cannot sell immediately, was deemed most critical.

6. **Background information**

- 6.1 On 13 July 2021 Cabinet approved the revised leaseholder repayments options for the major works programme and this included the Noel Park estate. Whilst not part of the options approved by Cabinet, there is also an option for leaseholders to offer their property for purchase by the Council. Such properties are acquired as part of the buyback programme. This discretionary option was available to all 76 Noel Park Leaseholders, both resident and non- resident, who were part of the Noel Park major works programme. This was in parallel to a full suite of cost capping and repayment options to help support them manage the impact of the significant s20 notices they were facing, where the potential cost to individual leaseholders was expected to be in excess of £30,000.
- 6.2 The Council was aware that Noel Park leaseholders were facing substantial major works estimates and were likely to face challenges selling on the open market ahead of the works being completed.
- 6.3 The Council wanted to ensure leaseholders would not be “trapped” in their property prior to the commencement of the major works programme and could continue to make reasonable decisions about their future housing needs, including if they wanted or needed to sell their property, ahead of the completion of the major works programme in 2024.
- 6.4 Following that cabinet report, a programme of direct engagement, including 121 meetings, door knocking and direct mailing took place with those affected leaseholders on Noel Park. During this programme the various re-payment and cost capping options were discussed. The Council also spoke directly with any leaseholder who enquired about the possibility of selling their property back to the Council.
- 6.5 It has now been over 18 months since leaseholders have had the option to request that the Council buyback their property.
- 6.6 To date the Council has made 12 buyback offers in writing to Noel Park leaseholder who wanted to sell prior to works being completed. On those 12 offers in writing 9 were accepted. To date 6 of those 9 have completed and the

remaining 3 leaseholders have been advised that they need to complete the sale of their property to the Council by the end of March 2023.

- 6.7 Work has now started on individual properties on Noel Park and within the next 12 months all leaseholders should receive notice of a work commencement date on their property. Once leaseholders have been given notice that works are starting to their property, it should only be a matter of a few months before works are completed. The Noel Park major works programme is currently forecasting to complete all works by the end of the first quarter of 2024/25.
- 6.8 Leaseholders will continue to be able to sell on the open market and once works have completed will also have the advantage of all the structural updates to their property. They will also continue to retain the benefit of a cap to works costs and a suite of repayment options (agreed by Cabinet on 13 July 2021) while they continue to retain their property.
- 6.9 Consequently, the Council can now revise the discretionary option for all affected Noel Park leaseholders to request a buyback although this will not affect the right of first refusal contained in Right to Buy legislation.
- 6.10 In parallel, the financial landscape the Council is operating in has changed since July 2021. The Council's borrowing costs have increased significantly, as has every other Council's. This means that the financial viability of buying back Noel Park leaseholder properties has reduced.
- 6.11 Therefore, the Council is proposing that the discretionary option for all Noel Park leaseholders to request a buyback is updated and revised. The need for an open option to all affected leaseholders on Noel Park is no longer required. When works have completed there will be no further challenge to an open market sale, specifically as a result of the Council's major works programme.
- 6.12 Therefore, those affected leaseholders will not need a Council buyback option. However, in very specific and very limited cases for the next 12 months only, the Council can prioritise resources for resident leaseholders only, who may face previously substantial hardship if they cannot sell immediately prior to works starting.
- 6.13 The updated and revised Council offer to buyback a leaseholder property on Noel Park will start from 1 April 2023 and be subject to the following conditions:
- the request must be received within 12 months of 1 April 2023;
 - the seller is a resident leaseholder only; and
 - who have not yet been served notice of a commencement date for the major works on their property; and
 - who are also facing a case of genuine financial hardship that requires them to sell immediately

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'?

- 7.1 This proposal aligns with the Corporate Delivery Plan Theme 5: Homes for the Future, including:

- Our council homes will be of a higher quality
- Provide reliable customer focused services that we, our tenants and leaseholders can be proud of

8. Statutory Officers comments

8.1 Finance

- 8.1.1 This report recommends that cabinet agrees to an update of the discretionary buyback offer to Noel Park Leaseholders that has been in place for 18months.
- 8.1.2 The updates being recommended, on their own, appear not to have additional financial implication.
- 8.1.3 Subsequent offers and acquisitions will be continue to go through the same level of financial assessment and approval process as before.
- 8.1.4 Approved acquisitions will be met from the budget provision set up for these when the discretionary buyback offer was agreed.

8.2 Procurement

- 8.2.1 Strategic Procurement notes the contents of this report and confirm these property and lease related matters sit outside of the Public Contract Regulations and therefore there is no procurement impact related to the Recommendations in Section 3 of this report.

8.3 Head of Legal & Governance

- 8.3.1 The Council is setting out the conditions whereby it will from 1 April 2023 put in an offer to acquire a property on the Noel Park Estate. The properties are acquired as part of the Buyback programme. The Council must inform leaseholders of the change in position as the previous position may have created an expectation that the Council would acquire or at least put in an offer to acquire their property if they wished to sell.
- 8.3.2 The Cabinet Member should note that the recommendation in this report will not affect the right of first refusal under the RTB legislation whereby leaseholders must offer their property back to the Council for acquisition if they wish to sell within 10 years of its acquisition.

8.4 Equality

- 8.4.1 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 protected characteristics and people who do not
 - Foster good relations between people who share those characteristics and people who do not

- 8.4.2 The three parts of the duty apply 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.
- 8.4.3 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 8.4.4 The decision is regarding revising the discretionary option for leaseholders to offer their properties for purchase by the Council. This discretionary option was open to all Noel Park Leaseholders, both resident and non- resident, who were part of the Noel Park major works programme. This was to ensure that leaseholders would not be “trapped” in their property prior to the commencement of the major works programme. All affected leaseholders have now had over 18 months to request a buyback offer from the Council for their property. The major works programme has now started and is scheduled to complete by the end of Q1 2024/25. As a result, the new proposal is for the Council only to make offers to purchase Noel Park leaseholder properties from resident leaseholders only, prior to the service of the notice of a commencement date for the major works on their property and who are also facing substantial hardship if they cannot sell immediately,
- 8.4.5 Those with protected characteristics are overrepresented among Haringey Council leaseholders, so the initial option to request a buyback offer was intended to affect equalities positively. Considering that leaseholders have had the option to request a buyback offer for the last 18 months, we expect that most leaseholders, regardless of protected characteristics, to have requested an offer if they wanted to. Additionally, the update does not end the option to request a buyback offer but reduces its availability to only those resident leaseholders "facing a case of genuine hardship". With both these points in mind, it is reasonable to assume that the decision should have a neutral impact on those with protected characteristics.

9. Use of Appendices

None

10. Local Government (Access to Information) Act 1985

N/A