

Dear Housebuilding Team

We are writing as joint co-ordinators of a network of home owners who have been caught in what has become known as the “fleecehold” trap. We have been networking since 2017 and have over 10,000 members of our facebook group. We also have a web site and electronic newsletter with 400 subscribers. We have collected data from our supporters which now represents 172,000 households on 816 estates.

We would like to strongly support your investigation into this part of the housebuilding market as a large and ever increasing number of households are being disadvantaged across the country. We estimate from government stats on new builds about 3M household are affected and from our own data the annual cost to them in estate charges is of the order of £800M.

The issues of misrepresentation at the point of sale and anticompetitive arrangements for maintenance are fully within your remit. We would also point out that time and again prospective purchasers have commented that they had “no choice” if they wanted a new build, it had to be with estate charges for non adopted areas. In this respect the building industry is operating as a cartel.

We are in a position to supply detailed evidence from our supporters but at this stage would simply list the problems people are encountering and the effects on local communities and infrastructure:

- Lack of choice if buying a new build home
- The true liability is hidden and understated as “ a small fee for grass cutting/keeping the estate tidy” at the point of sale
- The liability is also glossed over by conveyancers, who in many cases don’t appear to fully understand estate charges
- Builders coerce buyers into using their recommended conveyancers
- Large variation in the legal structure between developments, no standardisation. Hard to challenge collectively.
- No statutory rights to challenge and no redress scheme
- Managing agents take advantage of an unregulated industry
- Loss of value of homes/difficulties remortgaging and selling on
- Sub standard construction leads to increased costs for residents. Together with poor service from managing agents result in long term blighted developments.
- Public health hazards from drainage issues. Drainage not adopted if roads above are not.

- Sub standard utility service. Gas pipes and regulators, sewerage and water pumps.
- Divides communities when public open spaces are funded by just one group.
- Unlike block management where there has to be some common ownership and liability, this model is not necessary as adoption would do it better and more efficiently both in terms of service and management costs. Lots of small companies – one for each estate or even each phase of a large development. Administrative costs about 50% .
- Misuse of section 106? Including the estate grounds in the 106 package effectively reduces developers overall costs and increases them for the estate dwellers.
- There are some instances of developers undertaking management of adjacent existing POS instead of providing it on site – they get more houses and more profit and the new home owners get to pay for the public park next door!

We look forward to discussing these issues with you and can provide case study evidence if required.

Kind regards

Halima Ali and Cathy Priestley, Joint Co-ordinators

HomeOwnersRightsNetwork

www.homeownersrights.net