

<b>Committees:</b>	<b>APPENDIX 1</b>
Housing Management and Almshouses Sub Committee	<b>Dates:</b> 16/09/2019
<b>Subject:</b> Letting/Sales Policy for New Developments	<b>Public</b>
<b>Report of:</b> Andrew Carter Director of Community & Children's Services  <b>Report author:</b> Michael Kettle Senior Housing & Commercial Development Manager	<b>For Decision</b>

### Summary

The City of London Corporation (the City) has several new development schemes in progress now. These will be funded through a combination of Greater London Authority (GLA) grants, planning gain (S106 monies) and Right to Buy (RTB) receipts. It is likely however, that the City will need to consider a range of tenures to cross finance these schemes so that they are financially viable. This paper considers the various type of tenures that could be offered, and it seeks to establish some basic principles such as, adopting local lettings plans and Tenants Charters for these new developments.

### Recommendations

Members are asked to agree the following:

- A Local Lettings Plan be agreed for each development;
- A Tenants Charter to be implemented for each development;
- Studio flats classified as small one-bedroom flats at Sydenham to be eligible for existing applicants on our waiting list who qualify for studio flats;
- Long leaseholders who occupy their flat as their only or principal home are offered a new flat if their existing flat is subject to demolition as part of a new development on terms to be agreed;
- Views of the Comptroller and City Solicitor are sought in relation to shared ownership terms and the purchase of existing sold properties and a further paper is brought to this Committee to finalise/agree such terms.

### Main Report

### Background

#### 1. Local Lettings Plan.

The introduction of a Local Lettings Policy is recommended for our new developments because it would have several advantages for existing residents.

- New development on existing estates is always a hard sell to current residents, due to the noise and disturbance involved with the new build. By adopting a Local Lettings Plan, we can target existing tenants and address their specific housing needs problems and, in certain cases offer them specially adapted flats.
- A Local Lettings Plan is looked on favourably by some of our host authorities especially, Southwark and Islington, and assists with subsequent planning applications.

## **2. Tenants Charter**

A Tenant's Charter has been introduced on our estates so that tenants are given specific assurances regarding the new development with the following provisions being adopted.

- Noise/construction protocol introduced to minimise disruption to residents including, for example, no work on Sundays;
- An assurance that in the case of regeneration, tenants will only move once and will not be forced to leave the estate.

## **3. Existing Developments**

New housing developments are being proposed at Sydenham Hill, Avondale Square, Sumner Buildings, York Way and Windsor House.

A Local Lettings Plan has been adopted for these developments. With regard to Sydenham Hill, some of the flats will be very small one-bedroom, one-person units. They are classified as one-bedroom to conform with Lewisham's planning policies which do not normally permit studio units for social housing. These flats will be part of the City's allocation of units and will be available for people who qualify for studios on our waiting list (a departure from our normal allocation policy).

## **4. Tenure**

The City has, up to now, provided properties for social rent which have been financed through either grants or Right to Buy receipts and planning contributions Other tenures are now being considered to make the schemes financially viable.

- **Private Rented Sector/Private Sales**

One of the current proposals under consideration for Sydenham Hill, is that one block is purchased by the Property Investment Board and let privately. The flats in this block would be managed by the City with a management fee being payable. This block would have to be in a company name as the City, as a Local Authority, cannot grant private tenancies on assured shorthold basis. Another possibility would be that this block is sold privately, or it contains a mixture of private and shared ownership units.

- **Shared Ownership**

Another form of tenure that we will need to consider is shared ownership and, if we actively want to promote this on our new developments, there are several advantages including:

- GLA wants a mixture of tenures and has granted £280,000 for 10 new shared ownership units at York Way.
- This form of ownership may be attractive to existing tenants who could not afford to purchase their flat outright under the RTB. (for example, a one-bedroom flat at Sumner is now valued at £470,000 so the sale price even with the RTB discount would be £370,000. Therefore, a 25% share option might be attractive to an existing tenant so that they can get on the property ladder and it would free up their flat for someone on our waiting list).

However, we must decide on the particular terms and conditions attached to this tenure such as:

- Do we charge rental on the part of the flat they do not own?
- What happens to RTB discount entitlement?
- What will be the terms of future staircasing?

- **Sold Flats**

The City must agree on its policy for sold flats if there is major regeneration resulting in the demolition of some blocks. There are no firm plans for demolition at present, but this is something that is being actively considered at Windsor House where, there is potential to completely rebuild the estate in stages (the one move only policy for tenants would apply). Obviously, any major regeneration involving GLA grant funding would be subject to a resident's ballot.

At Windsor House, Hackney, 32 of the 104 flats are held on long leases. Having spoken to Hackney, who have carried out regeneration of some their own estates, they adopt a different policy for leaseholders depending on whether they reside in their flat as their only or principal home. Leaseholders who do not reside in their property as their principal home and sublet their flats are subject to Compulsory Purchase. Leaseholders who live in their flat as their principal home are offered a new flat in the new build. This could be on a shared equity basis depending on values. Of the 32 leaseholders at Windsor 16 sublet their property.

We need to agree whether we treat leaseholders differently and, if so, the terms upon which secure leaseholders are offered a new flat. The London Borough of Southwark, for example, offers its secure leaseholders a new flat on a shared equity basis if the value of their new flat is more than their existing property. However, they do not pay rental on the part they do not own but, do pay full-service charge)

## **5. Conclusion**

The City must give out a consistent message at the start of the consultation process for new developments on its estates. The adoption of a Local Lettings Plan and a

Tenants Charter helps sell the concept of development to existing tenants on the estates.

The City must also agree to adopt different forms of tenures to maintain developments on our estates because the amount of S106 monies, GLA grants and Right to Buy receipts are limited. Finally, moving forward, policies regarding the repurchase of sold flats and shared ownership terms must be agreed.

Michael Kettle, Senior Housing & Commercial Development Manager,  
T: 020 7029 3944  
E: [michael.kettle@cityoflondon.gov.uk](mailto:michael.kettle@cityoflondon.gov.uk)