

	<p><b>Assets Regeneration and Growth Committee</b></p> <p><b>9 July 2014</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Hardship Acquisition Buyback Scheme</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Lead Commissioner Enterprise and Regeneration</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>Colindale, Burnt Oak, West Hendon and Golders Green</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>None</p>
<p style="text-align: right;"><b>Officer Contact Details</b></p>	<p>Tony Westbrook, Head of Regeneration,  <a href="mailto:Tony.Westbrook@barnet.gov.uk">Tony.Westbrook@barnet.gov.uk</a>. 0208 359 7381 / Angela Latty,                  Senior Regeneration Officer, <a href="mailto:angela.latty@barnet.gov.uk">angela.latty@barnet.gov.uk</a>, 0208 359 7188</p>

<p><b>Summary</b></p>
<p>This report seeks approval for the reinstatement of a Hardship Acquisition Buyback Scheme on the West Hendon, Grahame Park and Whitefield Estates.</p>

<p><b>Recommendations</b></p>
<p>1. That committee approve the re-instatement of a Hardship Acquisitions Buyback Scheme on the West Hendon, Grahame Park and Whitefield Estates and delegate to the s151 Officer the authority to approve individual acquisitions under the scheme</p>
<p>2. That the committee approve the use the remaining £2.478 million already budgeted for in the Capital programme for the Hardship Acquisition Buyback Scheme.</p>
<p>3. That the committee approve that the acquired properties under the Hardship Acquisition Buyback scheme can be used as temporary accommodation for people in housing need, where appropriate, and delegate to the Strategic Director for Growth and Environment the authority to approve the use of these individual acquisitions under the scheme.</p>

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 This report seeks the Assets, Regeneration and Growth Committee's approval to re-instate the Hardship Acquisition Buyback Scheme on the West Hendon Grahame Park and Whitefield Estates.
- 1.2 The original scheme was first approved by members in June 2005, it operated on the Grahame Park, Dollis Valley and Stonegrove Estates, and at the time prudential borrowing was authorised to support the scheme. Under the scheme, the Council was able to purchase residential properties from owner-occupiers who need to sell their properties due to financial and/or medical hardship, but were unable to do so because of the regeneration proposals.
- 1.3 The Hardship Buyback Scheme was suspended in 2007 as priority was been given to acquiring properties in the first phase on Stonegrove/Spur Road. Following concerns expressed by owner occupiers on the Whitefield, West Hendon, Grahame Park Estates, it is now considered appropriate to revive the Hardship Acquisition Buyback Scheme.
- 1.4 There are a number of hardship cases on these estates that in urgent need, combined with the shortage of homes for people in housing need, who can be rehoused on a temporary basis in the purchased properties.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 Owner-occupiers in regeneration schemes have been experiencing difficulties in selling their properties, as some mortgage lenders are reluctant to lend against large panel construction and on properties that are situated above a certain floor level. In addition, with the proposed regeneration of these estates some owner-occupiers have been finding it difficult to secure loans as lenders are reluctant to lend for properties that are due to be re-developed.
- 2.2 Purchasing these properties is of benefit to the Council as they can be re-let and will help the supply of housing for temporary accommodation. It is also of benefit to those residents who may be experiencing hardship because of difficulties selling their properties as a direct consequence from the uncertainty of the scheme proposals.
- 2.3 The financial justification is that these properties can be re-let to generate rent or equivalent Housing Benefit subsidy to cover the rent. This income, after deducting management and other revenue cost can be used to repay the interest on the prudential borrowing.
- 2.4 All properties under the Hardship Acquisition Buyback Scheme will be purchased at open market value with no payment for home loss, disturbance or solicitor fees. The acquired properties will then be brought up to reasonable standards to be re-let under the Private Sector Leasing (PSL) Programme. These properties will provide temporary accommodation for homeless families and provide a regular income stream.

2.5 The acquisitions of these properties will be managed by Re and it is anticipated that Barnet Homes will carry out the works and manage these properties.

2.6 The proposed rental income per property per week is shown in the table below:

No of Beds	Per week
1 bed	£183.97 to £258.06
2 bed	£233.01 to £299.00
3 bed	£300.00 to £350.00
4 bed	£360.00 to £412.89

Source: LHA rates up to March 2015

2.7 Therefore, it is assumed that the Council could generate a rental income of up to £18,200 per year, and this would be sufficient to cover the management fees and costs associated with the on-going maintenance of these properties. However, the Council may choose to review the rent levels in the future and this may have some impact on the amount of rent that can be charged on these properties

2.8 The recommendation to resume the Hardship Acquisition Buyback Scheme will be subject to any revisions made to the existing Housing Strategy. In addition, the scheme re-introduction is also dependent on outcome from the Housing Revenue Account Report.

2.9 It is worth noting that the Dollis Valley Estate and the Stonegrove Estate has not been included within this scheme due to the length of the build programmes. Dollis Valley has a 6 years build programme, which is relatively short when compared to the other schemes, where the build programmes will take between 15 and 20 years to complete. Also, the Dollis Valley Estate is subject to a Compulsory Purchase Order (CPO) which is currently being considered by the Secretary of State.

2.10 With regards to the Stonegrove Estate, the development partners are undertaking the final phases in the development, which is subject to a CPO.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

#### **Advanced Acquisition Scheme**

3.1 The council considered introducing an Advance Acquisition Scheme for owner-occupiers who wished to sell their properties, and this would also cover hardship cases. However, this decision was deferred as part of a wider review of the HRA and other potential investment routes.

3.2 Officers are currently preparing an Outline Business Case, for housing investment to support this scheme, and if approved, the Council will acquire

an agreed number of properties on the Grahame Park, West Hendon and Whitefield Estates.

- 3.3 The combined total of owner-occupiers that will fall within the next development phase (across Grahame Park, West Hendon and Whitefield Estates) is 173, as illustrated in the table below:

<b>Regeneration Estates</b>	<b>Owner- Occupiers (Next development phase)</b>
Grahame Park Estate	45
West Hendon Estate	52
Whitefield Estate	76
<b>Total</b>	<b>173</b>

- 3.4 However, it is unlikely that all owners-occupiers will express an interest in this scheme as some may wish to exercise their Shared Equity Option, whilst others may choose to wait until a CPO is in place. The Outline Business Case will provide further details on this scheme and a report will be presented to the Policy and Resources Committee in July 2014.

**Option 1 - Not to reinstate the Hardship Buyback Scheme**

- 3.5 The hardship acquisition scheme was specifically designed to address the needs of owner-occupiers who are in financial or medical hardship, and who were unable to sell their properties. It is highly likely that if a scheme was not in operation there would be complaints from owner-occupiers and several quarters. In the past, the Council has taken legal advice and been counselled that there would be grounds for such complaints to be taken to the level of the Ombudsman.

- 3.6 The Council has been exposed to criticism mainly because of the delays that have occurred in bringing these regeneration schemes to a position where there is relative certainty of implementation. The delays and the uncertainty has had an adverse effect on owner-occupiers homes, and those who wish to sell may be facing financial and other distress due to their inability to sell their homes in particular during the recession and property slump. The Hardship Acquisitions Buyback scheme was a means of redressing this balance.

**Option 2 – To introduce a general property purchase scheme to buy back properties on the regeneration estates**

- 3.7 The Hardship Acquisition Buyback Scheme is specifically designed to help people in genuine hardship. A more general advance purchase scheme on the regeneration estates to expand the number of properties available for rent is being considered by the Policy and Resources Committee in July 2014.

#### **4. POST DECISION IMPLEMENTATION**

- 4.1 This scheme will be delivered by Re within the terms of the DRS contract, and elements which fall outside the contract will be covered through a SPIR (Special Project Initiation Request). It is anticipated that Barnet Homes will take responsibility for refurbishing any homes purchased, prior to letting, as part of their service level agreement with the Council.
- 4.2 Meetings will take place between the relevant officers in Re, CSG, HB Public Law and Barnet Homes to review and agree the application procedures, the criteria and the acquisitions and management process.

#### **5. IMPLICATIONS OF DECISION**

##### **5.1 Corporate Priorities and Performance**

- 5.1.1 The Hardship Acquisition Buyback Scheme supports the Corporate Plan 2013-2016 priority '*To maintain the right environment for a strong diverse local economy*' and the strategic objective under this priority is to sustain Barnet by '*promoting growth, development and success across the borough*'. This scheme facilitates the early acquisition of properties, which has benefits for both the council and its development partners. The council can generate rental incomes on these properties and the development partners can acquire these properties directly from the council without the use of Compulsory Purchase Order, thus reducing the development costs to the scheme. Therefore, the Hardship Acquisition Buyback Scheme is a tool to facilitate the successful delivery of these Regeneration schemes, which will promote *growth and development*.
- 5.1.3 These Regeneration schemes also supports the corporate priorities and the Sustainable Community Strategy 2010-2020 through the following core values:
- '*Sharing opportunities for success*' and '*choice and responsibility*' – the new development will provide good quality homes. The development will also offer more choice by providing a number of different housing options, such as shared equity, shared ownership and private homes for sale to residents and those in the wider community.
- 5.1.4 The Hardship Acquisition Buyback Scheme will also support Barnet's 'Health and Well-being Strategy 2012-2015' through its core value of '*wellbeing in the community*' which is *creating circumstances that better enable people to be healthier and have greater life opportunities*. By acquiring these properties from residents who are experiencing hardship, this will enable them to have better life opportunities.

## 5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 If a Hardship Acquisition Buyback Scheme was introduced, it is estimated that the Council could acquire up to 7 properties with the remaining funds. The breakdown of potential acquisitions is shown in the table below, which has been based upon enquires to date:

Regeneration Estates	Owner-Occupiers
Grahame Park Estate	2
West Hendon Estate	2
Whitefield Estate	3
<b>Total</b>	<b>7</b>

5.2.2 The Capital programme has £2.478 million already budgeted for hardship acquisitions, and officers would like to the Committees authority to expend this money during 2014/5 .

5.2.3 All reasonable costs including capital work costs to bring the properties up to PSL re-let standards should be recoverable under the respective PDAs. However, the Council can only recover its costs when the property has been transferred over to the developers for demolition.

### *Acquisitions Costs*

5.2.4 The Council's costs on each acquisition will include Stamp Duty Land Tax at 1% on purchases between £125,001 and £250,000 (the rate is 3% for purchases between £ 250,001 and £500,000) and also Land Registration fees of about £70 to £270 per transaction, depending on value.

5.2.5 Any applicable 'Right to Buy' (RTB) discount repayment will operate on a sliding scale for any property re-purchased where the RTB was exercised within the five years prior to re-purchase. If applicable, owner-occupiers will have to repay a percentage of their discount back to the Council.

### **Performance and Value for Money:**

5.2.6 The application procedures are designed to ensure that application process is transparent, and seen to be fair and equitable. 'Value for money' is also a key component, as the Council needs to ensure that it can re-coup the costs through the rental income generated from the hardship properties and/or from the development partners.

5.2.7 In addition, by acquiring properties at the bottom of the market, the Council are making purchases for a reasonable price.

### **Property:**

5.2.8 It is intended that these properties will be sold to the development partners as and when they are required for redevelopment. The Council should be able to

recover its costs but only once the properties have been transferred over to the development partners for redevelopment.

### **3.5 Legal and Constitutional References**

- 5.5.1 Local authorities have a general power under section 120 of the Local Government Act 1972 to acquire by agreement any land/property within their geographical area for the purpose of any of their functions or for the benefit, improvement or development of their area. A local authority also has a general power of competence under the Localism Act 2011 to do anything which an individual can do..
- 5.5.2 Constitution, Responsibility for Functions, Annex A –Membership and Terms of Reference of Committees – terms of reference for the Assets, Regeneration and Growth Committee includes all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 5.5.3 Constitution - Management of Asset, Property and Land Rules provide the governance structure within which the Council may acquire, lease, act as landlord, licence, develop appropriate change of use of, or dispose of assets within its portfolio.

### **3.6 Risk Management**

- 5.4.1 There is a small risk that if, for whatever reason, the properties acquired on any of the schemes are not sold to the partner organisations for the regeneration schemes. However, the Council could still benefit from this arrangement, if it continues to re-let the properties to generate income. Alternatively, these properties could be sold on the open market.
- 5.4.2 The recovery of Council costs on property acquisitions is also subject to conditions within the Principal Development Agreements (PDA) for each scheme. There is a commitment within the Grahame Park, Dollis Valley PDAs to recover these costs. However, the Grahame Park PDA does specify that the development partners will pay the purchase price minus any rental income that has been generated on these properties. If the scheme is reintroduced, the Council wish to renegotiate the terms of the PDA relating to this Scheme. This would allow the Council to not off-set rental income against the capital cost of the property as has been the case to date.
- 5.4.3 There is currently no provision within the West Hendon PDA to recover costs from buyback properties, but the development partners have agreed in principle to this agreement. Therefore, the Council may need to consider a Deed of Variation to the West Hendon PDA to ensure that all costs incurred on acquired properties in preparation for a development phase and/or under a Hardship Buyback Scheme are recoverable.
- 5.4.4 The commercial agreements for the Brent Cross Cricklewood Regeneration Scheme due to be finalised within the next few weeks. The development partners have already indicated their intention to make provision for advanced acquisitions when the appropriate funding has been identified. The inclusion

of the Whitefield Estate into this scheme will also be dependent on whether the Council can recover their acquisition costs.

## **5.5 Equalities and Diversity**

5.5.1 The scheme is open to all owner-occupiers who can demonstrate a genuine case of hardship and those whose properties fall within the next development phase. The original scheme appeared to achieve its objectives by assisting residents who were looking to the Council to help resolve their difficulties. The new scheme will continue to meet the same objectives.

5.5.2 Pursuant to the Equality Act 2010 (“the Act”), the Council has a legislative duty to have ‘due regard’ to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; and promoting good relations between those with protracted characteristics and those without. The ‘protected characteristics’ are ages, race, disability, gender reassignment, pregnancy and maternity, religion or belief and sexual orientation. The ‘protected characteristics’ also include marriage and civil partnership, with regard to eliminating discrimination.

5.5.3 The Council is committed to improving the quality of life and wider participation for all the economic, educational, cultural, and social and community life in the Borough. This is achieved by pursuing successful regeneration of the Borough’s regeneration areas. This will benefit all sections of society and the Borough’s diverse communities who are seeking housing and contribute to addressing the shortage of housing in the Borough across all tenures.

5.5.4 A diversity monitoring form will be included within the Hardship Acquisition Buyback Application pack. This form will be used to collect data to ensure that Council meets its ‘legislative duty’ on the ‘protected characteristics’. The Council will also take the ‘protected characteristics’ into account when making decisions on these cases and the outcomes will be evaluated. It is important to note that the equalities implications will be regularly reviewed and updated whether through an Equalities Impact Assessment Plan or by other mediums during the life of the project.

## **5.6 Consultation and Engagement**

5.1 The Council and the Development Partners have appointed a Resident Independent Advisor to work with the residents on the Whitefield Estate within the regeneration area, and have established the Whitefield Estate Steering Group. The Council meets with the Steering Group on a bi-monthly basis, and the next meeting is due to held on 05<sup>th</sup> June 2014.

5.2 The Council has also held special surgeries for homeowners on the Whitefield on 29<sup>th</sup> April 2013 and on the 8<sup>th</sup> May 2013, to help to address some of the issues raised at the public open meetings and at other consultation events.



- 5.3 The Council and Development Partners will continue to consult with residents at public open meetings and at Steering Group meetings.

## **6 BACKGROUND PAPERS**

- 6.1.1 Cabinet Resources Committee 16th June 2005 (Decision 6b) approved the hardship buyback scheme on Stonegrove/Spur Road and Grahame Park housing estates with prudential borrowing to finance the acquisitions on Grahame Park. The numbers of properties acquired to be capped at 45.  
<http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/200506161900/Agenda/Document%205.pdf>
- 6.1.2 Cabinet Resources Committee 30 March 2006 (Decision 15) approved the inclusion of Dollis Valley housing estate into the Scheme, with the same conditions as set out in the previous report for Stonegrove and Grahame Park.  
[\[http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/200603301900/Agenda/Document%2014.pdf\]](http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/200603301900/Agenda/Document%2014.pdf)
- 6.1.3 Cabinet Resources Committee 28 November 2006 (Decision 12) considered a progress report on the hardship scheme with the number of properties now been acquired to be capped at 58.  
[\[http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/200611282000/Agenda/Document%2010.pdf\]](http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/200611282000/Agenda/Document%2010.pdf)
- 6.1.4 Cabinet Resources Committee 23 February 2009 (Decision 6), Council Budget and Council Tax 2009/10.
- 6.1.5 Cabinet Housing and Regeneration Committee 1 December 2009 (Decision 9), progress report on the Hardship Buyback Scheme and set out alternative options for discussion.  
[\[http://barnet.moderngov.co.uk/Data/Cabinet%20Housing%20and%20Regeneration%20Committee/200912011900/Agenda/Document%207.pdf\]](http://barnet.moderngov.co.uk/Data/Cabinet%20Housing%20and%20Regeneration%20Committee/200912011900/Agenda/Document%207.pdf)