

REGINALD ROAD

OFFER TO LEASEHOLDERS

October 2019

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1.0 INTRODUCTION

As part of the redevelopment of the school site, it is planned to demolish Reginald Road. This document sets out the options for leaseholders.

We would like the existing community to stay in the new development and Peabody is pleased to offer a scheme that is aimed at enabling resident leaseholders an opportunity to buy into the new development and live in one of the new high quality, modern homes.

The offer is designed to allow resident leaseholders to move into a home in the new development and be no worse off financially at the point of purchase. It will also enable leaseholders to protect the current equity in their existing homes.

We understand that this a big decision for you to make and we will give you as much help and support as possible to choose the best option for you. We will be holding individual interviews with resident leaseholders to give an opportunity to ask about any aspect of the offer or the wider development. You can also speak to officers from Peabody and the Council at any time and contact names and telephone numbers are included in this document.

Peabody have a Home Ownership team who are experienced at helping buyers through the process of moving and they will support you when you are moving.

Please note though, that staff are not qualified or legally allowed to give financial advice.

We would also be happy to answer any queries or concerns that you may have Please contact:

Julie Conrad (Peabody) -020 7089 3958

James Ringwood (Lewisham Council) - 0208 314 7944

2.0 Non-Resident Leaseholders

- 2.1 Non-resident leaseholders will have their properties bought back at market rate plus 7.5% of this as an additional, statutory home loss payment.
- 2.2 As non resident leaseholders have a primary residence away from the estate, neither the Council nor Peabody have a legal obligation to offer another property and the other options for resident leaseholders will not be open to non residents.

3.0 SUMMARY OF OPTIONS FOR RESIDENT LEASEHOLDERS

3.1 PURCHASE A FLAT ON A NIL RENT SHARED OWNERSHIP BASIS

We hope that most resident leaseholders will want to continue being a part of the local community and invest in a new home in the development. With this option residents will be required to purchase a minimum of 25% of the value of the new property. This option is discussed in more detail below.

3.2 PURCHASE A FLAT ON A SHARED OWNERSHIP BASIS

This option is mainly for resident leaseholders who cannot transfer their existing mortgage or take out a new one. You will be expected invest the equity that you hold in your current property to purchase a minimum of 25% of the value of a new property and pay rent to Peabody on the remaining percentage. Again, his option is discussed in more detail below.

3.3 RECEIVE FULL OPEN MARKET VALUE AND MOVE AWAY

Lewisham Council will buy your flat and you will be entitled to receive full market value for your home plus a 10% home loss allowance. You will then make your own arrangements for new accommodation.

3.4 PURCHASE A FLAT OUTRIGHT ON THE NEW DEVELOPMENT

For residents who can afford and want to buy a new flat in the development outright.

- 3.5 Resident Leaseholders will be entitled to a Disturbance Allowance that will cover their reasonable moving expenses and Homeloss Payment of 10% of the value of their current home.

- 3.6 The Council's aim is always to buy back through negotiation with leaseholders although if necessary it will pursue compulsory purchase procedures.

- 3.7 In very exceptional circumstances, an individual's financial circumstances may be such that it is not sustainable for them to continue as a leaseholder (or they may not be able to buy the required 25% share). In these cases we would verify their financial position through the Independent Advisor and discuss with the council the appropriateness of them being nominated to an assured tenancy

4.0 THE NIL RENT SHARED OWNERSHIP OFFER

- 4.1 For resident leaseholders who own their home outright or can transfer their existing mortgage or take out a new mortgage.
- 4.2 For outright owners, with this option, Lewisham Council buys leaseholders' property at full market value. You then invest this 'buyback offer' in a new flat on the development. There will be no rent payable on the difference between your contribution and the full market value of the new flat.
- 4.3 With your 'buyback offer' you purchase a minimum of 25% of the value of the new property. You will be expected to invest the full amount of the buyback value of your current home.
- 4.4 You will be able to 'staircase'. This means that in the future you can invest more money into your property after you have bought it so that you own a higher share. If you decide to do this, your new home will be valued at the time that you "staircase" and the new valuation used to decide how much an additional share will cost. This means that eventually you would be able to own the property outright.
- 4.5 Leaseholders will be offered a flat with the same number of bedrooms as their current property (or may opt to take a smaller flat in order to own a higher share).
- 4.6 You will be liable to pay the full estate service charge and will be responsible for 100% of the maintenance of your new home, even if you have only paid for part of it (excluding externals and communal areas which will be included in the service charge).
- 4.7 You will not have to pay any ground rent unless you own 100% of your property. If you either buy a new flat outright or 'staircase' up to 100%, you will have to pay an annual ground rent.
- 4.8 You will be expected to commit to your new home and exchange contracts on it before it has completed, i.e. off plan.
- 4.9 The name(s) on your current lease only will appear on your new lease. However we will look at individual circumstances where leaseholders

ask for additional names to be added. If you transfer your lease (sell your home) to anyone not named on the lease then you will have to do so at its full market value and pay back a proportion of the proceeds. This is because the nil rent shared ownership offer involves a considerable amount of public subsidy and therefore only applies to the existing leaseholder(s). You will of course receive the full market value of the share that you have bought. The value of the remainder of the property, which is owned by Peabody will be paid to Peabody.

- 4.10. Peabody are keen that the new community to lives in the new homes and it will be a condition of all shared ownership leases that there is no subletting.
- 4.11 If you sell your new home, you will have to pay Peabody back the proportion of the home that they invested, for example if you own 60% of your new home, then you would have to pay Peabody 40% of the value of your flat at the time that you sell it – whether it has gone up or down in value.
- 4.12 You will be offered a lease of a minimum term of 125 years.
- 4.13 Leaseholders with mortgages who can transfer it (In effect, the lender would redeem the existing mortgage, and grant a new mortgage) or take out a new mortgage for a loan amount generated by the same payments as they currently make are also entitled to the nil rent shared ownership offer. You will be expected to invest the current equity in your home and the existing or new mortgage to purchase a minimum 25% in a new home. There will be no rent on the share not purchased.

We suggest you make enquiries with your lender to establish what is possible.

We have a team of sales and marketing staff and Independent Financial Advisors who can review this with you, and advise you on alternative mortgages that may be available if required.

5 OPEN MARKET VALUATIONS

- 5.1 Open market valuations of your existing property will be carried out by an independent valuer appointed by the Council. . The appointed valuers have considerable experience of buying back properties in regeneration schemes through negotiation with residents. The valuation is undertaken by looking at the value of other properties of the same size within the local area. The valuation will take into account the general internal condition of the property, but cannot reflect the actual cost of any new works that you may have done. For example, putting in a new kitchen worth £5,000 will not increase the value by £5,000.
- 5.2 Homeowners can also seek independent valuation advice. If there is a difference in the valuation arrived at by the Council and you or your

independent Valuer, then the Council will try to agree a value that both parties can accept through negotiation.

- 5.3 There is no statutory requirement for the Council to cover the cost of the freeholder's independent valuation, however reasonable costs are covered as part of a disturbance payment.

6. Conclusion

- 6.1 We see resident leaseholders very much as part of the existing community and hope that you will want to take up this offer of a new home with Peabody.