

Leaseholders' Frequently Asked Questions

Community Investment Programme

Camden

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About this document

This set of Frequently Asked Questions aims to explain what resident and non-resident leaseholders should expect when Camden Council identifies the estate where their home is located for redevelopment.

Our leaseholders are an important part of the Camden community, and we would like to offer you as much information as possible that will help you understand your rights, responsibilities and options if your estate is chosen for redevelopment.



General redevelopment

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Why is the estate being redeveloped?

With long social housing waiting lists, a lack of affordable housing and an ageing social housing stock, Camden is tackling the housing crisis by aiming to deliver over 4,800 homes, including 1,800 genuinely affordable homes, through its Community Investment Programme (CIP).

An estate redevelopment aims to address a variety of housing needs such as overcrowding or poor-quality housing by building high-quality, modern and energy-efficient homes and creating new and vibrant public spaces.

How will leaseholders be involved in the redevelopment process?

Leaseholders will have a range of opportunities to get involved in the redevelopment process and the design of the new homes and the neighbourhood.

The Council will maintain continuous engagement with leaseholders to ensure they receive the necessary support.

This will include workshops, one-to-one sessions with a dedicated rehousing officer, and regular updates, for example, via newsletters.



Resident Leaseholders

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If you are a resident leaseholder, the Council will offer a range of options for you and your home if your estate is chosen for redevelopment, including, where possible, options to help with affordability of a new home in the redevelopment. These are explored below.

What are my options as resident leaseholder?

As a resident leaseholder, you have the following options:

Sell your home to the Council

The Council will pay you the full market value your property, plus a home loss payment of 10% of the agreed price of your home but subject to the maximum sum.

You will also be compensated for all reasonable costs associated with your move, and the legal costs associated with your move.

Shared equity in the new development

You can purchase an equity share in a new home by reinvesting the full value of your current home plus your home loss payment into a new-build home.

Become a social tenant

In certain circumstances, you can choose to become a social tenant either on the redeveloped estate or in another part of the borough. This option is typically available when the leaseholder is unable to reinvest the full value of their home plus home loss payment into a new-build home, is experiencing financial hardship, or is unable to choose another option.

For further guidance on statutory rights, you can refer to the Land Compensation Act 1973 on Legislation.gov.uk: Land Compensation Act 1973 for further information.

What does shared equity mean?

Shared equity means reinvesting the full market value of your current property, plus your home loss payment, into a new home.

If this does not cover the whole of the price of the home, the Council will invest the remaining part of the price.

You will own the whole of the property, but the Council will have a right to a proportion of the sale proceeds when you sell the property.

This proportion will match the proportion of the original purchase that they invested.

This means if the Council invested 50% of the original price, the Council would be entitled to 50% of the proceeds when you sell the property.

If you choose to pursue this option your dedicated rehousing officer will be on hand to guide, you through the process.



If the value of my home goes up or down, how much do I have to repay the Council under a shared equity arrangement?

Under a shared equity scheme, the Council's contribution is treated as a percentage share of your home's value, not a fixed loan.

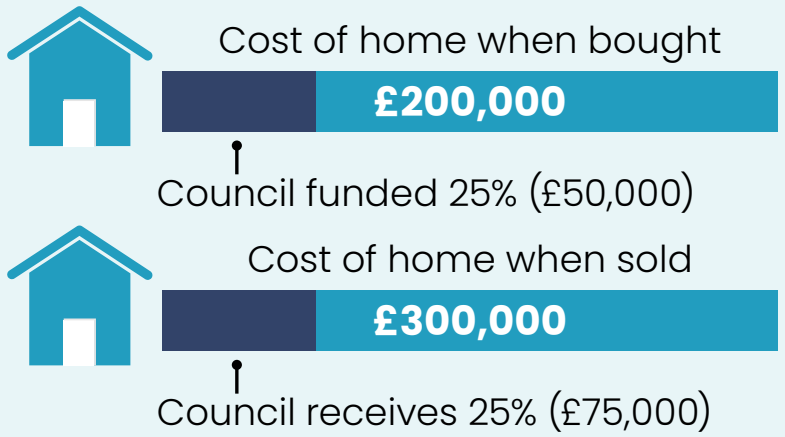
This means:

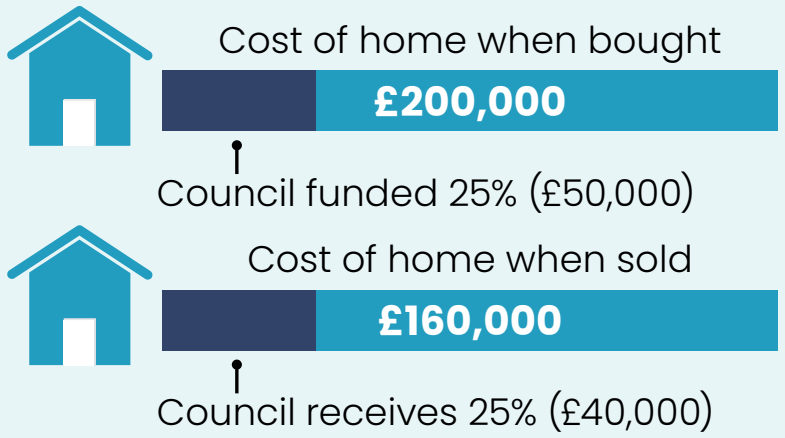
If the property value increases, the Council's share increases proportionally.

Example: If the Council funded 25% of a £200,000 home (£50,000), and the home later sells for £300,000, the Council receives 25% of £300,000 = £75,000.

If the property value decreases, the Council's share decreases proportionally.

Example: If the same home falls in value to £160,000, the Council receives 25% of £160,000 = £40,000.





Will I pay rent on the share the Council retains in equity?

No. You will not pay any rent or interest on the equity share retained by the Council.

However, as the homeowner, you are responsible for 100% of the service charges and 100% of the repair costs, even though the Council continues to hold an equity share in your home.

Can I purchase a larger share of my new home, and what are the costs involved?

You can purchase a larger share of equity in your home, up to 100%, through "staircasing". The cost to buy these extra shares is based on the property's value at the time you buy the extra share. The valuation for purchasing additional equity shares is determined by a Royal Institute of Chartered Surveyors (RICS) accredited surveyor.

For example, if you originally buy a home with 50% of the equity, you will pay 50% of the value of the home at that time. The Council would pay the other half. You would own the whole property, but the Council would be entitled to 50% of the later sale price as and when you sell.

If you later buy another 25% share of the equity, the property will be revalued at that time, and the 25% extra share would cost you 25% of the market value of the property at that time. After you have bought the extra share, you would still own the whole property, but the Council would now be entitled to only 25% of the sale price as and when you sell the property.

Please remember that you are responsible for 100% of the service charges, even if you don't have all the equity. You might also need to pay for things like valuation, legal fees, and administration fees when buying additional equity shares.

How are the values of the new homes determined?

The value of the new homes is based on the open market value of the property at the point of exchange of contracts.



Will there be rent charges on the new homes?

If you purchase a new home through shared equity, you will not pay rent or interest on the equity share retained by the Council.

However, you will be responsible for 100% of the service charge, which will be higher than you currently pay.

If you become a secure tenant, then standard social rent levels will apply.

What is the difference between shared equity and shared ownership?

You may have heard the term "shared ownership" as well as shared equity. They are not the same.

Shared equity

With shared equity, resident leaseholders purchase the whole property but only pay part of the market value.

This gives the purchaser a share of the value of the new property, and Camden Council retains the remaining share of the value. As and when you sell the property, the Council is repaid its share of the sale price.

Shared ownership

Shared ownership is another option where a resident leaseholder can part-own and part rent a property rather than owning the whole property, as is the case under shared equity.

What happens if a resident leaseholder cannot afford to purchase a home through shared equity, and what alternatives are available?

Some leaseholders may not have sufficient funds from the sale of their lease to meet the minimum share threshold for shared equity.

This may happen, for example, if there is a high level of borrowing against the property. In these circumstances, resident leaseholders may be offered shared ownership (part own/part rent), as an alternative.

This requires a lower initial investment but requires rental payments to the Council for the unpurchased share.

Alternatively, in certain circumstances the Council may grant a leaseholder a Council tenancy, whereby the goal is to allow the leaseholder to continue living on the estate.

The Council will decide on a case-by-case basis when to award a tenancy to a leaseholder. This will only apply when the leaseholder is experiencing severe hardship and is unable to take up any other option. Right to buy and geographical restrictions will apply.

What are the conditions for purchasing an equity stake as “tenants in common” and are there succession rights?

Resident leaseholders can purchase an equity share as “tenants in common” which may apply where spouses wish to purchase together, or an adult child lives in the property.

Each circumstance would be assessed individually.

However, there will be no succession rights to the equity share. This means that the property cannot be passed on without the Council’s equity share of the value being paid off.

How will the Council agree on which properties will be for sale to resident leaseholders and what factors will be considered?

The Council will decide which properties can be resold to resident leaseholders based on the location of the new homes, the size of the leaseholders’ current homes and the requirements of the phases of the works to deliver the redeveloped estate.



Buyback Process

When your estate is identified for redevelopment, the Council will need to achieve vacant possession of all homes on the estate.

The Council will offer to purchase your property to achieve this, as part of a package of payments known as the financial offer.

What does “vacant possession” mean?

The term “vacant possession” means that when you sell your property it must be unoccupied and clear of all personal items. Before vacant possession can be achieved, you will need to ensure that your property is clear of all personal items, including furniture and rubbish.

If you have tenants in your property, you will need to end the tenancy by serving the appropriate notices and giving your tenants sufficient time to vacate the property.

All property and legal disputes, such as title and probate issues, must be resolved before exchanging contracts with the Council.



How will the value of my home be determined?



A Royal Institute of Chartered Surveyors-registered valuer will establish the market value of your home.

What is included in the financial offer proposed to resident leaseholders if Camden decides to redevelop?

The offer includes the market value of your property, a home loss payment and a disturbance payment. The disturbance payment can be a fixed sum or claim based on actual costs, supported by receipts.

If you choose to make a receipt claim, you will need to contact your dedicated rehousing officer in advance with details of the proposed costs such as removals, and any legal or other professional costs. You should obtain a minimum of three quotations.

What is a home loss payment and who qualifies?



The home loss payment is 10% of your property's market value, up to a maximum of £81,000. This cap is reviewed annually on 1 October by the Government.

To qualify, your property must be your main residence for the 12 continuous months leading up to the date of the sale.

This requirement is set out in Section 29(2) of the Land Compensation Act 1973.

What do disturbance payments cover?

Disturbance payments are intended to cover the reasonable costs you incur as a direct result of having to move. These include:

- Reasonable fees associated with selling your existing home and buying a new home
- Surveyor's fees
- Removal costs
- Stamp duty land tax (if applicable) for purchasing a new home up to the market value agreed of your existing home
- Mortgage fees directly related to the move
- Costs of reconnecting and disconnecting utilities
- Costs of adapting a new home to meet specific needs (e.g. health-related adaptations). This will be subject to an occupational health assessment



Can I claim disturbance compensation without a receipt?

Yes, there are two options for claiming disturbance compensation:

1. One-off payment

This will be a one-off sum offered without the need for receipts.

2. Receipt-based claim

If you choose this route, all costs must be approved by the Council before any work is carried out. To make a receipt-based claim you will need to contact your dedicated rehousing officer. For receipt-based claims, you will need to provide three quotations from VAT-registered companies.

Each quotation must include:

- Date and company letterhead with full contact details
- Company registration and VAT number
- Description of services
- Total fee or rate
- Proposed dates or timeline for the work

Receipts or invoices must be submitted for review and approval before any reimbursement can be made.

Can I challenge the offer that the Council has proposed?

Yes, if you disagree with the initial valuation, you can discuss this with your dedicated rehousing officer.

You will then be able to obtain an independent valuation from another RICS-registered valuer, provided the costs are approved by the Council beforehand.

The Council will review both valuations and make a further offer. If you remain dissatisfied, you can access the RICS CPO Alternative Dispute Resolution (ADR) service to address your concerns.

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Compulsory Purchase Orders and Demolition Notices

What is a Compulsory Purchase Order (CPO)?

A Compulsory Purchase Order (CPO) is a legal power that allows the Council to buy land or property even if the owner does not wish to sell.

This is often used as a last resort and only when all negotiations to buy your home fail.

What is a Notice to Treat?

A Notice to Treat is a formal document served by the acquiring authority (such as the Council) once a CPO has been confirmed.

It informs the property owner or leaseholder that the authority intends to purchase the property and invites them to submit a claim for compensation.

What happens after a CPO is confirmed?

After, a CPO is confirmed, (approved by the relevant authority, usually the Secretary of State), a legal procedure known as the vesting process occurs whereby the acquiring authority, (the Council), gains ownership of the land or property. The Council will serve a "notice of vesting" specifying the date on which the ownership will transfer.

On the vesting date, the ownership of the property legally transfers to the Council even if an agreement hasn't been reached. The Council will keep working with you to agree compensation. Your right to compensation, such as home loss and disturbance payments, will not be affected. However, the Council can take possession of the property after the vesting date.

However, you can make a claim for Advance Payment of compensation under Section 52 Land Compensation Act 1952. The Council can, at its discretion, pay up to 90% of its assessment of compensation in the event compensation is not agreed at the date of vesting.

What is a Demolition Notice and how long is valid for?

Once Camden's Cabinet has agreed to redevelop an estate, residents will be served with a Demolition Notice. A Demolition Notice is a formal notice issued by a landlord, usually the Council or a housing association, stating their intention to demolish a building that contains both leasehold and tenanted properties.

There are two types of demolition notices:

Initial demolition notices

Which let residents know that the landlord intends to demolish the building in the future, suspends the Right to Buy for secure tenants and is valid for 7 years.

Final demolition notices

Confirm the landlord's firm decision to demolish, is usually valid for 2 years and can sometimes be extended with government approval.

If you'd like to learn more about how the Compulsory Purchase Order (CPO) process works, you can find helpful guidance at **Compulsory purchase guidance - GOV.UK**

Moving out of your home

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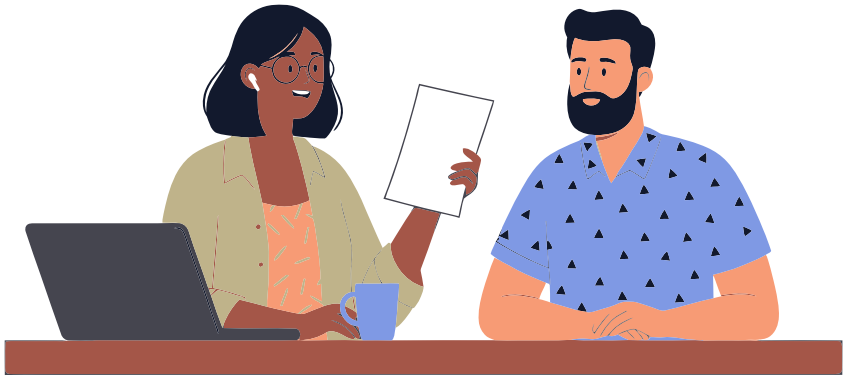
What kind of support and advice will the Council provide to leaseholders?

The Council will aim to set up a service with a partner to offer contact with agents and drop-in information sessions. Leaseholders may wish to seek independent legal and financial advice to fully understand their rights and options.



When will leaseholders be required to move?

The timing of when leaseholders must move will be aligned with the Council's phasing programme for each redevelopment.

Leaseholders, like all estate residents, will be updated regularly about the progress of an estate redevelopment project.

Leaseholders will be contacted when the Council is ready to acquire properties in their specific phase.

Typically, this is around 9-12 months before the Council needs to gain vacant possession of your block.

What happens to my mortgage if I have to move?

When you sell your home to the Council, you will need to pay off your current mortgage or transfer it to the home you move to, called “porting”.

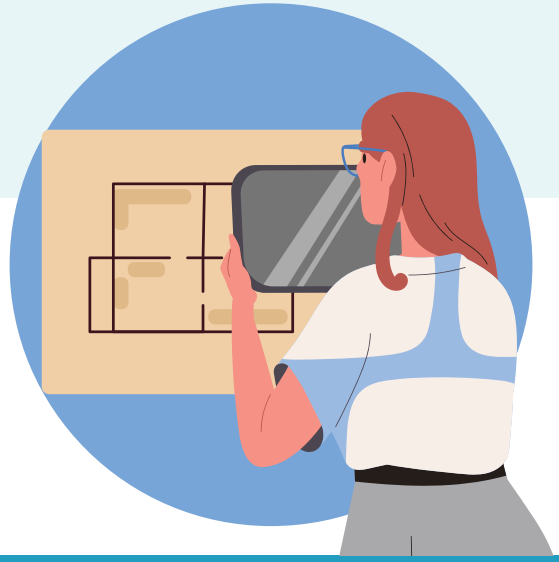


If you buy a new home within the redeveloped estate on a shared equity basis, you may need to get a new mortgage.

Will I be able to see the plans for the new homes?

Yes, there will be opportunities to see the new plans and for you to have your say.

The Council will ensure that you are kept informed during every step of the redevelopment process, through meetings, workshops and one-to-one appointments with your dedicated rehousing officer.



Non- Resident Leaseholders

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What are the options available to me as a non-resident leaseholder?

In the event of an estate redevelopment, non-resident leaseholders are offered the market value of their property and statutory compensation payments, such as basic loss payments, as determined by the Land Compensation Act 1973.

How is the market value of my property determined?

The market value of your property will be established by a registered valuer who is a member of the Royal Institute of Chartered Surveyors.

What costs will I be compensated for?

You will be offered the market value of your property and a basic loss payment based on the market value of your property. Additionally, you will also be entitled to a disturbance payment to compensate you for all reasonable costs associated with the sale of your property.

What is a basic loss payment?

You will be entitled to a basic loss payment for your property.

The compensation amount is set by the Government and is currently 7.5% of your property's value, subject to a maximum of £75,000. However, this is subject to change.

What are disturbance payments?

Disturbance payments for investment owners are more limited than for resident leaseholders. They cover the reasonable costs incurred in acquiring a replacement UK property asset. If you do not reinvest in a UK property asset within 12 months of the Council taking possession of the property, no disturbance payment can be claimed.

Can non-resident leaseholders get access to the new homes being built?

Non-resident leaseholders are not offered any special terms to acquire homes on the redeveloped estate.

I have private tenants living in my property, what should I do before selling my property to the Council?

If you are planning to sell your property to the Council and you currently have private tenants, there are a few important steps that you need to take:

- You will need to sign an offer letter, return it to the Council and let the Council know what steps you will be taking to rehouse your tenants.
- You will need to review the terms of your tenancy agreement. You may need to give your tenants formal notice to end the tenancy. This will depend on the type of agreement and its terms and conditions.
- You will be required to have your property vacant at the point of sale, meaning your property must be empty of tenants. You will need to make sure you allow enough time to end the tenancy properly and lawfully. This is known as "vacant possession".

What are the options for private tenants living in a property affected by a redevelopment project?

The Council's legal responsibility lies with the leaseholder. However private tenants will be offered advice and directed towards support services if required, especially if they are at risk of homelessness or need assistance in finding alternative accommodation.

They may also be eligible to apply for social housing or other housing support if they meet the relevant criteria outlined in **Camden's Allocations Policy scheme**. Each case will be assessed individually.



Leaseholders' Frequently Asked Questions

Community Investment Programme

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