

28 February 2019

Clive Betts MP
Chair
Housing, Communities and Local Government Committee
House of Commons
London
SW1A 0AA

By Email only

Dear Mr Betts,

Leasehold Reform

Thank you for your letter of the 11th February 2019.

Firstly, as regards your comments on ground rent levels in excess of 0.1%. Originally you asked us to project how many leasehold properties are likely to have ground rents in excess of 0.1% of their value within the next ten years. As this depends upon assumptions for both house price inflation and the movement in the RPI, we felt unable to provide you with a meaningful prediction. We have however now reviewed 5,000 leaseholds that we have completed over the past five years and we can confirm in fewer than 15% of cases ground rents were above 0.1% at the time the leases were granted: last year the number was less than 6%. Taking into account house price inflation over the past five years, and the fact our ground rents are generally reviewed inline with RPI no sooner than every ten years, we estimate only a very small number currently fall into the category of being over 0.1%.

Secondly, in respect of permission fees, there are three covenants (listed below) within our apartment leases that require either notice or consent to be given or obtained and this has been the case for sometime:

1. Notice of transfer/charge of the property for which an administration fee of not less than £150 + VAT is charged.
2. Notice of the granting of an assured shorthold or other unsecured tenancy for which an administration fee of not less than £150 + VAT is charged.
3. Not to keep an animal on the premises without the written consent of the landlord or Managing Agent: there is no charge for granting this consent which is normally dealt with through the Managing Agent.

I trust this provides you with the additional information you require to complete the Committee's final report.

Yours sincerely



John Tutte
Group Chief Executive
Redrow plc