

26th February 2019

Mr Clive Betts MP
Chair - Housing, Communities and Local Government Committee
House of Commons
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p.l.c.

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Dear Mr Betts

Leasehold Reform

I write further to your letter of 11th February 2019 inviting Bellway's further comments on the evidence submitted to the Committee and setting out further specific questions you have invited Bellway to address. Our response is set out below.

The evidence submitted to the Committee has been considered in detail. Whilst there are some factual and other inaccuracies in a number of the submissions made, I do not propose to address such matters individually. Bellway has reflected on the further evidence and is comfortable that our original response fully and accurately sets out our position. Therefore, save for the points made below, we would ask the Committee to rely upon our original submission.

I note your question in relation to the price of properties sold and the level of ground rent. However, for the reasons set out in our original response, this is not information we have readily available for the period in question. I can confirm that Bellway's policy has always been to set a ground rent that is affordable at the point of sale and remains so because under our standard form of lease any increase in the value of the ground rent is merely so as to re-base the value in accordance with RPI.

As set out in my earlier submission, in contrast to a number of other major housebuilders, we have not sold leasehold houses which have provisions that double the ground rent every ten years (or less) or increase the ground rent by more than RPI.

In terms of permission fees, the position since May 2017 has been that all permission fees are dealt with in accordance with our standard form of lease and include the following provisions relevant to permission fees. In this context Consent Fee means permission fee:

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“Consent Fee” Means either:

(a) the sum equal to 50% of the passing Rent payable pursuant to the terms of this Lease at the time when an application for consent is made where the application for consent is made by the Tenant in advance of carrying out the works, additions, alterations or other actions for which consent is sought; or

(b) the sum equal to 100% of the passing Rent payable pursuant to the terms of this Lease at the time when an application for consent is made when the application for consent is made by the Tenant after the carrying out of the works, additions, alterations or other actions for which consent is sought.

SUBJECT AT ALL TIMES in both instances to a minimum fee payable of £150.00.”

The modest level of fee reflects the time involved in undertaking the checks required when requests for permission are made. The permission requests can give rise to practical issues (such as checking the location of drainage and service installations) and more general requirements of good estate management.

The position prior to May 2017 was that we did not prescribe the level of permission fees and that they were instead, under our standard form of lease, required to be a ‘proper’ fee.

The Committee will appreciate that regardless of the provisions of the lease (and we are clear that our standard lease provisions are reasonable and fair), the reasonableness of permission fees is ultimately subject to a number of statutory safeguards. The First Tier Tribunal (Property) provides a forum to have any disputes as to the reasonableness of fees determined.

I trust that the above deals fully with the matter raised by the Committee.

Please feel free to contact me should you require any further information.

Yours sincerely



JASON HONEYMAN
Chief Executive