

Appendix B

Key Guarantee Consultation Suggestions

This report summarises the requests for changes that have been made through the consultation on the proposed Key Guarantees. For each request for a change, a response has been provided.

| REF | SUGGESTION / REQUEST | RESPONSE |
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| GENERAL | | |
| G1 | The Key Guarantees should be more explicit that existing residents living on an estate undergoing regeneration will have priority for the new homes before these new homes are made available for other people. | It is confirmed that existing residents living on an estate will have priority. This will be made clearer in the Key Guarantees. |
| G2 | It should be clearer for how long the Key Guarantees will remain in effect. | Once regeneration of an estate has been completed, then the Key Guarantees fall away. Those elements of the Key Guarantees pertaining to future lifetime assured tenancies or leases will by then have been incorporated into new Homes for Lambeth tenancies and leases. This will be made clearer in the documentation. |
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| TENANTS | | |
| TENANTS - KEY GUARANTEE 1 | | |
| T1 | Tenants should be guaranteed succession rights. | <p>The assured lifetime tenancies will replicate the same rights that tenants currently have in their secure tenancies.</p> <p>Succession rights for current secure tenancies depend on when their tenancy was granted. If a secure tenancy was granted before April 2012, then succession can pass to a spouse, civil partner, other family member or carer who has lived with the tenant for at least 12 months before the</p> |

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| | | <p>tenant's death. If a secure tenancy was granted after April 2012, then succession can only pass to a spouse or partner who is also occupying the home at the time of the tenant's death, or to the tenant's child(ren) if they have been living in the tenant's home with them for at least 12 months before the tenant's death.</p> |
| T2 | <p>Tenants should be provided with a secure tenancy in their new home or, at the very least, with a preserved/contractual right to buy.</p> | <p>The legal obligation on the council in undertaking estate regeneration is to provide tenants with a suitable new home.</p> <p>The purpose of setting up Homes for Lambeth is to build more and better homes for the borough, and in particular provide more homes for council rent. Allowing right to buy is potentially incompatible with the objective to increase over the long term the supply of affordable homes in Lambeth.</p> <p>The council is going to consider this item further and consult on it as part of the process of formulating and adopting assured lifetime tenancies.</p> |
| T3 | <p>The Option to Return should be a Right to Return and new estates should be designed so that homes are designed and reserved for tenants regardless of whether they have left the estate or not.</p> | <p>The council will prioritise new homes for those living on an estate at the time that redevelopment takes place; they will be re-housed first, before homes are offered to any other parties. The process of designing and planning a new estate is a long process, where clear fixes have to be made, such as through the planning application process. If a tenant chooses of their own accord to move away from an estate, then the council will no longer consider them as part of the formal design brief for the future accommodation mix on the estate. But the council has committed to provide an Option to Return, which can be taken</p> |

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| | | <p>up if there are suitable homes available once residents on an estate have been re-housed.</p> <p>If a tenant wishes to retain an Option to Return, then they can apply for this at the time that they move. They will then be notified what homes are available on the estate at the end of the regeneration process, before these homes are offered to those on the housing waiting list.</p> <p>Where the council asks a tenant to move temporarily off an estate in order to facilitate redevelopment of the estate, then they will have a Right to Return and their housing need will be accommodated within the design of the new estate.</p> <p>No change will be made to the current Option to Return.</p> |
| T4 | <p>Previously the council had made a commitment to move people only once. This seems to have been omitted from the proposed Key Guarantees. Tenants have requested for this to be re-instated.</p> | <p>Through engagement with residents it is clear there are mixed views on this. Some residents want a shorter construction programme even if this means moving more than once. Others prefer only one move even if this means a longer construction programme. Given this the council will consult with residents on each estate about the construction programme and try and find the best mix between the two approaches. Hence the objective has now been set to minimise disruption for residents.</p> |
| T5 | <p>Tenants should be allowed to acquire a shared ownership property on the new estate.</p> | <p>The objective of the estate regeneration programme is to build more and better homes. Opening this option up to all tenants would, as with Right To Buy, potentially reduce the number of affordable homes the council has to house its tenants over the longer term. The council also needs to consider how this would affect the viability of any estate regeneration project. As a result, the council won't be putting this option into the Key Guarantees</p> |

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| | | at this time. However, the council will keep this under review and consider the matter in more detail on an estate-by-estate basis, if there is a demand from tenants for such option. |
| TENANTS – KEY GUARANTEE 2 | | |
| T6 | Where there is overcrowding of adult children, the council should offer to re-house the adult children into 1-bed properties. | The council is committed to enabling existing households to remain on their estate. The Key Guarantees will enable re-housing of adult children by re-providing homes for secure tenants up to the same number of bedrooms as existing homes. The council cannot re-house adult children into separate homes as this would conflict with the council's Allocation Policy and could be considered unfair to other tenants and those on the housing waiting list. As a result the council won't be offering separate accommodation for adult children. |
| T7 | Tenants should be offered new homes on a like-for-like basis. | Tenants will be offered homes according to their housing needs as determined through the council's housing allocations policy, taking into account exceptions as specified in the proposed Key Guarantees. The redeveloped estates will be built to a higher density than existing estates and there will likely be fewer properties with gardens. The council cannot make any specific commitments beyond ensuring that the number of bedrooms in new homes meet defined housing need and are suitable in accordance with Part IV of Schedule 2 of the Housing Act 1985. New homes will be allocated to residents according to a Local Lettings Plan to be developed for each estate. |
| T8 | There should be a commitment to offer supported living options for vulnerable or disabled tenants. | The council will work with each tenant to explore the best housing solution for them, which will include consideration of supported living, extra care, sheltered housing, etc. This already applies to all tenants regardless of whether they live on an estate undergoing estate regeneration. |
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| TENANTS – KEY GUARANTEE 3 | | |
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| T9 | There should be a commitment that rents remain the same as existing rents. | Rents will be calculated on the same basis as existing rents using the same formula. As new homes will be much better quality than existing homes, and as a consequence will be of higher value, then the rents will necessarily increase. Rents for tenants will, however, still be council rents and will vary into the future in line with all other Lambeth council rents. To address the potential increase in rents, Lambeth has committed to phase in such rent increases over a five year period. |
| T10 | There should be a commitment not to make any tenant homeless because of an increase in rent. | Rents will still be council rents and will still fall significantly below any housing benefit thresholds. Where there are exceptional circumstances, where a tenant may struggle to afford the new rents, then the council will consider these on a case-by-case basis. |
| T11 | There should be a commitment that a tenant’s monthly out-goings will be no more than they currently are. | The council has committed that rents will continue to be council rents. The council will work with residents to seek to keep service and utilities charges low. The council cannot make any blanket commitment that household monthly expenses will not increase. However, it is planned that the new homes will be of a significantly better environmental performance than existing homes which will mean they will be more cost effective to run with more efficient heating and hot water systems, improved insulation, use of renewable energy sources (LBL to confirm) all of which should contribute to lower costs of running the home. |
| T12 | There should be a commitment that new tenants moving onto an estate should pay council rent and not affordable rent. | Rents for existing tenants will remain at council rent levels. Beyond that, the council is seeking to maximise the number and proportion of homes that can be provided at council rent. The actual numbers of new homes to be provided at council rent will be determined on a project-by-project basis and will depend on |

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| | | the cost of the project and the level of cross-subsidy that can be provided from market sale and market rent properties. |
| T13 | Where rent increases are required, there should be a commitment that it is new tenants moving onto an estate that pay the higher rents. | Rents for existing tenants are guaranteed to remain at council rent levels. |
| TENANTS – KEY GUARANTEE 4 | | |
| T14 | Disturbance payments should be paid as a lump sum (say, £3,000); tenants should not have to keep and provide receipts to justify expenses. | <p>The council is considering the request for lump sum disturbance payments. If this approach were to be adopted, then size of payment would be linked to size of home. It should be noted that the council also provides direct assistance to tenants such as removals service, disconnection and reconnection of appliances, provision of a paint pack and provision of new flooring. Additional direct assistance is available for those with special needs.</p> <p>A decision will be taken on whether to move to a lump sum payment in 2018.</p> |
| T15 | There should be a commitment to reimburse tenants where they have made improvements to their home. | Tenants can be reimbursed for having made improvements to their home, but only where they have done so with documented permission from the council and where they can demonstrate the cost of those improvements. |
| T16 | Tenants should be compensated for losing either a ground floor home or losing a garden. | Every new home will have private outdoor space, whether in a flat or on ground floor. Therefore, the council won't be offering compensation for loss of outdoor space. |
| T17 | Tenants should be paid home loss twice if they are required to move twice. | Agreed. The council will make a second home loss payment if a resident is required by the council/Homes for Lambeth to move more than once AND if they have to live in a temporary home for more than 12 months. This additional payment will not be made if a tenant is offered a suitable permanent home and then |

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| | | chooses to move a second time to an alternative home. Disturbance will be paid for each move. |
| T18 | Tenants should be provided with free white goods that meet latest environmental standards. | The council is still considering this. In any event, it is likely that replacement electric cookers will have to be provided, as there will be no gas provided in the new built homes. |
| T19 | Tenants should be able to claim for replacement or new blinds and curtains as a disturbance payment. | Agreed. This is already provided with the compensation level of £50 per window, increased to £100 per window for wall-to-wall, floor-to-ceiling or bay windows. A separate compensation is available for curtain poles (up to £20 per window). |
| T20 | Rent arrears should be written off when a tenant is forced to move home. | This is not accepted. Rent arrears will need to be deducted from home loss payments. This will be made clearer in the Key Guarantees. |
| T21 | Tenants should be compensated for accepting a smaller property. | Where a tenant chooses to downsize to a property that is smaller than that for which they are eligible under the Key Guarantees, then they would be compensated under the same arrangements as the council's Tenant Incentive Scheme. |
| TENANTS – KEY GUARANTEE 5 | | |
| T22 | The offer to pay for re-routing of post for 3 months should be extended to 12 months. | Agreed. The council will make this amendment to give tenants longer to tell friends, family as well as suppliers about their new address. |
| T23 | Tenants have requested confirmation of more support to help those on benefits deal with claiming benefits at new address | Agreed. The council will work with tenants on the best way to provide such support. |
| TENANTS – KEY GUARANTEE 6 | | |
| TENANTS – KEY GUARANTEE 7 | | |
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| HOMEOWNERS | | |
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| HOMEOWNERS – KEY GUARANTEE 1 | | |
| Commitments relating to moving home | | |
| H1 | Various comments expressed disappointment in regard to the shift from shared equity to shared ownership | The reason for the switch from shared equity to shared ownership was explained during the consultation process. The council considers that the shared ownership offer provides an equivalent opportunity for homeowners wishing to remain living on an estate to do so. |
| H2 | Where homeowners are overcrowded, there should be a commitment to re-house adult children or prioritise new properties to adult children to help keep the community together. | <p>The council will re-provide homeowners with the same size home as they currently have.</p> <p>We do not yet know whether there will be any shared ownership homes built beyond those that are required to re-house existing homeowners. If additional shared ownership homes are built, then adult children living on an estate would be able to purchase such homes.</p> |
| H3 | Where there is overcrowding of adult children, the council should offer to make available 1-bed shared ownership properties for those adult children in order to keep the community together. | It may be possible to make shared ownership homes available for adult children; but this will have to be explored on an estate-by-estate basis and considered in the context of project viability and affordability to the potential purchasers. |
| H4 | Resident homeowners should be offered a home on a like-for-like basis. | The Key Guarantees are clear that resident homeowners will be offered a home of the same number of bedrooms as their current home, unless a homeowner has asked to be offered a smaller home. It is not possible to make commitments at this time on exactly what type of property a homeowner will be able to acquire. |
| H5 | There should be a commitment to provide those homeowners, who cannot take up any of the options, with the ability to move back into a council rent home. | Under Key Guarantee 1 for Homeowners, the council has committed to provide homeowners with the opportunity to remain living on their estate. Various options have been suggested; but in exceptional circumstances, where a homeowner cannot afford |

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| | | to take up any of these options, then alternatives will be considered; such alternatives will require an understanding of the homeowner's financial circumstances to ascertain exactly what type of option a homeowner could afford. If this involves moving to a rented home, then rent would be set according to affordability. |
| H6 | In the context of the Aylesbury Estate decision, there should be a commitment not to force any means testing of homeowners. | An understanding of the homeowner's financial circumstances will only be required in exceptional circumstances, when other options that do not require means testing have been explored or exhausted according to the cascade of Options B then C then D under Key Guarantee 1. |
| H7 | There should be an option to allow homeowners to up-grade into a larger home to alleviate overcrowding. | This can be considered on a case-by-case basis, but would necessitate a greater financial contribution from the homeowner. |
| H8 | Homeowners should be offered their new home at cost (i.e. at the cost that the council has built the home and not at the market value). | The council has a legal duty to obtain best consideration for the new built properties. Best consideration is market value. The council cannot therefore simply offer the new homes for a reduced price. |
| H9 | There should be a "10% cap" to prevent the share of the property owned by the homeowner to fall below 90% of the market value of the property. | The council has a legal duty to obtain best consideration for the new built properties. Best consideration is market value. The council cannot therefore simply offer the new homes for a reduced price. |
| H10 | The council should commit to being the lender of last resort to cover situations where homeowners are unable to renew or port mortgages. | The council has already committed in the Key Guarantees to operate as an effective 'lender of last resort'. Under Option C, the council would step in and pay off a homeowner's mortgage; however, rather than paying back the council for stepping in through interest charges, a homeowner would be asked to pay a rent. |
| H11 | All references to 60% should be removed from Option B. | Agreed. Under Option B there is no minimum level of equity. The principle is that a resident homeowner has to be able to put the full market value of their existing property (regardless of |

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| | | whether they have any mortgage or not) plus their home loss payment into the new home. |
| H12 | There should be more clarity from the council on how freeholders will be treated differently to leaseholders. | The main difference between freeholders and leaseholders is that freeholders own the freehold of their property. This freehold has a value and this value would be included in the market valuation of the property. In addition, some freeholders do not currently pay any service charges (whereas others do). The compensation to freeholders would consequently be different (a higher value for their property). But the offers of a new property remain the same as for leaseholders. |
| H13 | There should be clarity about the minimum mortgage required for Option B. | In order to be eligible for Option B, a resident homeowner has to put the full market value of their existing property into the new home. If a homeowner has a mortgage, this would require that they port or renew the same level of mortgage that is currently outstanding on their home. There is no minimum to the size of this mortgage. |
| H14 | For all Options, homeowners should be provided the option to acquire a home on a different estate. | This will remain under review and considered on an exceptional basis if requested. However, such request would only be considered after the needs of residents on such other estates had been met. |
| H15 | Homeowners should be able to increase their mortgage or contribute a lump sum in order to be able to buy a larger percentage share of their new home. | So long as a homeowner contributes the full market value plus home loss payment to their new home, then they will be eligible for Option B. If they wish to contribute a larger amount, up to 100% the value of the new home, then this is in principle acceptable; and they would remain eligible for Option B. The council will need to consider how this might be arranged in practice. Option A is only available for those who can afford to buy the new home outright using their existing equity and topping this up |

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| | | with a lump sum, which could include increasing the size of their mortgage. |
| Commitments relating to future leases | | |
| H16 | Future Homes for Lambeth shared ownership leases should be inheritable in just the same way that current council leases are. | <p>Homeowners will be able to pass on the zero rent or with rent shared ownership lease to a spouse, civil partner or family member who has been living with them for more than a year; this means, for example, that a wife or husband can remain living in the property after the death of their partner.</p> <p>Otherwise, the share of the value that a homeowner has in the home will be passed on to those they have named in their wills.</p> <p>Homeowners with the zero rent or with rent shared ownership options are being subsidised as their new homes will be worth significantly more than they could otherwise have bought with the funds they have used; this represents part of the compensation around being forced to move home. Given this, it is not fair to extend this subsidy to anyone else as this would enable other people who have not been affected by the regeneration to benefit from living at zero or low rent shared ownership.</p> <p>However, the council is considering whether it would be possible to convert zero rent or with rent shared ownership into a market valued rent paying shared ownership. This would allow the homeowner to pass on their share of the property to whoever they want, but then a normal shared ownership rent would be applied. This will not be incorporated into the Key Guarantees at this time, but will be considered as part of the work to develop</p> |

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| | | future Homes for Lambeth shared ownership leases. |
| H17 | For the purposes of staircasing, the value of the property should be fixed at the time of the original acquisition, rather than tracking the market. | The council cannot offer this as it would prevent best consideration being obtained for the council's share of the property at some future date of sale. |
| H18 | Homeowners should only have to pay service charges and s20 charges in proportion to their ownership of the property. | Homeowners will have to pay 100% service charges because they will be 100% in occupation of the home. Homes for Lambeth will operate a sinking fund strategy to asset management; s20 charges as used currently by the council will not therefore apply. Sinking fund contributions will be included in service charges. |
| H19 | There should be an ability for homeowners to acquire the freehold. | There is already a legal right for leaseholders to collaborate together to acquire the freehold of their building; this is known as collective enfranchisement. This requires over 50% of leaseholders of a building to collaborate to acquire the freehold where at least two-thirds of the homes are owned by leaseholders. However, on housing estates in practice rules around collective enfranchisement have to apply to the whole estate and not just single buildings. |
| H20 | Residents should retain the 'right to manage'. | There is already a legal right for leaseholders to collaborate together to manage their building. This requires two thirds of the properties in the building to be held on long leases. |
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| HOMEOWNERS – KEY GUARANTEE 2 | | |
| H21 | There should be a commitment for unlimited buy backs of properties as soon as a Cabinet Decision has been taken to redevelop an estate. | The council is working towards being able to offer such commitment. In the meantime, the council is setting aside reasonable budgets to enable buy backs of properties in a |

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| | | managed way, where priority is given to those who have a demonstrable need to leave an estate. |
| H22 | There should be an option for non-resident homeowners to acquire homes under the Key Guarantees. | Non-resident homeowners by definition live elsewhere. Lambeth is experiencing an extreme housing shortage. The council cannot therefore offer non-resident homeowners an ability to acquire a new home for anything other than full market value. Where new homes are built for market sale, then non-resident homeowners will be able to acquire one of the new properties at full market value. |
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| HOMEOWNERS – KEY GUARANTEE 3 | | |
| H23 | Disturbance payments should be paid as a lump sum (say, £3,000); homeowners should not have to keep and provide receipts to justify expenses. | The council is considering the request for lump sum disturbance payments. If this approach were to be adopted, then size of payment would be linked to size of home. In the meantime the current arrangements will stay in place. |
| H24 | Home loss should be paid as cash; homeowners should not be forced to accept this as equity in their new home. | <p>Homeloss is paid as cash under Key Guarantee 2, where a homeowner chooses to sell their property to the council and is not looking to remain living on the estate or is already a non-resident.</p> <p>To pay home loss in cash to resident homeowners, who seek to remain on an estate, would have a significant impact on the viability of a regeneration project, where there is already a commitment to enable all tenants and resident homeowners with the ability to remain living on their estate. It would also impact on the number of additional new affordable homes that could be built.</p> |

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| H25 | The council should allow homeowners to instruct their own valuations at the same time as the council is carrying out its valuation of their home. | The council will consider this request to amend the process. It is not likely to be necessary to make such change now, unless a homeowner has reasons to sell their home urgently. |
| H26 | There should be a commitment that a homeowner's monthly out-goings should be no more after moving home than before. | The council cannot make this commitment. The council has made a commitment, in certain circumstances, to re-imburse increased mortgage costs for an initial 12 months. |
| H27 | There should be a commitment to reimburse homeowners for improvements that they have made to their home. | Where a homeowner has made improvements to their home, then this will be reflected in the value of their home and they will therefore automatically be compensated for such works. |
| H28 | The council should confirm that full stamp duty will be paid. | There will be no stamp duty compensation cap, where the council is purchasing a property from a homeowner and where the homeowner is moving into a new built home on the estate. The council will cover all these stamp duty costs. |
| H29 | There should be no cap on stamp duty for any follow-on purchases, where a homeowner seeks to purchase a new home elsewhere away from the estate. | Where a homeowner sells their existing home on an estate to the council and then seeks to purchase a new home elsewhere, then, so long as this follow-on purchase is within 12 months of the first purchase, the council will pay the stamp duty for that follow-on purchase. However the amount of stamp duty that the council will be willing to pay will be no more than that which would be incurred by a purchase value of the same amount as the original property sold on the estate. |
| H30 | If the cost of a new mortgage is higher than an existing mortgage, then the council should pay the difference into perpetuity. | For 12 months only, where a homeowner has renewed a mortgage of the same size as their existing outstanding mortgage and this new mortgage costs more, then the council will reimburse the cost difference. No change will be made to the existing compensation commitment. |
| H31 | Home loss should be paid at 12.5%, not 10%. | No, this change will not be made. The statutory requirement is for 10%. If the council were to offer a higher level of |

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| | | compensation then this would impact on the objective to deliver additional affordable housing. |
| H32 | Disturbance costs should include early redemption fees. | Disturbance costs do already include early redemption fees. |
| H33 | There should be a commitment that homeowners do not have to pay back their Right to Buy discount. | Agreed. This will be added to the Key Guarantees. |
| H34 | Homeowners have requested that replacement/new blinds and curtains be included as a disturbance payment. | Agreed. This is already provided with compensation level of £50 per window, increased to £100 per window for wall-to-wall, floor-to-ceiling or bay windows. A separate compensation is available for curtain poles (up to £20 per window). |
| H35 | Homeowners should not have to suffer loss because the council has not maintained their property. | The council has committed that valuations will be done on the basis that the structure and fabric of the property is in good condition, where the maintenance responsibility for the property lies with the council. |
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| HOMEOWNERS – KEY GUARANTEE 4 | | |
| H36 | The offer to pay for re-routing of post for 3 months should be extended to 12 months. | Agreed. The council will make this amendment to give homeowners longer to tell friends, family as well as suppliers about their new address. |
| H37 | There are no commitments to homeowners in relation to temporary moves. | The details around this are under consideration. In the meantime, the council confirms the principle that, where a homeowner wishes to remain living on an estate but is required to move home for a temporary period, they will not have to pay any rent for that period; they would, however, be expected to pay service charges. |
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| HOMEOWNERS – KEY GUARANTEE 5 | | |
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| H38 | Homeowners have requested confirmation of more support to help those who are vulnerable or have special needs. | Agreed. The council will work with homeowners on the best way to provide such support. |
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| HOMEOWNERS – KEY GUARANTEE 6 | | |
| H39 | There should be a commitment to keep service charges low. | Agreed. The council will work with residents to seek to keep service charges low for the new homes. This will be explored in more detail during the design process. |
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| HOMEOWNERS – KEY GUARANTEE 7 | | |
| H40 | The cost of adaptations should not come out of a homeowner's home loss payment. | Agreed. A health assessment will be required to identify what aids and adaptations should be provided in the new home and these will be carried out without any charge to the homeowner. Wherever possible, these will be carried out prior to a homeowner moving into their new home. This only applies for homeowners remaining on their estate and moving into a newly built leasehold or shared ownership property. |
| H41 | There should be a commitment to offer supported living options for vulnerable or disabled homeowners. | The council will work with each homeowner to explore the best housing solution for them, which will include consideration of supported living, extra care, sheltered housing, etc. |
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