

11. TO CONSIDER MOTIONS SUBMITTED BY MEMBERS OF THE COUNCIL

Councillor Peter Golds **moved** and Councillor Andrew Wood **seconded** the motion as printed in the agenda.

Councillor Sirajul Islam **moved** and Councillor Rachel Blake **seconded** the following amendment to the motion to be debated as tabled:

Added text underlined
Deleted text scored out.

This Council notes:

There is a need for Tower Hamlets Council to promote fairness and transparency for the growing number of leaseholders in our borough and to address the unfair practices that exist in the leaseholder market.

For over two decades issues regarding the unfairness of leasehold tenure in England and Wales have been raised by ministers from all governments.

Currently the Law Commission are considering a range of options for reforming the law on enfranchisement to make it easier, quicker, and cheaper for leaseholders to buy their freehold or extend their lease, for future implementation.

The Competition and Markets Authority (CMA) launched an investigation into the leasehold system in June 2019 following concerns from MPs and consumer groups, looking at potential mis-selling and potential unfair terms.

The council notes the number of leasehold properties within the borough and fully supports a fairer, more transparent system for leaseholders nationally.

This council further notes:

Problems with some leases are becoming increasingly onerous to those purchasing a leasehold flat or house. While a leasehold may be presented as a cheaper option than buying the freehold, it is not always clear to the leaseholder what additional medium or long-term costs they may face.

Some of the problems experienced by leaseholders are:

- Doubling ground rents: paying an increasing and continuing ground rent, which makes some leaseholders unable to sell their home due to difficulties securing a mortgage;
- Excessive and unjustified service or administration fees: paying potential fees for permissions to make alterations to a property or covenants in a lease; and

- Difficulty buying the freehold: the financial impact of extending the lease or buying the freehold from the developer after moving in;
- Lack of transparency: information is not always clear to leaseholders when purchasing to leaseholds.

These costs can total thousands of pounds more than envisaged at the point of sale.

In addition, where developers sell on the freehold interest to a third party after a leaseholder has moved into a new build house, consumers can find that they are faced with significant legal and surveyor costs where they want to purchase the freehold. Such transfers can take place without the leaseholder being informed.

The council supports a small number of leaseholders who contact officers directly however in the vast majority of cases leaseholders are advised to raise issues with their freeholder or managing agent, and to contact the Leasehold Advisory Service who provide free advice on service charges, extending a lease, and buying the freehold. Where there is a dispute, the leaseholder is advised to contact the Housing Ombudsman.

Tower Hamlets Homes launched its 'New Deal for Leaseholders' in June 2017 to give better payment terms and consultation for major works, access to partner services, clearer details about rights and responsibilities and better digital services.

This Council resolves that:

- ~~Support for commonhold ownership for flats, in preference to leasehold title ownership should be encouraged.~~
- The Cabinet Member should update members on the CMA review into the leaseholder system when it has been completed.
- ~~That council officers should hold a discussion with developers should be encouraged to deliver about commonhold ownership, not leasehold and that the council explores ways of encouraging that via the existing planning system. at the next bi-annual Developers Forum following the conclusion of the CMA review.~~
- That the council ~~supports~~ should signpost advice for leaseholders looking to buy their freehold often against freeholders who are unwilling to negotiate fairly.
- The council explores ways in how we can ~~support~~ continue to signpost leaseholders ~~with~~ to more information from expert agencies about service charges, their calculation, how to complain and ~~to~~ what support is available to them against the occasional in respect of unscrupulous landlords.

Councillor Peter Golds and Councillor Andrew Wood indicated that they accepted the amendment to the motion.

The motion as amended was unanimously **agreed**.

DECISION:

This Council notes:

There is a need for Tower Hamlets Council to promote fairness and transparency for the growing number of leaseholders in our borough and to address the unfair practices that exist in the leaseholder market.

For over two decades issues regarding the unfairness of leasehold tenure in England and Wales have been raised by ministers from all governments.

Currently the Law Commission are considering a range of options for reforming the law on enfranchisement to make it easier, quicker, and cheaper for leaseholders to buy their freehold or extend their lease, for future implementation.

The Competition and Markets Authority (CMA) launched an investigation into the leasehold system in June 2019 following concerns from MPs and consumer groups, looking at potential mis-selling and potential unfair terms.

The council notes the number of leasehold properties within the borough and fully supports a fairer, more transparent system for leaseholders nationally.

This council further notes:

Problems with some leases are becoming increasingly onerous to those purchasing a leasehold flat or house. While a leasehold may be presented as a cheaper option than buying the freehold, it is not always clear to the leaseholder what additional medium or long-term costs they may face.

Some of the problems experienced by leaseholders are:

- Doubling ground rents: paying an increasing and continuing ground rent, which makes some leaseholders unable to sell their home due to difficulties securing a mortgage;
- Excessive and unjustified service or administration fees: paying potential fees for permissions to make alterations to a property or covenants in a lease; and
- Difficulty buying the freehold: the financial impact of extending the lease or buying the freehold from the developer after moving in;

- Lack of transparency: information is not always clear to leaseholders when purchasing to leaseholds.

These costs can total thousands of pounds more than envisaged at the point of sale.

In addition, where developers sell on the freehold interest to a third party after a leaseholder has moved into a new build house, consumers can find that they are faced with significant legal and surveyor costs where they want to purchase the freehold. Such transfers can take place without the leaseholder being informed.

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This Council resolves that:

- The Cabinet Member should update members on the CMA review into the leaseholder system when it has been completed.
- That council officers should hold a discussion with developers about commonhold ownership at the next bi-annual Developers Forum following the conclusion of the CMA review.
- That the council should signpost advice for leaseholders looking to buy their freehold often against freeholders who are unwilling to negotiate fairly.
- The council explores ways in how we can continue to signpost leaseholders to more information from expert agencies about service charges, their calculation, how to complain and what support is available to them in respect of unscrupulous landlords.

(Action by: Ann Sutcliffe, Corporate Director, Place)