

WOODBERRY DOWN ESTATES

**THE EFFECTS ON RESIDENTS OF REFURBISHING
OR DEMOLISHING THEIR HOMES**

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January 2001

KEY PROPOSALS

The key proposals described in this report are:

1. Provision to be made in the planning of the regeneration programme for all existing residents to return to the estate acknowledging that it is unlikely to be the case for many residents (Section 2).
2. Conduct research into the likely number of residents who would like to return to the estate so that future demand can be estimated (Section 2).
3. Conduct research to determine the proportion of properties which will be for social housing, shared ownership and key worker accommodation, and for private sale (Section 2).
4. Examine the application of service charges for properties in blocks to be refurbished and in particular:

The reasons why leaseholders cannot pay service charges.

The reasons why leaseholders would not be liable to pay service charges.

Provide options available to leaseholders and the Council in respect of residents in these situations.

Review the legal position on these taking into account Council procurement arrangements, and devise a policy to accommodate these circumstances (Section 4).

5. Review the options available to leaseholders and the Council for properties which are to be refurbished (Section 4).
6. Review and provide additional options available to leaseholders and the Council for properties which are to be demolished (Section 5).
7. Prepare the following five documents so that secure tenants and leaseholders will have some certainty about what they expect and require from the Council:

Secure Tenants' Decant Expectations Document.

Secure Tenants' Decant Agreement.

Leaseholders' Decant and Compensation Expectations Document.

Leaseholders' Decant and Compensation Agreement.

Individual Leaseholders' Decant and Compensation Agreement.

And as soon as practicable consult on these with the Estate Development Committee and other organisations (Section 6).

8. Adopt the decant and compensation framework using as a basis the prescribed legal minima (Section 7).
9. Adopt the two strands involved in managing the process of changing the ownership and tenancy arrangements on the estate. The two strands which will be managed by the Woodberry Down Regeneration Team (WDRT), have been identified as:

The managing of the legal process and related work required led by a solicitor experienced in this field.

Negotiating the permanent and temporary rehousing arrangements with residents all within the WDRT (Section 8).

12. Examine the impact on residents of using the PFI procurement principles and the impact on the service provider (Section 9).

I. INTRODUCTION

The regeneration of the Woodberry Down Estate will require the decanting of almost the entire population over a period of 10 to 15 years. This will mean moving between 5000 and 6000 people out of their homes and in many cases back into new ones or refurbished ones. The effect of this mass movement of people will not be confined to secure tenants, but will also effect leaseholders. The number of leaseholders represents a large proportion of the total number of homes and this proportion is growing. At present there are about 300 homes owned by leaseholders, and a further 2200 homes occupied by secure tenants. In addition there are a small number of licensees and freeholders.

Secure tenants can purchase at a substantial discount the leasehold of the property they occupy by exercising their Right to Buy. The regeneration proposals for Woodberry Down will have the effect of increasing property values. For those secure tenants occupying property in blocks which will be demolished the current value of the property without the regeneration proposals is already considerably in excess of the discounted purchase price. Many secure tenants will seize the opportunity to purchase the leasehold in anticipation of a future profit. Furthermore, it is not possible to stop the exercise of the Right to Buy until an order for possession has been issued. This cannot be issued until there are clear plans to demolish and undertake the work and proof can be provided that this is the case. Definitive proposals to provide this proof will not be to hand until 2002. As a result of this it is likely that the number of leasehold owners will increase to 400 as a result of exercising their Right to Buy thus reducing the number of secure tenants to about 2100. This means that over time the issue of leaseholders will have a greater impact on the regeneration programme.

To deal with the effects of decanting such a large number on an ad hoc basis is irresponsible, and will add to tenants' and leaseholders' stress and uncertainty. It will also encourage many to challenge the Council's decisions and delay the process of agreement with secure tenants in general and leaseholders in particular. This could have a detrimental effect on the programme of regeneration, which is already long, largely because of the time it will take to find temporary and permanent alternative accommodation.

This report deals with the five principal issues which need to be addressed. It describes the process by which solutions can be found and disputes resolved. It also provides a framework within which individual residents' problems and circumstances can be understood and resolved.

First there is the scale of the problem. This has already been referred to. It is numerically large, and complicated by the number of different tenancy and leasehold agreements which exist. Decanting will take place over a long period and against a background of uncertainty and disruption. Many families and individuals will be clamouring for solutions to similar decanting problems, and all will regard their own individual circumstances as unique.

Next, the WDRT has made the working assumption that all residents will wish to return. This is unlikely to be the case, and reference is made in some detail later in this report to this aspect of the regeneration process. However it is a working model which the WDRT is using. Even if, say, two-thirds of the population decided to return then this does not invalidate the effects of the scale of the problem confronting the WDRT in the future, and the need for a sound process which will lead to avoiding much of the dispute resolution which would otherwise be necessary.

Many regeneration schemes have considered the effects of decanting secure tenants and leaseholders by looking first at the solution to the myriad of problems which occur, and then trying to invent or decide policy on an ad hoc basis. This has either led to partial solutions to whole problems, or missing out issues entirely until it is too late and having to invent policy in haste. For small estates, or estates with comparatively few leaseholders, this approach, whilst far from ideal, may just succeed. It would not with the large population at Woodberry Down. This report considers the effects on residents from a different standpoint. It describes a process-based analysis of how solutions should be found rather than a detailed examination of the decanting and compensation arrangements which should be made. It does however provide an idea of what these problems are likely to be. Most importantly it provides a framework within which most policies and many solutions can be framed.

It therefore provides a way in which many, if not all, of the problems which will be encountered could be addressed. It describes the similarities and differences of approach which will have to be adopted with secure tenants and with leaseholders. In order to do this, it also describes the management of the process and the way in which it should be carried out both initially and in the long-term.

Last, this report makes use of the considerable consultation exercise which is now underway by the WDRT and which will continue. Consultation with the newly formed Estate Development Committee and others, and with leaseholders' associations, is a central part of developing the approach described here. The basis upon which everything that the WDRT has done so far has been in consultation with residents.

Assessing the effects on residents of refurbishing or demolishing their homes and providing a framework for developing solutions to these problems will form part of the same consultation process. A result of this is one of the principal recommendations of this report which is the preparation of two decanting expectations documents. These are the Secure Tenants' Decant Expectations Document, and the Leaseholders' Decant and Compensation Expectations Document. These are central to the WDRT consultation process and to a programme of agreement between the Council and residents about the rehousing arrangements. This is described in Section 6 and will be a long hard task to achieve. This report is the first step.

2. REHOUSING THE DISPLACED POPULATION

The future of the estate has been described in the WDRT's report "Vision, Objectives and Procurement". The basic principle which underpins all the work which the WDRT has done in drawing up its vision and objectives for the estate for the next 20 years, and the procurement process, is that those who are currently living on the estate will want to come back. That this is unlikely to be the case, does not invalidate this underlying principle.

The first premise with regard to decanted and returning tenants, contrary to a commonly held local fear, is that no one would seriously suggest that a policy or intervention strategy would be devised which would deliberately forbid residents to return. Decanted tenants will be given the opportunity to return. The second is that if tenants live in affordable social rented accommodation now, then the re-provision must also be affordable. Any intervention strategy must therefore make possible:

The opportunity to return for many.

A positive contribution to the acute problems of housing shortage including the increasing use of bed and breakfast accommodation.

The application of the views of the Housing Commission of the Greater London Authority with respect to the provision of affordable housing as described in "Homes for a World City".

If this argument stands up so far then it immediately runs into a conflict with the idea of tenure diversity as supported by government policy and described in the Housing Green Paper "Quality and Choice: A decent home for all" and the White Paper "Our towns and cities: the future". The principle is also supported by the Urban Task Force's "Urban Renaissance" and the Social Exclusion Unit's "Policy Action Team report summaries: a compendium". Indeed it is difficult to find any organisation not to agree with the idea. It is therefore not surprising that the Council adopted it as part of the Hackney 2020 Vision.

The Council has defined specific strategic tenure targets to be achieved by 2020 and at intermediate dates between now and then and is described in "Hackney 2020 Vision". The targets are to encourage gradual home ownership over the next 20 years or so. This represents short, medium and long-term milestones. The following table shows the published targets.

TYPE OF TENURE	1998	2002	2007	2020
Owner-Occupation	29%	30%	32%	40%
Local Authority	45%	32%	25%	19%
Housing Association	13%	25%	30%	27%
Private Rented Sector	13%	13%	13%	14%

The WDRT will encourage diverse tenure and alternative forms of occupation but has found the application of the 2020 Vision difficult. This is because the proportions in each housing tenure category do not seem to fit with the reality of housing needs in the area. These were always too many or too few in any particular tenure category to make sense.

The Council has commissioned and received a report from Rosie Boughton “Bridging the Gap: A report on future housing policy for the London Borough of Hackney” on tenure diversity in general and shared ownership in particular. This report seems to be unsure about the proportions which an affordable social rented housing should be to other forms of occupation and ownership. The point which all this has in relation to the central theme of returning to estates is the numbers of dwellings which results from applying the so far rather arbitrary tenure rules.

In general terms the Woodberry Down estates have 2500 dwellings. The introduction has already referred to the fact that by the time anything happens to stop secure tenants exercising their Right to Buy the current 300 leaseholders will have probably reached 400. If this is so then there will be, say, 2100 secure tenants. At least for the purposes of this argument this is a good enough assumption.

The fabric of the estate is going to change for three reasons:

- Residents cannot be expected to continue to live in properties in the poor conditions which exist.
- Some buildings have reached or are reaching the end of their service life and will have to be demolished.
- By taking advantage of the opportunity provided by demolition and by applying the latest planning guidance and using the layout of the estates the built density can be increased and therefore the number of homes.

The results of this are shown below:

Position now	Position in the future	
2500 homes of which	Refurbished homes	1500
2100 are secure tenants and	Demolish 1000 homes and	
400 are leaseholders	reprovide with new build	1500
	Total homes in the future	3000

There are five aspects of this argument so far which can be used to provide a solution to the problem of residents returning to the estates. They are:

The WDRT has concluded that the proportions of the different tenure types given in the Hackney 2020 vision statements apply to large borough-wide, or even groups of boroughs; not to individual estates. The larger the geographical area the closer to the ideal proportions of owner-occupation to social housing will be, whatever that may be. They cannot be applied to even large estates such as Woodberry Down.

These proportions which have been adopted are to a large extent nothing more than arbitrary and aspirational.

A more rational approach is to base the provision of properties on need. This takes two forms:

The need derived from the numbers referred to in the tables on the following page.

The need for income from private sales to provide financial support for the regeneration programme.

The demand for the properties, new and refurbished, is unknown. If demand for social rented housing is low, that is few willing to return, then this will inform the reprovision on the estates. This has historically always been low on the Council's Comprehensive Estates Initiative estates; this may not be the case here. It may be possible to ring-fence voids on the estate for decants. This would have the effect of moving households around the estate, rather than moving them off it with the option to move back. This would make the population more stable and the proportion of the population wishing to remain would be higher than experienced by the Council elsewhere.

Another example would be if the demand from tenants for shared ownership was high. There is no evidence to hand at present that demand would be high, or that shared ownership represents a good investment in every case and if it did then what high demand actually is. With regard to this last point 5% of the stock in some form of shared ownership on a regeneration scheme of this size may be regarded as high. Equally there is little point in having some form of shared ownership which is affordable to few. This would have the effect of reducing confidence in the regeneration programme. A demand-led approach has the advantage of having to build or provide what people want.

The last issue is really nothing much to do with the WDRT but a lot to do with residents and Members. Whilst the analysis can be performed for the Woodberry Down estates, the wider Hackney and regional perspective will also have to be considered by others.

A rational approach to proportions to satisfy returning residents' needs and demands would be to adopt the following arrangement, which is included here as an example.

Social Rented	2000
Shared Ownership and Key Worker Accommodation	500
Private Sale	500
Total	3000

This may not be correct but proportions of this size would allow tenants who wished to return to do so although experience elsewhere in Hackney suggests that if 2000 leave then probably no more than 1000 or 1500 at the most ever return. The WDRT cannot be sure of this yet and this is an important area for future investigation and it is necessary to get an idea of the sort of options residents may want to consider. The WDRT will also have to check that the 500 private sale properties is sufficient to support the financing of the regeneration programme. In any case the numbers of affordable homes will have to be as high as possible. 500 properties in shared ownership, 16% of the total, may also be regarded as too high.

There is also no reason for all the social rented properties to be in refurbished blocks and the private sales to be in new blocks. The beginning of this further debate is shown in the following table, which is also put forward as an example.

	Social Housing	Shared Ownership	Private Sale	Total
Refurbished	1000	250	250	1500
New Build	1000	250	250	1500
	2000	500	500	3000

The results in this table also correspond broadly to the principles which may be adopted by the Greater London Authority referred to previously.

3. THE LONG-TERM PROPOSALS FOR THE BLOCKS

The long-term technical proposals for the blocks have been described in other WDRT yellow book reports and the commissioned reports upon which they were based. The three categories of technical proposal are summarised here because they begin to form the basis of the framework for considering the effects of decanting on the resident population. The three categories of work, into which all of the 104 blocks on the estates can be placed, are:

The first category contains blocks which will have to be demolished. This demolition programme will not take place at once, indeed the programme for this is limited by the speed with which residents can be decanted out of them. It does mean, obviously, that everyone living in the blocks which have to be demolished will have to be moved out. It is known that many families moved out for this reason will want to return and as has already been referred to and there will be many who choose not to do so.

The second category contains blocks which have to be refurbished in such an extensive way that decanting the families out of them will be essential. This will occur typically when gas, water and electricity supplies have to be disconnected and reprovided. It will also occur when

new kitchens and bathrooms are required, the thermal resistance of the fabric of the structure needs to be improved and materials such as asbestos removed. There is an option for secure tenants and leaseholders to move out temporarily and move back. As with the population living in the blocks which are to be demolished, some will choose to return, others will not. The financial contribution which will be required from leaseholders in these circumstances will need to be resolved.

The third category contains a few blocks which will require to be refurbished but in such a way that the residents could probably remain where they are. This is a different category of disturbance for both secure tenants and for leaseholders, but does again raise the issue of the proportion of cost which leaseholders will be required to pay.

There is also a time dimension to these categories. The reason for this is that the buildings will deteriorate over time. For example a building which now only requires a comparatively modest amount of work may in, say, 10 years time, require substantial investment. Over the life of the regeneration programme, which may extend to between 10 and 15 years, buildings in the last category will probably move up to the second category. In the same way buildings in the second category could move up into the first category. This is a matter which will have to be considered by the organisation managing the estate in the future.

Each of these three categories of treatment of the blocks will generate a variety of different responses from secure tenants and from leaseholders. This in turn will require a different set of responses and solutions from the Council in order to progress the regeneration programme. Generally, this creates two types of problem.

The first is compensation for disturbance, applicable principally to secure tenants. The Council's current policy is described in its "Decant Information Pack". The second concerns compensation for temporary loss of occupation or permanent loss of ownership for leaseholders. For both of these types of problem there will be the issue of temporary and permanent accommodation. For leaseholders the compensation for temporary loss of occupation and permanent loss of ownership and the various conventional ways in which this is normally overcome, leads immediately back to the issue of affordability.

Being able to afford to pay a proportion of the cost of the work in the form of service charges is a significant issue for most leaseholders. It is a matter which bears heavily on those leaseholders who can least afford the extra expense. This issue of service charges, and the matter of affordability of the provision of a new home are considered in the next two sections

4. THE APPLICATION OF SERVICE CHARGES FOR PROPERTIES IN BLOCKS TO BE REFURBISHED

Leaseholders pay a service charge to cover services provided by the freeholder as set out in the lease. These include cleaning, grounds maintenance, and repairs to block. As has already been mentioned, this issue is relevant where leaseholders are in a block which requires:

Refurbishment to such an extent that decanting is necessary. They move back into their home when the work is complete, if they choose to do so.

To be refurbished but only to a limited extent so that they can remain in their home while the work is carried out.

The application of service charges, that is the Council claiming a contribution from the leaseholder for a proportion of the cost of the work, is applicable in both of these circumstances. However, there are two cases to be considered which are relevant to both of these circumstances. They are: the reasons why a leaseholder cannot afford to pay, and the reasons why they would not be liable to pay.

THE REASONS WHY LEASEHOLDERS CANNOT AFFORD TO PAY

There are a number of reasons why a leaseholder could not afford to pay a proportion of the service charges, and certainly not the £10,000 upper limit which is currently applicable in certain circumstances. Assuming, of course, that this upper limit is applicable in the grant and funding circumstances at Woodberry Down. These reasons include, but is not limited to, those households whose owners are:

Without employment.

A single person or a couple in receipt of a pension as the only source of income, and with limited savings.

On a low income supplemented by welfare benefits.

Living on savings, capital or interest on capital, as the only source of income.

Able to afford repayment terms on a loan but unable to obtain one, unable to obtain a mortgage or a re-mortgage from banks and other lenders.

In employment, but at an income level insufficient to support a loan.

THE REASONS WHY LEASEHOLDERS WOULD NOT BE LIABLE TO PAY

There are also a number of reasons why a leaseholder would not be liable to pay service charges, irrespective of their economic circumstances. The extent to which they eventually pay depends on the strength of their case and the evidence which can be provided by leaseholders and the Council. These reasons include:

The Council did not specify any works in respect of the notice under Section 125B of the Housing Act 1985 of their leasehold agreement when the leaseholder purchased the property through the Right to Buy scheme within 5 years of purchase.

The obligation is not in the lease agreement.

The terms of the many different versions of leases in existence, often depending on when the leaseholder purchased the property, who the landlord was at the time of purchase, and the then current policy for drafting such leases. In these cases, some repairs, maintenance and improvement may be the duty and responsibility of the landlord. For example the responsibility to maintain the fabric of the building may in some leases remain with the landlord rather than the leaseholder. The issue is whether the lease makes clear that the leaseholder must pay for it.

The Council has failed to maintain the property to a satisfactory standard and keep it in a satisfactory condition, and has not taken prompt action to remedy defects.

The leaseholder was not consulted about the works carried out.

The works were carried out with poor materials and to a poor standard of workmanship.

There is evidence that the leaseholder has been overcharged.

A recognised tenants' association has the right to nominate a tenderer and this right was denied.

The invoice for the service charge is delivered to the leaseholder 18 months or more after the works to which the invoice refers were completed.

Clearly many of the above reasons will provide a fertile ground for disagreement, challenge and litigation. They also provide a warning about the difficulty of concluding agreements swiftly with many leaseholders

In any case if the Council does not try to recover service charges under existing leases or recovery to include appropriate payment obligations in new leases then this would probably be challenged by, say, the District Auditor. The difficulty of waiving service charge payments for leaseholders whether they are in financial difficulties or not is that they would effectively be subsidised by tenants and

Council Tax payers. Because the spending would be from the Housing Revenue Account there would be no General Fund subsidy. Alternatively, the result of such a waiver will have to be treated as an additional cost to the programme. If a tenant exercising their Right to Buy and received a notice under Section 125B of the Housing Act 1985 properly containing all the estimated costs of services charges and contributions during the next five years, the tenant would have a choice of whether or not to accept the financial commitment. If not they can continue to remain a tenant.

THE OPTIONS AVAILABLE TO LEASEHOLDERS AND THE COUNCIL

Some of the options available to the Council and leaseholders are:

- The Council buys back flats or houses it has sold through the right to buy scheme.
- The Council could consider buying back properties from those people who are in difficulty, particularly from those:

Who are unable to pay the service charges,

Who cannot re-sell, or their prospective buyers cannot obtain a mortgage,

Who are experiencing financial problems and the costs of home ownership, and express a desire to become tenants again.

Leaseholders are able to challenge the Council over unreasonable charges by application to the Leasehold Valuations Tribunal.

The Council has a duty to give a loan in certain circumstances and could improve the statutory minimum terms of a loan scheme.

The Council, almost as a last resort, could levy a charge on the property when the leaseholder cannot or will not pay the service charge. This will be actioned when the leaseholder sells the property.

Many other options exist and it is not the purpose of this report to list them all. That will be one of the tasks of those who are managing this part of the process as described in Section 8. As a minimum it will be necessary to review the legal position on the options available taking into account Council procurement arrangements and devise a policy to accommodate these circumstances.

5. PROPERTIES OWNED BY LEASEHOLDERS IN BLOCKS WHICH ARE TO BE DEMOLISHED

The previous section described the circumstances facing many leaseholders who will be required to pay service charges by virtue of the fact that their block is being refurbished and their property will remain in their ownership. The circumstances described in this section are where the block which contains the leaseholder's property will be demolished and the leaseholder's property will therefore cease to exist. This is the case described previously where compensation for temporary loss of occupation or permanent loss of ownership is the issue.

POSSIBLE OPTIONS FOR LEASEHOLD PROPERTIES SCHEDULED FOR DEMOLITION

As is the case for properties in blocks to be refurbished as described in Section 4 what follows is a sample of some of the options available. Others no doubt exist and describing, testing and evaluating them will be the subject of later work.

The Council will consider the compulsory purchase of leaseholders property at current market value. This is a difficult, costly and time consuming process and can take up to 26 months to obtain a Compulsory Purchase Order on a property. The process is now proposed by Government to be modified as described in the DETR report "Fundamental Review of the Laws and Procedures relating to Compulsory Purchase and Compensation: Final Report".

The Council could offer the leaseholder an alternative property of the same size elsewhere in the borough possibly with the following package:

A wholly refurbished property.

Legal expenses paid by the Council.

Financial assistance with removal costs.

No financial contribution from the leaseholder.

The Council could buy back the property from those who are experiencing financial difficulties and have expressed a desire to become tenants again. It may be necessary to provide them with an alternative property. One of the following three arrangements could be offered to encourage leaseholders to relinquish control:

The Council to pay off any outstanding mortgage.

A lump sum pay off of say £10,000 or whatever is considered appropriate.

Purchase back the property at current market value.

And in addition for each of the above:

Provide assistance with legal costs.

Provide assistance with removal costs.

The Council could offer leaseholders a new property on the estate after the new build programme is completed of the same size. The new properties would always have a greater value than the old properties. Therefore if the leaseholder gets a new for old property swap then their equity stake would increase dramatically. This would be a much better arrangement for the leaseholder than remaining in a block and having to pay a service charge by way of contribution of, say, £10,000. Alternatively it could be offered as an equity swap with the same equity in the new property. As with many of these proposals this would involve moving the leaseholder to temporary accommodation elsewhere in the Borough. In the interim period the Council would provide the leaseholder with:

Accommodation.

Financial assistance towards the removal and the legal costs incurred. The treatment of the increase in value which is given away would have to be dealt with in this option and is unlikely to remain unchallenged.

6. THE PROCESS TO BE ADOPTED

The process to be adopted is based largely on the WDRT's consultation process and which is described in the WDRT's report "Community Leadership at Woodberry Down". In order to begin to meet the expectations of secure tenants and leaseholders a consultation process will take place and which will need to be documented. Subsequently these documented expectations will have to be converted into an agreement between secure tenants and the Council and leaseholders and the Council. These documents will provide the basis of the conduct by the Council of the decant and compensation arrangements within the law as it stands at any one time during the next 10 or 15 years. It will also provide secure tenants and leaseholders with some certainty about what they can expect from the Council in terms of standards of performance and compensation. Five documents will have to be prepared. They are:

Secure Tenants' Decant Expectations Document.

This will be a major part of the consultation process, modified as far as possible to reflect the decant and compensation framework described in Section 7.

Secure Tenants' Decant Agreement.

This will be the binding agreement between the Council as landlord and its secure tenants which takes as its basis the Secure Tenants' Decant Expectations Document and frames it into an agreement which has the approval of Members.

It may be that these two documents could be produced as one, that is, the tenants' decant agreement could be produced without an expectations document. The WDRT view at present is that this is extremely unlikely, and in any case tenants are becoming used to this form of consultation and it is a matter in which the Estate Development Committee will take an interest. The production of two separate documents may be regarded as protracted and perhaps even pedantic, but it will achieve the objectives. It has the added advantage of providing secure tenants with an understandable document which they can contribute and relate to as opposed to negotiating a fairly formal agreement.

With regard to leaseholders the following three documents will be required:

Leaseholders' Decant and Compensation Expectations Document.

This will be a document in many respects similar to the one referred to above for secure tenants.

Leaseholders' Decant and Compensation Agreement.

This will be largely a generic agreement covering the main principles of the agreement between the Council as the freeholder and its leaseholders. It will not deal in sufficient detail to cover every individual leaseholder's circumstance for the reasons referred to elsewhere.

Individual Leaseholders' Decant and Compensation Agreements.

These will have to be negotiated separately for all leaseholders on an individual basis which may amount to as many as 400 contracts.

It may be that the Expectations Document and the companion Agreement could be done at the same time. For the same reasons described for secure tenants, the WDRT consider that this approach will be difficult and that a much better and pragmatic approach is to negotiate the arrangements in the three stages described above.

Few documents exist which provide guidance on this approach. However the Stepney Charter, prepared by Capital Action on behalf of the London Borough of Tower Hamlets, may provide a useful guide. The consultation process for all of these documents in the first instance, and in order to obtain views on the expectations documents in particular, will be carried out as soon as practicable with:

The recently formed Estate Development Committee.

And in addition:

Tenants' associations.

Estate committees.

Stamford Hill Leaseholders' Association.

Other leaseholders' associations which may be formed.

Meetings with secure tenants and leaseholders.

After the expectation documents have been drafted, approval by Members and by the above organisations will be required for the Secure Tenants' Decant Agreement and the Leaseholders' Decant and Compensation Agreement. This will then form the basis of the Council's performance and compensation arrangements and secure tenants' and leaseholders' expectations. This must be done with as little ambiguity as possible and must be capable of enduring for the next 10 or 15 years.

7. DECANT AND COMPENSATION FRAMEWORK

The Expectations Documents and companion Agreements for secure tenants and leaseholders referred to above will be drafted and agreed within the following decant and compensation framework. It will have as its basis:

In the first instance the prescribed legal minima.

Where prescribed legal minima do not exist then suitable Council precedents will be adopted.

Where prescribed legal minima or Council precedents do not exist then WDRT will advise residents, and also advise Members for their decision on proposals.

Where the prescribed legal minima or the Council precedent is considered inappropriate then the WDRT will advise residents, and also Members for their decision.

This framework will also have to take into account the Government's proposals in the "Commonhold and Leasehold Reform" Draft Bill. The DETR consultation paper "Buying back ex-council flats and houses" will also be relevant to the elaboration of this framework.

8. MANAGEMENT OF THE PROCESS

The management of the process leading up to the permanent rehousing of secure tenants and leaseholders, their temporary accommodation, and arrangements for those not required to move, will be a difficult task. On the basis of the issues described in this report two strands to this management process have been identified and which will be within the WDRT.

The management of the legal and related work required represents the first strand. The team delivering this strand should be managed by a lawyer employed specifically for this task. The work will include:

Defining the legal process.

Locating and interpreting the secure tenancy and leasehold agreements.

Drafting the secure tenants' decant agreement.

Drafting the leaseholders' decant and compensation agreement.

Drafting and agreeing the individual leaseholders' decant and compensation agreements.

Advising residents and Members of any alternatives required from the prescribed legal minima referred to in Section 7.

Applying for Compulsory Purchase Orders for domestic, retail and commercial property and managing the process.

Advising the Council on the circumstances under which leaseholders would not be liable to pay service charges as referred to in Section 4.

The second strand of the management process is concerned with negotiating the permanent and temporary rehousing arrangements with residents. The team undertaking this task will be managed by a permanent Community, Rehousing and Finance Manager who will also be within the WDRT. The tasks related to this second strand of the management process includes:

Consultation with the Estate Development Committee and other organisations referred to in Section 6.

Negotiate with individual secure tenants and leaseholders their alternative accommodation requirements and identify and make available alternative accommodation.

Assist the Estate Development Committee and others to draft the Secure Tenants' Decant Expectations Document.

To help the leaseholders' associations to draft the Leaseholders' Decant and Compensation Expectations Document.

Source alternative temporary and permanent accommodation.

Implement the decant and compensation framework described in Section 7.

If the management of the process is satisfactory, and if the key proposals are implemented, then the effect on residents of the regeneration programme will not be as difficult or as traumatic as would otherwise be the case. This is one of the aims of the WDRT. It will help ease what in any case is going to be a difficult task over many years.

9. THE EFFECTS OF THE PRIVATE FINANCE INITIATIVE

It is possible that the Private Finance Initiative (PFI) could be used at Woodberry Down for the refurbishment of some of the homes. It is also possible that some form of cross-sectorial or bundled form of PFI could be used as well. This is described in the WDRT report "Vision, Objectives and Procurement".

This report ends with this brief discussion not so much as a footnote but to give some idea of the effect on residents if this procurement route is adopted for some of the estate.

This procurement route for obtaining service delivery effects the recipients of the service, that is the residents, and also the providers of the service. It is acknowledged that this report is about the effects on residents rather than on any other group. However, the effect of a PFI programme will have on a service provider will also impact on residents in some cases.

THE EFFECT ON RESIDENTS

There will not be a transfer of ownership and the Council will remain the owner of the freehold. There will however be other matters to be considered including the following:

Secure tenants retain secure tenancy status, and this cannot be negotiated away.

The organisation managing the estate will not necessarily be a Registered Social Landlord (RSL), such as a housing association, but could be a Private Sector Partner.

Consultation will be required to the extent to which it is now taking place, particularly with the Estate Development Committee, on the procurement issues involved.

The provision of refurbishment, maintenance and housing management will be provided for up to 30 years and will not be carried out by the Council unless it successfully tenders for the work.

The Council will exercise control over the management of the estate using a Concession Agreement with the service provider.

THE EFFECT ON THE SERVICE PROVIDER

The following matters require attention together with any secondary effects on leaseholders. If potential leaseholders are not directly involved in this then they will certainly be interested spectators. Where a secure tenant exercises their Right to Buy there will be implications for the PFI arrangements. In particular:

If a secure tenant buys the leasehold of the property they are living in then the Council will retain the responsibility under the lease for certain work, for example structural repair. The Council will, under a PFI contract, be in a contract under which those repairs are carried out by the service provider. The Council will have to provide estimates of future service charge payments and it is difficult to see how these will be calculated. In the same way under the Landlord and Tenant Act 1985 the Council will have to provide estimates for future major repairs. Because the Council will not be carrying out the work itself or obtaining estimates, but will be paying through the Concession Agreement on an annual basis, it is difficult to see how it will be able to comply with its obligations. It may be possible to delegate this responsibility to a willing service provider.

Another matter is that of compensation. If a leasehold is purchased then the service provider will require compensation for loss of future rental income. Presumably the Council will have to pay this, calculated on a basis yet to be agreed. Alternatively this is a risk which is transferred to the service provider.

This is a brief review of the circumstances which have to be considered in relation to PFI arrangements. Many others will emerge when the Concession Agreement is drafted and negotiated. As has already been mentioned, secure tenants and particularly leaseholders will be interested spectators in this process and stakeholders in the Concession Agreement.

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