




Report to:	Housing, Economy and Business Committee	Date:	25 September 2018
Report title:	Estate Regeneration rehousing and compensation scheme		
Report from:	Mary Morrissey, Strategic Director, Environment, Housing and Regeneration		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Jayne McCoy		
Author(s)/Contact Number(s):	Simon Pickles, Housing Regeneration Manager, 020 8770 4954		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • Making informed choices • Living well independently 		
Open/Exempt:	Open		
Signed:		Date:	13 September 2018

1. Summary

- 1.1 Seven housing estates have been included in the Sutton Local Plan 2016-31 and Town Centre Masterplan as potential regeneration projects (subject to viability and resident engagement). As part of the Council's approach to community engagement it is very important to clearly set out what commitments and offers we intend to make to residents on estates where regeneration is being considered, as a basis for preliminary discussion with residents. No decisions have been taken on the future of these estates.
- 1.2 In March 2017, HEB Committee approved a 'Statement of Intent' which could form the basis of an Estate Residents' Charter (comprising the engagement process and the council's intended offer to residents, including compensation and the right to live on the new estate).
- 1.3 This report sets out the proposed range of commitments and offers to residents on estates where regeneration may be considered by the Council, to ensure residents (tenants and homeowners) are protected and treated fairly if regeneration were to take place.

2. Recommendations

The Housing, Economy and Business Committee is recommended to:

- 2.1 Approve the proposed commitments and offers (principles at this stage) set out in this report (at Appendix A) as a basis for preliminary discussion with residents on estates where regeneration may be considered by the Council.
- 2.2 Delegate authority to make any further adjustments to this scheme to the Strategic Director of Environment, Housing and Regeneration, in consultation with the Chair of the Housing, Economy and Business Committee, subject to review when needed by committee of a consolidated version of the Regeneration Rehousing and Compensation scheme.

3. Background

- 3.1 In preparation for resident engagement and viability assessments on potential regeneration schemes, it is good practice to have in place a Regeneration Rehousing and Compensation Scheme. This will inform 'Residents' Charters' that will be prepared in collaboration with Residents' Steering Groups. Given that this scheme will be prepared in line with resident consultation over a period of time, it is recommended that authority be delegated to the Strategic Director (Environment, Housing and Regeneration), in conjunction with the Chair of the committee, to make changes to the scheme, which will enable officers to maintain momentum in their dialogue and partnership with residents.
- 3.2 In an ideal world, each regeneration project would be phased so that residents only have to move once, i.e. their move would be straight into a new home on the regenerated estate, if that is their preference. However, this approach is dependent on having an available piece of land on which to build the first block and this will not always be the case, so it is inevitable that some residents will have to move twice, once on an interim basis and once to their new permanent home on the regenerated estate.
- 3.3 The scheme, at Appendix A, is structured under four headings:
 - Overall commitments
 - Council secure tenants
 - Resident homeowners
 - Non-resident homeowners
- 3.4 The offer to owners within the scheme explicitly favours resident owners, as opposed to non-resident owners (private landlords), with the objective of retaining the existing community as far as is possible and making regeneration deliverable.

4. Issues

- 4.1 Both the Ministry for Housing Communities and Local Government (MHCLG) and the Mayor of London have issued guidance on good practice for estate regeneration. These include expectations on how Councils will engage with residents and in particular how residents should be protected in terms of re-housing, compensation and advice. All guidance has been followed in drafting the Council's proposed Regeneration Rehousing and Compensation Scheme. The Mayor's guidance has been followed and exceeded in respect of owners ('A fair deal for leaseholders and freeholders').



- 4.2 The drafting of the scheme has also benefited from learning from other London boroughs and the Council's own experience of developing an 'offer' to residents of the former Durand estate (as part of the Lavenders regeneration programme 2008-2020). Based on high-level financial assessments, which should be subjected to further detailed analysis, the proposed scheme would have a limited negative impact on viability.

Options appraisals:

- 4.3 At this stage no agreement has been reached on which estates may be regenerated. The regeneration process involves setting up a Residents' Steering Group on each estate and working through options appraisals with them (i.e. regeneration; infill development; block extensions, Decent Homes works only; mixture of the different options).

Consultation with residents:

- 4.4 It is important that residents affected by estate regeneration plans are consulted on the rehousing and compensation scheme during initial engagement about the future of their estate. Full consultation will ensure a collaborative approach to agreeing the commitments and offers appropriate to their estate, which will form part of a Residents' Charter. Where the Council seeks grant funding from the GLA, the Mayor of London has confirmed a requirement to carry out a resident ballot before proceeding with regeneration in defined circumstances - including demolition and size of new development. (See Background Documents at the end of this report for further information).
- 4.5 The Council has commenced the recruitment of an Independent Tenant and Homeowner Adviser (ITHA) to support residents throughout the regeneration process.

5. Options Considered

- 5.1 Officers have considered a range of alternative offers and commitments as part of drafting the Regeneration Rehousing and Compensation Scheme.
- 5.2 Changes will be made to the proposed scheme as a result of this committee's consideration of the scheme, resident engagement on individual estates and viability assessments. However, the proposed scheme ensures negotiations and financial assessments can start from a common baseline.

6. Impacts and Implications

Financial

- 6.1 Once agreement is reached as to what estates may be regenerated, a detailed option appraisal will be needed and the costs of rehousing and compensation scheme will need to be funded by any proposed scheme going forward.

Legal

- 6.2 Whilst there are a number of powers available to the Council to ultimately acquire properties by compulsion under the Housing Act 1985 and the Town & Country Planning Act 1990 which provides a local authority has power to acquire land compulsorily if they are satisfied that the acquisition will facilitate the development, redevelopment or improvement of the land in their area and where they are also satisfied that the development will contribute to the economic social and environmental well being of the area, use of such powers is a last resort and best practice is to proceed with commitments on a voluntary basis in early course to have the most meaningful engagement with residents.
- 6.3 The policy is not intended to alter the rehousing provisions within the existing Sutton Housing Allocations Policy which would require approval at full committee see excerpts from the existing policy below at Appendix B sections 4.2 and 4.6 where circumstances and need for band A status include 'Decants', where households will still be considered in accordance with agreements and policies set out in the appropriate Regeneration Scheme.
- 6.4 Any right to return may need to be offered on a qualified basis to cover the position where the best option for the community may mean that the Council cannot meet the size (number of bedrooms) of the existing property for all households; in such an event the council will consult with the affected residents early in the process and seek to offer suitable alternative accommodation in the local area on a voluntary basis.
- 6.5 The Council's statement as to the retention of the freehold of the regenerated estate is that it intends to retain the freehold of regenerated estate where possible, subject to development requirements partnering and financing etc. If there is a mix of freehold housing on the existing and regenerated estate this may be offered as part of a swap on a freehold basis.

Options for securing the Council's Shared Equity interest

- 6.6 There are a number of ways the Shared Equity option could be secured. It would be the more appropriate to deal with this arrangement by a "right of first refusal" – a contractual provision in the lease, secured by a restriction on title, that prevents a tenant from disposing of the lease without satisfying the terms of the pre-emption provisions in the lease. Procedurally, this would be more straightforward in terms of administration as the onus will be on Tenant to notify the Council of a proposed disposal and the Council will have to decide whether to exercise its right of first refusal or permit the disposal and whether any repayment is due at that time.
- 6.7 If the other option of a charge is created it could create potential for an argument that some form of financial assistance has been provided to the tenant which would then lead to requirements to comply with additional regulatory hurdles under the Housing Act 1985 and related legislation including charging interest on the unpaid portion in accordance with rates from time to time in the charging schedule. It also suggests that there is some form of loan which is not how the model should work-it is that the equity is shared. The use of a legal charge would be appropriate where there was a need to secure an unpaid debt but what we are in fact seeking to do is to secure the Council's value in the dwelling. Using this mechanism would also require the charge



to be enforced to procure a transfer back to the Council at the relevant time and could adversely affect the ability of the tenant to secure further mortgage finance in respect of their part of the equity in the future.

Equality Impact Assessment (summary below; full document at Appendix C)

- 6.8 The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:
- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act
 - Advancing equality of opportunity between those with 'protected characteristics' and those without them
 - Fostering good relations between those with 'protected characteristics' and those without them.
- 6.9 The Council has a 'Specific Duty' to publish information about people affected by our policies, practices and decisions, and the Equality Impact Assessment provides evidence for meeting the Council's commitment to equality, social cohesion and the responsibilities outlined above. Overall, regeneration, should it proceed, will provide positive opportunities for existing residents and the wider community by making a significant contribution to the delivery of new homes in the borough, including more affordable homes of a higher quality that are more efficient and sustainable to help reduce fuel poverty and improve the quality of life for people of all ages, genders and backgrounds. New homes will be designed to prevent crime and improve safety and will create a new neighbourhood that builds on the strengths of the exiting community to encourage inclusion, cohesion and positive relations amongst new and existing communities.
- 6.10 If regeneration proceeds, it may have some short term adverse impact on residents and certain groups (for example, older or vulnerable people). The disruption caused by moving home, as well as prospect of moving more generally can cause anxiety for vulnerable groups, particularly if they have lived in their home for many years. To mitigate this the Council under its Residents' Charter will provide a compensation package of support to assist residents with moving, in order to make the process as least stressful as possible. The Council through a process of continuous resident engagement, will provide dedicated support to those who need it and will hold regular 1-2-1 meeting to establish individual needs and preferences. This is in addition to providing financial compensation and support through home loss and disturbance payment to meet the associated cost of moving, so that no secure resident is left in financial hardship. Additional rehousing support will also be offered to vulnerable residents, including packing, unpacking and removals, arranging the dis-connection and re-connection of appliances and services, re-fitting carpets, curtains and general handyman services, as well as support with more specialist property adaptations and support where needed. The commitments under the Residents' Charter form the basis of the Council's offer to its secure tenants and resident homeowners, and are in keeping with the Government's statutory requirements and good practice guidance.



7. Appendices and Background Documents

Appendix letter	Title
A	Estate Regeneration rehousing and compensation scheme
B	Relevant excerpts from the existing Council allocation policy
C	Equality Impact Assessment

Background documents
Homes for Londoners - Mayor of London publication: Good practice Guide to Estate Regeneration .
Estate Regeneration National Strategy - Resident Engagement and Protection - DCLG publication.
Mayor London's new funding condition to require resident ballots in estate regeneration
Estate Regeneration Engagement Proposals, Housing, Economy and Business Committee, 21 March 2017
Estate Regeneration Engagement Proposals, Housing, Economy and Business Committee, 13 June 2017

Audit Trail		
Version	Final	Date: 13 September 2018
Consultation with other officers		
Finance	Yes	Lyndsey Gamble
Legal	Yes	Susan Sime, SLLP
Asset Management	Yes	Chris Rhodes
Equality Impact Assessment required	Yes	Completed