

Resident Leaseholders Guide – New Barnsbury

1.0 Introduction

This sets out the process that Newlon will follow if you are a Leaseholder in New Barnsbury Estate. It explains the options you have, the compensation arrangements and the support available to you throughout the process.

New Barnsbury estate is made up of Adrian House, Aldrick House, Amory House, Blackmore House, Charlotte Terrace, Crispe House, Ewen House, Kenwick House, Jocelin House, Mavor House, Messiter House, Molton House, Redmond House, Ritson House, Thorpe House, Thurston House and Venn House. If you own a property in one of these blocks, then you are a New Barnsbury Leaseholder.

Newlon has selected Mount Anvil as the preferred developer partner to take forward the transformation of the Barnsbury Estate. Mount Anvil have a proven track record of creating high quality homes across London. Newlon will have greater control over the project with a development partner, rather than a building contractor, and will be in a better position to protect and enhance residents' interests and deliver the transformation objectives. Together with our design team we will continue to put residents first to create homes that meet their needs.

The buy-back of leasehold properties on New Barnsbury estate will be done in phases as each home is positioned in the development programme. We will be in a position to provide a more accurate timescale once a detailed phasing plan is agreed with our development partners setting out the order in which each part of the new Barnsbury estate will be transformed.

There is still a long way to go but Resident Leaseholders can look forward to living in modern, energy efficient homes and quality outside spaces.

1.1 Our Commitment to Resident Leaseholders

The transformation of New Barnsbury estate will see us deliver new comfortable homes with modern spaces and places for the whole community to come together and enjoy.

- We will communicate with you regularly and provide updates throughout the transformation programme.
- We will work with individual Leaseholders to help with every step of the process and answer any questions you may have.
- We will also ensure that you have access to the appropriate independent professional and technical advice that you may require throughout the process - this may include valuation and financial advice.

- We will provide additional support as much as we can throughout the process including organising events and activities in partnership with our development partner.
- We are committed to the principle that Resident Leaseholders would not be in a financially worse position as a result of the transformation process.
- We will keep our offer promise to you and work with residents to explore options available.
- We will be open and transparent in the process of purchasing your property.
- You will be offered an open market value for your home based on a RICS Red Book valuation. We will pay for you to have an independent valuation if you are not happy with our offer.
- We will pay statutory Home Loss under the Land Compensation Act, 1973 of 10% of market value for Resident Leaseholders and 7.5% for Non-resident Leaseholders up to the prescribed maximum amount. This amount is set by the government and is subject to change. The current maximum amount is £71,000.
- We will pay reasonable Disturbance Payments to Resident Leaseholders to help with the cost of moving where appropriate.

2.0 Key information for all Leaseholders

Leaseholders fall into two categories:

Resident Leaseholder – A Resident Leaseholder is one who has been living in their current property as their main or principal home on the date planning permission for the estate transformation is granted and continues to live at the property as their main or principal home. You will be required to prove that you were a Resident Leaseholder on that date and for the whole of the period up until the purchase of your property. Blackmore House is the first phase of development and properties will be required in advance of planning permission therefore we will use evidence of twelve months residency at the point of buyback.

Non-resident Leaseholder – A Non-resident Leaseholder is one who does not live in the property as their main or principal home.

2.1 Information for Resident Leaseholders

You will need to prove that the property is your main or principal home on the date we receive planning approval and have continued to reside at the property after planning permission has been granted until we require your property.

You will need to be registered as the Council Tax payer and provide two further pieces of evidence to confirm your residency for the whole of this period. One of these must be a utility bill (e.g. gas or electricity), and the other a bank account showing receipt of your main income.

All documents must show you receive the bill/letter at your address. Where necessary additional sources of information may be required to determine residency. Any Leaseholder who is unable to meet the above criteria will be considered a Non-resident Leaseholder and will only be eligible for the options and entitlements set out for Non-resident Leaseholders.

All Resident Leaseholders will be offered:

- The market value of their property
- A Home Loss payment of 10% of the market value up to the statutory maximum amount applicable when you are required to vacate. This amount is set by the government and is subject to change.
- The opportunity to purchase a new home on the Barnsbury Estate if you wish.
- Reimbursement of reasonable expenses (Disturbance Payments) incurred in the move within one year of completing the sale.

If you want to remain on the estate in a new home, you may be able to purchase a new home outright or you will be offered a Shared Equity option. We will arrange for a Financial Advisor to undertake an affordability assessment. You will be expected to pay the full market value of your existing home plus the Home Loss sum towards the new purchase. The property offered will be based on the same number of bedrooms, although the layout and floor area will be different. You have the option to accept fewer bedrooms than your current home. Any unsold equity value would be held by Newlon and Mt Anvil as a 'silent partner' until you decide to sell. No rent will be charged on the unsold equity.

Resident Leaseholders, who choose to buy a new home on the estate, may be required to move to a temporary home in the event that your new home is not ready when you are required to move. The offer of temporary home is set out in the Decant Policy.

2.2 Offer of Temporary Home

If you choose to take up the Shared Equity offer and require temporary housing (mainly Leaseholders in Blackmore, Messiter Jocelin and Molton blocks), please note the following:

- You will have indicated your interest to remain on the estate and purchase a new home when they become available.
- You will be offered two options of temporary accommodation with the same number of bedrooms as your current home, or fewer if acceptable. .
- Accommodation will be a similar home on the estate or Newlon stock elsewhere.
- You will be offered an Assured Shorthold Tenancy Agreement which will include a requirement to leave the temporary accommodation when your new home is ready for occupation.
- Newlon will not charge rent on the temporary accommodation but you will be charged service charge.

- If you wish to arrange your own accommodation, we will contribute towards the rent equivalent to a social housing rent of a similar home on the Barnsbury Estate.
- Any rent paid by Newlon will stop once a replacement home is available for you to move into.
- If you decide not to proceed with the Shared Equity purchase, we reserve the right to deduct the cost of the rent due during the period at your temporary home from the sum held for the new Shared Equity purchase.
- If you refuse the first Shared Equity property offered to you we reserve the right to terminate the rent payments on your temporary accommodation and you will be responsible for meeting the cost of rent and any other costs incurred including the cost of legal action to terminate the tenancy of the temporary accommodation.
- You will be expected to inform us of any change in your circumstances that might affect your ability to proceed with the Shared Equity purchase.

3.0 Phasing and Buy-back Process

The transformation of New Barnsbury will take place in phases over a number of years subject to obtaining detailed planning permission and any necessary consents. An initial phasing plan for New Barnsbury estate has been agreed and a planning application for the development will be submitted in early 2022. This plan may change as we progress but we will keep you informed of any impact this may have on your move.

You will be notified as soon as the phase your property falls into is known. We will write to you advising of the date by which we need vacant possession and start the process of agreeing the value of your property and re-housing options. If you intend to purchase a Shared Equity home and the construction phasing requires you to move to temporary housing we will work with you to make arrangements.

We will discuss your options and entitlements with every effort made to acquire your property by agreement. If an agreement cannot be reached, Newlon will seek a Compulsory Purchase Order (CPO) as the last resort to acquire the property for redevelopment purposes. We will work with you throughout this process and ensure everyone is fully informed about what will be happening and when, including the following:

- Make things easy, comfortable and smooth as much as we feasible can.
- One move only, where possible to minimize disruption for residents.
- Temporary moves may be required for some Resident Leaseholders but we will aim to minimise these. Any offer will be in accordance with our decant policy.
- Ensuring a safe and secure environment whilst building work is happening.

3.1 Valuation Process

You will be contacted when we need to acquire your home following the phasing plan which will show when vacant possession of each block is required. We will give you as much notice as possible of the date we will require vacant possession of your existing home.

You will be given all the assistance, support and advice that you need throughout the buyback process in order to reach an amicable settlement to avoid using Compulsory Purchase Order powers.

The Market Value will be assessed for each Leaseholder's property by an independent Royal Institute of Chartered Surveyors (RICS) Valuer instructed by Newlon. You will have the option to choose from a list of independent RICS Valuers. The value of your existing home will be based on the price it is believed your property would achieve if it were to change between a willing buyer and a willing seller at the time of valuation.

To determine the Open Market Value, the surveyor will carry out detailed research of the local property market and analyse sales information from comparable properties. It will be assessed on the assumption that the transformation is not proceeding and the principle is that you should not be better or worse off than before the transformation proposals. The surveyor will also take into account the internal and external condition of the property as at the date of valuation, the external and structural condition of the building identified in our planned programme of works, any internal improvements allowed, subject to evidencing the required consent as set out in your lease, location of the property, amenities in the local area, and the state of housing market at the time.

Valuations are usually valid for three months. If you do not agree with the valuation, you can seek a second valuation from an independent surveyor of your choice. Please note that the surveyor must be a member of the RICS and we will pay their costs up to a maximum of £750. If the valuations differ, the two surveyors will be asked to negotiate and try to reach an agreement to produce a final valuation. In most similar cases an agreement has been reached at this stage.

If agreement cannot be reached between the two Valuers we propose that the matter is referred for independent Expert Determination. This is the process of jointly appointing an expert in the field of valuation and both parties agree to accept the decision of the Expert. Alternatively we may seek to rely on the powers of a Compulsory Purchase Order to acquire the property for redevelopment purposes, but our preference is to try and reach agreement with you.

3.2 Early Buy-Backs

Currently early buy-backs are not being considered as purchasing will be on a phase by phase basis. Should this situation change this will be communicated to the relevant Leaseholders. We may exercise discretion in exceptional circumstances and subject to budget availability.

3.3 Independent Advice

We are currently working with Source Partnership Consulting Ltd, an Independent Tenant and Leaseholder Advisor (ITLA), to provide all residents on the estate initial advice about their statutory rights and their housing options. The ITLA is paid by Newlon to provide free impartial advice about BEST to Leaseholders on a confidential basis.

Newlon will also appoint an Independent Financial Advisor (IFA) or you can choose your own suitably qualified IFA. The IFA will be able to provide Leaseholders with confidential financial advice to assist with making the right decision for their household including:

- A full financial assessment confirming the percentage of the new home you will be able to afford
- Clearing of your current mortgage if you still have one
- Advice on Shared Equity purchase
- Choosing the right housing option for your financial circumstances
- Mortgage products

3.4 The Financial Offer

Newlon's offer will be the market value (as advised by the RICS independent surveyor) plus the agreed amount of Home Loss payment and reasonable disturbance payments you are legally entitled to. All offers will be set out in writing and the Leaseholder will need to accept or reject them in writing.

4.0 Compensation Arrangements

Newlon is committed to paying you compensation for the acquisition of your existing home to make way for the redevelopment of the estate following the principles of the Land Compensation Act 1973. Whether your property is acquired by agreement or Compulsory Purchase Order, we will compensate Resident and Non-resident Leaseholders as set out in this guide.

It is our hope that no Leaseholder in New Barnsbury will be financially worse off from having their homes acquired. Every reasonable effort will be made to ensure you get a fair deal.

4.1 Home Loss Payments

The amount of Home Loss payment you are entitled to is set out in the Land Compensation Act 1973. It is made in recognition of the personal distress and inconvenience you will face as a result of compulsory acquisition of your home. You will receive Home Loss payment in addition to the market value of your property as set out below.

- Resident Leaseholders will be entitled to a statutory Home Loss payment equivalent to 10% of the open market value, subject to the statutory maximum amount at the time of your move. Eligibility for a 10% Home Loss payment will require proof that you qualify as a Resident Leaseholder – the property is your main or principal home at the date of planning approval and have continued to live there until the point of purchase.
- All values are dependent upon the Leaseholder providing vacant possession of the property upon completion.

4.2 Disturbance Payments

In addition to the market value of your home and the Home Loss payment, Resident Leaseholders are entitled to disturbance payments for all reasonable costs associated with moving home. These reasonable costs will only be reimbursed within one year of completing sale of a replacement home subject to production of invoices stating the amount of expenditure incurred during the move.

Disturbance payments are intended to cover reasonable expenses of moving such as removal costs, carpet and curtain alterations, disconnection and reconnection of appliances and services, and re-directed post. Payment will be based on production of genuine receipts or invoices including proof of ownership of the replacement home.

4.3 Charges due to Newlon

Any outstanding charges or arrears due to Newlon for Service Charges, Cyclical Works/Major Works including any outstanding unpaid invoice amounts in respect of Estate Renewal Challenge Funds and other charges/fines due to Newlon will be deducted from the amount paid to you on completion. Your solicitor will be notified prior to completion of any amounts that are due.

5.0 Shared Equity

A Shared Equity option will be offered to Leaseholders meeting the eligibility criteria. We will buy your existing home, paying the full open market value as assessed by an Independent RICS surveyor plus statutory Home Loss payment equivalent to 10% of the market value of the property, subject to the statutory

maximum amount. This is the amount you are expected to pay towards your new Shared Equity home so that the share of your new home is equal to the market value of your existing home plus the Home Loss payment you are entitled to receive.

You will be granted a lease on a Shared Equity basis on one of the new build homes on the estate and will not pay any rent or interest on the share of the property you do not own. You may wish to purchase a larger share if you can afford it at the time, and will have the option to buy further shares in the property (known as 'Staircasing') from the retained equity you do not own (the market value current at the time will apply). You will be responsible for 100% of the cost of maintaining the property.

The retained equity you do not own will be held jointly by Newlon and Mt Anvil as a 'silent partner' until you decide to sell, with each party receiving the share of the equity they own on completion. Any increase in the property value would be shared between the each party according to the proportion of equity owned by each.

The offer of a Shared Equity home will be conditional on the Resident Leaseholder selling their property and meeting the eligibility criteria required. Newlon will withdraw any offer on a Shared Equity home if the Leaseholder becomes ineligible, unable or unwilling to purchase it, or if the re-development is unable to go ahead for any reason.

Note that if you chose to purchase a Shared Equity home the sum due to you for the purchase of your property plus the Home Loss payment will be held by solicitors in an Escrow account by way of deposit towards your new home (less any mortgage settlement). All offers will be subject to contract.

Further details are set out in the Shared Equity guide.

6.0 Compulsory Purchase Order

A Compulsory Purchase Order (CPO) is a legal power that is used as a measure of last resort to allow certain bodies (such as Local Authorities, Housing Associations) to obtain land or property for the purpose of redevelopment even if the owner does not wish to sell.

Newlon will make every effort to buy back Leaseholders' properties by agreement, however where attempts to acquire a property by agreement is unsuccessful, we will seek to rely on the powers of CPO to acquire the property for redevelopment purposes. A CPO will be considered as a last resort.

The law in this area is complex and the principle behind compensation for the compulsory acquisition of a property is that no one should be financially worse or better off as a result of the compulsory acquisition.

7.0 Updating the Guide

This guide is a continuation of our conversations with you and does not provide the full details you will need to make an informed decision about your options.

Newlon reserves the right to amend the guide as required in the future in its absolute discretion as a result of any matters including changes in legislation, circumstances or otherwise.

The guide is intended to assist in addressing some initial questions or concerns that you may have regarding the process. If you have any further questions, please do not hesitate to contact us.

Newlon is committed to making your move as straightforward and as stress-free as possible. If you have any immediate questions about the contents of this guide, please email - NewBarnsburyLeaseholders@newlon.org.uk.

Glossary of Terms

Assured Shorthold Tenancy (AST): An assured shorthold tenancy is a tenancy that gives a tenant the legal right to live in a property for a period of time. The AST agreement explains the contractual terms and conditions between a tenant and landlord.

Compulsory Purchase Order (CPO): A CPO allows certain bodies to obtain land or property for purposes such as redevelopment without the consent of the owner.

Decant: A process whereby residents are temporarily moved out of their current homes and rehoused if their landlord needs to carry out major repairs or as a result of regeneration.

Development Partner: An organisation working in partnership with another to deliver a project but each remains independent of the other. They play an important role in the development of the project.

Disturbance Payment: is payment made to compensate for reasonable expenses incurred in moving home if you are forced to vacate your property, for example removal expenses, reconnecting movable fixtures and fittings, telephone reconnection charges etc.

Expert Determination: process of jointly appointing an expert in the field of valuation to resolve valuation disputes. An expert can consider both parties' arguments and then come to a definitive conclusion about the value.

Financial Assessment: An assessment by a qualified financial advisor to ensure that you can afford purchase of the new home property and that you are not over stretching yourself financially.

Home Loss Payment: payment made in recognition of the personal distress and inconvenience suffered by residents who are displaced from their homes as a result of redevelopment or compulsory purchase. The amount is set by the government and is subject to change.

Independent Financial Advisor (IFA): A professional who provides financial advice to clients and offer unbiased advice on financial products. They carry out affordability assessments including providing advice and assistance with mortgages, savings, investments etc. Qualified financial advisors are regulated by the Financial Conduct Authority (FCA).

Independent Tenant and Leaseholder Advisor (ITLA): An external agency, independent of the landlord, employed during a major project or regeneration to work on behalf of the tenants and Leaseholders. An ITLA provides independent information and impartial advice, as well as support and assistance, enabling residents to understand the processes involved in the project and may play an active role in any negotiations.

Leaseholder – Non-Resident: A Leaseholder who does not meet the Resident Leasehold criteria.

Leaseholder – Resident: A Leaseholder who resides at the property as their main or principal home at the date planning permission is granted and for a continuous period from that date until the point your home is required for the estate redevelopment. You will need to provide evidence such as driving licence, utility bills, mortgage statement or other document to evidence residency.

Market Value: The amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller.

Registered Valuer: A person qualified and registered with RICS that is authorised to determine the value of a property.

Retained Equity: The share of the property that is owned by the Landlord or Freeholder.

The Royal Institution of Chartered Surveyors (RICS): is an independent, representative professional body which regulates property professionals and surveyors in the United Kingdom. RICS provides expertise in matters involving fixed assets, including but not limited to land and real property.

Shared Equity: A property part owned by the occupier and part owned by another party (in this instance Newlon and Mt Anvil). There is no rent paid on the retained equity.

Staircasing: This is the process of buying more shares in a property. It allows the owner increase the equity in their home when they can afford it until they own 100%.

Vacant Possession: On completion of a sale, a given property must be empty on the day that you complete purchase or sale of it. This means that there must be no remaining occupants or belongings at the property.