



SCRAP ESTATE CHARGES

STOP THE ROT ! ADOPT THE LOT!

25th March 2024

Ref: Estate Charges

Dear Lee Rowley

We co-ordinate a campaign group called Homeowners Rights Network (HorNets) which has over 11,000 homeowner supporters. We have gathered data of nearly 200,000 homes on our rather limited voluntary database, all subject to estate charges. We have campaigned for the abolition of privately managed public spaces in favour of adoption for the past 8 years and have corresponded with your department for a number of years. We briefed Helen Goodman MP on the national picture for her ten min rule bill in 2018 and have given evidence before the commons committee stage of the Leasehold and Freehold reform Bill 2024. Please kindly refer to the links attached

<https://www.theyworkforyou.com/debates/?id=2018-11-14d.323.5&s=Helen+Goodman+Freehold#g324.1>

<https://www.theyworkforyou.com/whall/?id=2019-01-22a.119.0>

https://www.theyworkforyou.com/psc/2023-24/Leasehold_and_Freehold_Reform_Bill/02-0_2024-01-16a.51.9?s=%E2%80%98Fleecehold%E2%80%99#g55.6

<https://www.homeownersrights.net/buzz/progress/>

We also have been regarded as a relevant stakeholder by the CMA in their recent housebuilding study. In their report, as far as estate charges go, they have vindicated our position that estate dwellers with charges on privately managed estates ARE disadvantaged and have not been fully informed at the point of purchase. They also confirm that lack of adoption by public authorities is the underlying problem and recommend to governments to put in place measures for adoption.

We recognise that the current Leasehold and Freehold Reform Bill may not be the right vehicle for these measures, but we do feel that your department has missed an opportunity to do something which would really help a disadvantaged group. It is clear to us that our issue differs from leasehold issues and needs to be treated separately rather than tacked on to leasehold reform. Doing this simply legitimises a model which should be scrapped. We do not want parity with leaseholders, but with other home owners in our locality! As far as this Bill goes, it doesn't remedy the monopoly that is being created on private estates via embedded managing agents, which puts homeowners at a serious risk of being treated as a cash cow. As the CMA says, there will still be a power imbalance, and of course regulation of agents does nothing to drive up quality of infrastructure, correct unfairness or mend community division. We also do not feel it will do anything to restore the value of homes subject to estate charges now the problems are more widely known and buyers more aware.

We are very concerned that the 1.5 million households estimated by the CMA (probably an underestimate) are now further disadvantaged because the problem has been exposed and no

remedy is in place. If we learn anything from the attempts to help leaseholders, there must be a timely intervention and certainty over what and when to avoid similar damage to homeowners over reform of estate charges.

Buying a home is the biggest investment ordinary people make and they simply cannot afford to be exploited by third parties – homes are unaffordable for many without that. If they manage to secure a new home of their own, they can find they are unable to sell when their circumstances change. This has happened to leaseholders because of lack of speed and certainty over reforms – please don't let it happen to us. Bringing in measures for universal adoption with some certainty over the timescale would avoid this pitfall.

We at HorNets and over 11,000 of our supporters (a figure which is growing rapidly) would like to know what you are going to do about the CMA recommendations and how you plan to help us out of this situation, in which both developers and government, local and central, have played a part. If home buyers had been fully informed, they would have been in a position to avoid the trap they find themselves in.

If there was a legitimate reason for the private estate model to be implemented, for instance in a truly private gated community, people would not feel exploited and the regulation you propose would be appropriate and helpful.

We haven't mentioned the enormous stress associated with trying to navigate this system and we do know of mental health and relationship problems which have arisen as a direct result. There is a human as well as a financial cost around this scam. Please do consider the mental health of people who find themselves trapped in this situation. This, if anything, is the next post office scandal as argued by Neil O'Brien MP and you have the perfect opportunity now to make this right by implementing universal adoption. Alternatively you can continue to support developers who are exploiting hard working people who have managed to get on to the property ladder.

We hear from the BBC at <https://www.bbc.co.uk/news/uk-politics-68574010.amp> that most of the Levelling Up Fund has not been allocated and would argue that bringing established "fleecehold" estates into adoption would be a perfect way to spend some of this. It couldn't be a better example of creating equity within communities.

We as a group have considerable knowledge of how this model is affecting the end user and would be very happy to share this with your department and work with you to provide an acceptable remedy to those that have been fleeced by the private estate model being inappropriately applied to public areas.

We look forward to hearing from you.

Kind regards

Cathy Priestley

Halima Ali

Joint HorNet Co-ordinators

