



SCRAP ESTATE CHARGES

STOP THE ROT ! ADOPT THE LOT!

Policy Briefing on the Universal Adoption of Privately Managed Estates From Hornet (The Homeowners Rights Network)

HorNet have been campaigning for 8 years for adoption of all public spaces and amenities on residential estates and have amassed a wealth of knowledge by networking with estate residents across the UK. We have 13,000 group members on Facebook and a database of 900 estates representing approx 200,000 homes. We have been consulted as a stakeholder by the Competition and Markets Authority in connection with the “fleecehold” element of their recent Housebuilding Market Study, which vindicated our aims in full. “Stop the Rot – Adopt the Lot” is our tag line. We were also invited to give evidence at the committee stage of the Leasehold and Freehold Reform Bill earlier this year.

Background

Since the early 2000s there has been a gradual increase in the privately managed estate model, where land and amenities previously put up for Local Authority adoption have been retained in private ownership and managed by agents who are bound to be paid for upkeep by the residents via property laws enshrined in their deeds.

Why?

- Planning policies requiring public open (green) spaces between the houses, but no thought given to who shall pay for upkeep.
- Adoption is voluntary on the part of the landowner.
- Lower technical standards so cheaper to construct yields more profit from the site in total.
- No commuted sum or inspection fees payable.
- Land ownership may be retained for future building.
- Precedents have been set by ex council housing, MOD properties and on commercial estates like retail parks and industrial estates which are usually privately managed.

There are long term adverse effects on the quality of the environment (blight) due to poor construction and management in addition to the exploitation of residents and misrepresentation at the point of sale. Local authorities also lose control of vital flood mitigation and public health infrastructure in the form of sewers under this form of private management and ownership.

The CMA have confirmed in their recent housebuilding market study that there are significant detriments for home buyers on these estates and that more adoption is required. Government have not yet responded to their recommendations but we understand they plan to consult.

Potential Solutions:

Future builds are the easy one – for the majority of estates where the freehold of the land is owned by the developer, mandatory adoption via planning policy framework supported by national adoption standards may be all that is needed. The government have already recognised that local planning departments need more support and resources, both human and financial. The government

plan to promote housebuilding numbers, but must also ensure that quality and value for money are an equal part of the equation. This means no more “fleecehold” going forward.

Existing estates are trickier because:

- The legal set up varies – there has been no standardisation.
- The unadopted parts vary.
- There may be an embedded managing agent.
- They are often of sub standard construction.

However, we feel it is absolutely vital to provide adoption for existing estates, as the homes will be grossly devalued and may be unsaleable if a two tier system is allowed to develop. This must be avoided at all costs in the interests of fairness. Regulation of agents alone will not solve this. If the government pushes ahead with new housebuilding on adopted estates, the remedies for existing estates must be enacted with equal speed.

Future new housebuilding incentives must ensure delivery of quality as well as quantity. In England, the Flood and Water Management Act 2010 should be implemented in the interests of public health.

Potential solutions for adoption of existing estates:

If the estate is already managed by residents and they own the land then the residents can negotiate directly via their management company with their Local Authority for adoption to take place. Central government could support this with a policy framework and an advisory service.

If not self managed/owned, there needs to be a process similar to collective leasehold enfranchisement so that estate residents can acquire the freehold and then proceed to negotiate with the council. This would require primary legislation and residents may need support for the process as in the Lease organisation for leaseholders.

For funding both remedial works and ongoing maintenance:

There are existing funding streams which could be adapted e.g. grants to councils from central government for remediation possibly funded by a small tax on the industry, or increase in CIL/section 106. And/or ring fence part of the new build bonus to bring existing estates up to scratch. Part of the unspent Levelling Up Fund from the previous government term could be appropriately used for this exercise in equity.

Ongoing maintenance costs could be funded either from a precept on council tax or from existing parks trusts. It should be noted that these costs will be considerably lower than those currently paid by residents. There will be a huge saving on administration costs as there are existing mechanisms for council tax billing and there will be no need for any additional administration for house moves. Economies of scale and removing excessive and unjustifiable costs piled on to estate residents currently all mean it will cost councils much less for the same maintenance work and the residents will benefit from transparency and accountability.

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