



Jim Fitzpatrick MP  
House of Commons  
London  
SW1A 0AA

PRIVATE

19<sup>th</sup> December 2017

Dear Mr Fitzpatrick,

You will have read in The Times recently how leaseholders are facing bills for the re-cladding of the blocks they live in following the tragic Grenfell disaster. We believe the story did not reflect an accurate portrayal of what we are continuing to do to help our clients' leaseholders and as such wanted to write to you to set out the facts of the matter.

As the asset managers for institutional investors in freehold properties we are governed by, and permanently adhere to, high professional standards. The safety and wellbeing of our residents is our primary concern and responsibility. We administer approximately 2,500 residential apartment block on behalf of our clients.

As a point of good estate management and being a responsible property owner we maintain a robust Health & Safety and Fire Risk Assessment register for all of our properties where the responsibility to manage rests directly with our client (i.e. a two party lease). Following the Grenfell fire tragedy, the Government requested tests to be carried out on all high-rise buildings with cladding, which was something we immediately undertook.

Between 20<sup>th</sup> and 23<sup>rd</sup> June 2017 we issued urgent requests for information to all managing agents appointed either directly by our clients or by a resident management company. We received this information for most blocks throughout July 2017, and have since then spent considerable time reviewing the information and taking appropriate action. As a result of this intensive exercise, we have been able to build a more comprehensive risk register of ACM cladding, which we have subsequently shared with the Department of Communities and Local Government. Unfortunately there are still some blocks where the managing agents have not responded to our requests for information, and these are exclusively where the management obligation sits with the leaseholders. Whilst we are fully supportive of leaseholder determination in management, we are concerned that in these scenarios there is limited resource to deal with issues, and decisions may be made based purely on cost rather than



Safety and wellbeing. Under any lease, resident's safety must be a priority, this is something we and our clients recognise.

Our immediate and robust response highlights the benefit of having a responsible institutional investor as a landlord.

### Specific Homeground managed buildings

The two buildings that were mentioned in the Times article; Heysmoor Heights in Liverpool and the New Festival Quarter in London. It is important to note at this point that our client did not construct or develop either of these two buildings, and it did not sell the long leases. Their financial interest in each building is a fraction of the respective building's value.

The two buildings in question were found to contain "Category 3" ACM cladding, which meant that a fire safety inspection had to be carried out by the local fire brigades. The advice of the fire authorities was that immediate and mitigating safety measures were required in order to keep the residents safe in the case of a fire. In both instances the fire brigades threatened to serve Notices to vacate the buildings. Such Notices have an immediate effect and therefore there was no time to consult with the residents on putting in place essential safety measures.

Until the cladding is removed residents faced two choices:

- have fire marshals imposed by the fire authority acting on DCLG guidelines; or
- have the authorities vacate the blocks, which would have forced residents to find and pay for alternative accommodation until the buildings are made safe.

The fire marshals for each building have been supplied by independent third party agencies, following comparison of costs quoted by market suppliers. The freeholder, asset manager and managing agent receives no financial benefit from such appointments. Any accusation that we are benefiting from taking this enforced course of action is strongly refuted.

### Heysmoor Heights:

The developer responsible for this building has gone into liquidation. Therefore as responsible, institutionally backed freeholder, our client provided a £750,000 interest free emergency loan to the service charge account at Heysmoor Heights to get the required works done. The cladding is currently being removed and is scheduled to be completed by 20<sup>th</sup> February 2018.

It is important to note that without the freeholder providing this emergency funding the residents would have been forced to leave the building and pay for temporary

accommodation, as there were insufficient reserves in the service charge accounts to cover these costs. Put simply, the freeholder has facilitated the residents to remain, safely, in their own homes while the work is being carried out.

We are aware that there is a Premier Guarantee policy in place, which each leaseholder will have a copy of. This is a form of warranty, which the original developer would have paid for during their refurbishment works. These warranty schemes usually cover structural defects in common areas, which is achieved through the building works being certificated by an independent surveyor throughout the construction. On behalf of the leaseholders we are actively pursuing this route.

If this claim is unsuccessful, there are limited other routes of recourse, and the lease states that this cost is recoverable from the leaseholders. Under current legislation service charge demands are required to be served on the residents at Heysmoor for both costs incurred in this service charge year, and for costs that will be incurred next year. This is simply a legal requirement. Our client will however provide financial assistance to those leaseholders who live at the development and who may face financial hardship in paying, and this has been communicated.

#### New Festival Quarter:

We are liaising with the national house builder who built the development in partnership with a Housing Association. The house builder, Bellway, have been heavily involved since the outset, including the testing process that subsequently identified the Category 3 cladding. They have also been providing assistance to the managing agent Pinnacle Places.

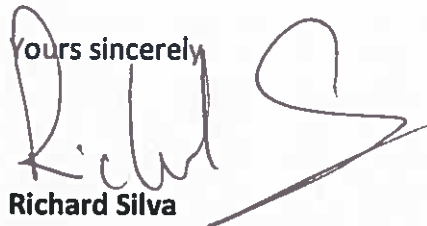
Within the last few days they have responded positively and we understand interim fire safety measures (including fitting fire alarms) and removing the cladding in question will be undertaken by them, and at no cost to the residents. This is welcome news. We would however urge you to speak to Bellway directly if you would like more detail of their intended work program.

These two cases highlight that no two properties are identical. Appropriate actions will always be taken on a case by case basis; but on the freeholder's behalf we will explore all possible avenues that may be open to the leaseholders to reduce or eliminate the financial burden on those adversely affected. This includes taking the necessary action against those who were responsible for installation and subsequent regulatory approval.



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Yours sincerely  


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**For and on behalf of Homeground Ltd**