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Rushanara Ali MP
Member of Parliament for Bethnal Green and Bow
House of Commons
London
SW1A 0AA

28 September 2017

Dear Ms Rushanara Ali MP,

Re: Residents of Crawford Building, 112 Whitechapel High Street, London, E1 7AO

Thank you for your letter to Mr Tutte who has asked me to respond as the Regional Chief Executive for London.

I can confirm that the building is neither owned or managed by Redrow as we completed the development some four years ago. The Superior Landlord is AG Commercial Street (part of Hondo) who also own the commercial space in the building and the residential units are managed by Fell Reynolds.

The ground rent at £600 per annum is not unduly high as a proportion of the original selling price and is in line with the market for apartments in the area. Certainly our purchasers would have been well aware of the ground rents and the multipliers when they purchased as would their conveyancing solicitors and their mortgage providers.

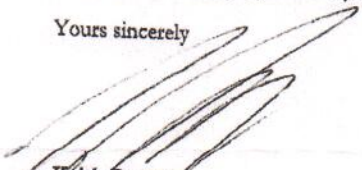
With regard to the doubling of the ground rent every 10 years, I will check this when I receive the papers for the development from our archives as it is a scheme we finished some 4 years ago. Notwithstanding this, and based upon doubling every ten years, we would not dispute your calculation that the ground rent in 50 years will be £19,200. This compares to £15,000 on a cost of living basis for the last 50 years. It should also be noted that depending upon the rate of house price inflation, the ground rent as a proportion of the property's value is not likely to significantly change: indeed, applying house price inflation over the past 50 years, the proportion would be significantly lower. The ground rent charged is also in line with the latest guidelines issued by the Nationwide Building Society.

With regard to Taylor Wimpey, I cannot comment on why they put money aside but from what I read in the press and from their statement, it stems from a particular problem they had with relatively low-priced leasehold houses in the North West of England where the rent proportional to the selling price was significantly higher.

In conclusion, I can confirm that whilst doubling ground rents may lead to rents being higher in the years to come than might be the case against an RPI multiplier, the rents should remain relatively affordable against the value of the property and we therefore have no intention of taking any further action.

Thank you for bringing this to my attention.

Yours sincerely


Keith Parrett
Regional Chief Executive