

MEMBERSHIP

The Leaseholder aims to keep leaseholders up-to-date with legal developments, and spearhead our campaign to abolish the discredited medieval leasehold system. Join CARL so that we can speak from a position of even greater strength. Please return the enclosed membership form and your subscription. Existing members should have received your membership cards.

Help extend the campaign to end the misery caused by the leasehold system. Let us know if you want more copies of The Leaseholder for your neighbours. Write to your MP about your leasehold problems and tell him/her about CARL. Committee members are ready to discuss your issues with MPs in Westminster.

STATEMENT TO CARL FROM SIR MENZIES CAMPBELL LEADER OF THE LIBERAL DEMOCRATS

Sir Menzies Campbell has written to a member of CARL's committee expressing support for our campaign :

"The Liberal Democrats are in favour of the reforms introduced by the Commonhold and Leasehold Reform Act 2002, but we recognise some of the problems with this legislation – including a number of issues at the heart of what CARL is campaigning for.

We would make it easier for leaseholders to transfer to commonhold tenure. We are in favour of reducing the current requirement for 100% agreement between all leaseholders, their mortgage lenders and the landlord, so that instead there could be a transfer to a commonhold property where a 75% majority of the leaseholders are in favour of it, without needing the consent of the landlord.

Enfranchisement, where leaseholders purchase the freehold from their landlord, would be easier under a Liberal Democratic government. The existing rules require the leaseholders to pay the freeholder half the 'marriage value' – the difference in value between a freehold with vacant possession and a freehold with a long lease. We would abolish the payment of 'marriage value'.

Forfeiture, under which a freeholder can force a leaseholder out of their property for sometimes minor breaches of contract – like building an extension without consent or refusal to pay excessive service charges – has no place in modern housing legislation. It has been limited by the government, but would be abolished by the Liberal Democrats and replaced by sanctions similar to those available to mortgage lenders. Money or compensation due to a freeholder would be paid out of the sale of leasehold; the leaseholder would pay only for the money owed, not the entire value of their home.

Liberal Democrats will also investigate remaining allegations of abuses of insurance premiums and service charges by some freeholders, and then legislate to end them."

LEASEHOLD REFORM: WHERE THE PARTIES STAND

Issue	Labour	Conservatives	LibDems
<i>Should all new flats be commonhold rather than leasehold?</i>	No	No	No
<i>Should a transfer from leasehold to commonhold require agreement of all parties?</i>	Yes	Yes	No - 75% agreement
<i>Should leaseholders have to pay 'marriage value' when buying their freeholds?</i>	Yes	Yes	No
<i>Would introduce legislation to end abuses of insurance premiums by landlords?</i>	No	No	Yes
<i>Would abolish forfeiture?</i>	No	No	Yes

CONSULTATION NOT DISPENSATION

In a damning indictment of the behaviour of local authority landlords, the leasehold valuation tribunal rejected the application by eight London boroughs to dispense with the consultation procedures for major works worth over £1.5 billion at blocks of flats under their control. The councils are considering an appeal against this decision to the Lands Tribunal.

The tribunal said that granting a dispensation in these circumstances would give the landlord councils a "blank cheque" removing "many of the rights and security of the leaseholders with regard to the sums to be spent." The landlords were unable to provide reasons why they could not comply with the consultation procedures; nor could they demonstrate how the promised savings and efficiencies could be achieved through not consulting the leaseholders.

The hearing – held at Kensington Town Hall two months ago – was attended by hundreds of leaseholders, weary at this arrogant attempt by their landlords to ignore consultation procedures over works that could result in bills of tens of thousands of pounds for each of the leaseholders – causing many of them to lose their homes.

The landlords named in the application to the tribunal were the City of Westminster, the Royal Borough of Kensington and Chelsea, and the London Boroughs of Brent, Ealing, Hillingdon, Hounslow, Newham and Sutton. These boroughs issued proceedings against all of their 33,000 leaseholders without exception, confirming their preference for litigation over consultation.

The councils concerned were clearly ill-advised to proceed with this application to the tribunal. Their solicitors are Trowers and Hamlins. The leaseholders were not legally represented, but several spoke against the councils' proposals at the hearing, including Richard Beville from Westminster and Beverley Bridgen from Sutton.

Management of the blocks of flats in these eight boroughs was hived off by some councils to ALMOs (Arms Length Management Organisations) and to TMOs (Tenant Management Organisations) in others. The councils still own the freeholds of the blocks. The ALMOs and TMOs set up the London Area Procurement Network (LAPN) to centralise the process of awarding contracts for repairs and maintenance through the use of framework agreements. Mr Gordon Perry is both chair of the LAPN and chief executive of Kensington and Chelsea's TMO – so no conflict of interest to worry about there then.

CARL calls on the directors of the ALMOs and TMOs involved in this absurd legal action to resign, and expects the councillors in each of the boroughs named in the action to take responsibility for paying the legal bills incurred – rather than simply passing these on to the council taxpayers, or charging it to the housing account.

An Important Date for Your Diary RSVP

CARL is holding a rally timed to coincide with the fifth anniversary of the discredited Commonhold and Leasehold Reform Act.

Speakers lined up so far include Barry Gardiner, MP for Brent North, and Tony Essien, Principal Leasehold Adviser at the Leasehold Advisory Service (LEASE).

The event will be held on Saturday 12 May, at 2:30 pm, in the New Players Theatre – near London's Charing Cross station.

We expect a large turnout at this event – reserve your place by completing the enclosed form.

CARL'S ANNUAL GENERAL MEETING

Eighty people attended CARL's latest AGM – our best attendance so far. Each of our four speakers gave extremely informative presentations, prompting many questions from the audience.

Roger Southam, of Chainbow, a firm of managing agents, spoke from personal experience of the many abuses to which leaseholders are still being subjected. He is concerned that the type of regulation that has taken place in the leaseholders sector simply enables bad managing agents to carry on as usual, while the good ones who stick to the rules remain bogged down in red tape. He gave a number of examples to highlight the issues:

- Charging leaseholders large retentions when flats are sold – he gave the example of a £3,000 retention being charged when only £150 in service charges was owing
- The provision of services by expensive temporary staff
- Overcharging for buildings insurance – he achieved a £40,000 reduction on a £100,000 insurance bill on a block of flats.
- Managing agents who simply do not respond to telephone calls, letters, and e-mails from leaseholders.
- Managing agents creaming off the interest on the service charge bank accounts.
- The reluctance of the RICS to deal with abuses in the business, such as overcharging on insurance, despite its claims to represent high standards.

Tim O'Keeffe, of Buyyourfreehold.com, spoke about the sharp increase in the cost to leaseholders of buying their freeholds or extending their leases. The size of the increases can amount to tens of thousands of pounds, following the decision in the 'Earl of Cadogan v Sportelli' case. He urged CARL to renew its long-standing campaign to abolish 'marriage value', which has no justification since it is not part of the market valuation of the freehold. Copies of Tim's presentation to the AGM are available from CARL.

Peter Rochford, of SELCHA, spoke about his sustained battle over the insurance rip-offs being perpetuated against leaseholders. He gave the example of a landlord who had paid only £29,000 in buildings insurance on his entire portfolio of freehold properties, yet when

passed on to the leaseholders, these insurance charges had mysteriously increased to a massive £157,000. Government ministers, the Serious Fraud Office, the police and the Financial Services Authority remain indifferent to the problem.

Brian Potter represents social sector leaseholders in the London borough of Islington. He talked about the huge service charge bills being sent out by local authorities, and gave the example of estates in Islington being managed under a private finance initiative (PFI) programme, where leaseholders are being charged a management fee of 52 per cent of the value of the major works being carried out. Leaseholders in Islington have recently voted to support the payment of small levy through their service charges to fund a local leaseholders association.

HIPS: LANDLORDS HOLD LEASEHOLDERS TO RANSOM

The government remains under attack over its plan to introduce home information packs (HIPs) for property sellers. Preparing these packs is likely to cost leaseholders twice as much as freehold home owners. Trevor Kent, former president of the National Association of Estate Agents, said: "The government has now realised that parts of the HIPs are rotten to the core and cannot be implemented, such as the cost and delay in obtaining searches and leasehold information from landlords, who can hold home owners to ransom for the information needed for HIPs."

LETTER TO THE EDITOR

Dear Sir
The hoops and hurdles that I have been made to go through in my six years of leasehold ownership have been very expensive. It has also consumed my life to the extent that I feel worn out, and at a loss to know where to turn. The landlords and their agents know how to flout the law to their advantage, and to make you suffer.
Wendy Smith
Hastings

GOVERNMENT MUST MOVE LEASEHOLD REFORM UP ITS AGENDA

On the bicentenary of the Slave Trade Act, the government has declined to sign the European Convention against Trafficking in Human Beings, signed by 34 other states. This is on the grounds of a possible "pull factor" for illegal immigration.

Another form of slavery persists in this country – residential leasehold. However, the government considers it has ticked the box marked housing and moved on; while the Conservatives have tasked Iain Duncan Smith with leading social policy; and the Liberal Democrats have always been strong on housing and leasehold issues.

To all three parties, these are some suggestions to improve housing and leasehold:

- Make commonhold compulsory for purely residential or mixed build
- Convert existing leasehold to commonhold within 10 years
- Make the Housing Ombudsman Scheme compulsory for all housing interests
- Regulate managing agents by law
- Allow a "fourth option" on the transfer of council housing stock to retain council ownership, instead of the blackmail of transfer to obtain maintenance funding
- Regulate estate agents by law

This is neither a shopping list nor a wish list – these are fundamentals to bring us in line with international standards for both home ownership and management. The chalice for Mr Brown may already be poisoned. Certainly, the government is on a short lease, with the promise of a new landlord. When the government's lease expires every vote will count and all three major parties should take note.

As many in parliamentary and other circles accept, housing and effective leasehold reform has been on the back burner for far too long.

Alan Ingram
Estates Gazette, 17 February
Alan is a CARL committee member

LANDLORD FAILS TO CONSULT

Leaseholders at a large block of flats on the Courtlands Estate, in Richmond, Surrey, have been saved tens of thousands of pounds in service charges because of the failure of the management company to consult over major works. The leasehold valuation tribunal decided to limit the amount of money that could be recovered from the leaseholders to just £250 per flat – the maximum allowable without consultation. New lifts at the 238-home estate had cost more than £200,000, or almost £1,000 per flat, while redecoration cost more than £70,000, and garden maintenance over £65,000.

HOUSING CHIEF QUILTS

The chairman of a leasehold liaison board in the Midlands has resigned after Birmingham City Council charged elderly residents living in three tower blocks £21,500 each for repairs to outside walls. The blocks are on the Yew Tree Estate in the Yardley district of Birmingham. Mr John Spooner quit the liaison board, accusing the council of behaving unreasonably towards leaseholders on the estate. Even after the work has been done, the blocks would still have an estimated life of only 15 years, rendering the leases bought by the residents to be virtually worthless.

LETTER OF THE WEEK *Time Out, 14-19 February*

Price of neglect

In your 'Hogarth' article you describe the Spa Green Estate by Sadler's Wells as 'cruelly neglected' by Islington Council. This was true until last year when Homes For Islington started a programme of work to refurbish the estate. These works, attempting to repair 30 years of neglect, have seen leaseholders saddled with bills of up to £42,000 per leaseholder, payable within two years. Many of the leaseholders bought the property under Thatcher's right-to-buy initiative and cannot afford these extortionate bills for new windows and concrete repairs. This is an issue that will face Londoners across many boroughs, as councils are being urged to comply with government's Decent Homes standard by 2010. If any of your readers are considering buying ex-council properties, be warned!
Liz Adams, EC1

Sign the petition :
<http://petitions.pm.gov.uk/UnfairLeasehold/>