

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

4 March 2019

Dear Mr Betts

Leasehold Reform

I refer to your letter of the 11th February in which you requested further clarification, which I provide below.

In your letter you raise three points / requests for further clarification which I provide below.

a) **An opportunity to reflect on and add to my evidence in light of the further leaseholder representations**

I have read and considered the evidence for which you kindly provided the links. Much of this covers matters that were discussed at the Committee in November or else addressed in my earlier letter. For example: covenants, permission fees (see my answer to your third question below), rents that are perceived as being onerous, commonhold tenure and recommended panel solicitors.

However there are a few additional matters (stemming from that evidence) that I would like to touch upon and which were not previously addressed:

1. Covenants imposed in leases/transfers - Covenants are (and have been for many years) imposed by most developers and landowners for the benefit of other residents and to preserve the aesthetic quality of an estate. Therefore we, like other developers, ask customers to supply details of the additions that they would like to carry out and we charge a reasonable administration fee for checking plans, drawings and proposals. Covenants are clearly set out in transaction documents. Furthermore, Persimmon ensures that customers are aware of the charges from the point of reservation. Our current transaction documents contain specific maximum fees that would apply to and bind any future freehold owner.
2. One Campaign says it has evidence from members that demonstrates that Persimmon sold freehold reversions beyond 2016. The last freehold reversion sales by Persimmon (other than to individual residents) were concluded in 2014, as I said in my evidence.
3. Mr Crozier, the barrister, raises the issue properties having rents above £250 pa (£1,000 in London) being subject to the forfeiture provisions more often associated with short-term assured tenancies. We would welcome this (presumably unintended) loophole being closed by legislation for long leases. Our documentation contains an agreement by the landlord that it is not entitled to rely on the non-payment of rent ground stated in the Housing Act 1988.

b) The number of leasehold homes built by [Persimmon] that have ground rent terms in excess of 0.1% of the Property value

I cannot answer this question as we do not know the current value of homes we sold and cannot therefore say whether the rent levels exceed 0.1% of current value. I would like to re-iterate what I said in my first response, that is to say that the 0.1% figure is a fairly recent "limit" stipulated by lenders (albeit not all of them) and principally only in relation to mortgages of new-build properties.

c) Permission (event fees)

As requested I set out below our table of charges:

	TYPE OF WORK	FEE	VAT (@ 20%)	TOTAL FEE
1	Consent under covenant for erection of satellite dish or erection of wooden shed/lean to or other minor alterations	Nil	Nil	Nil
2	Consent under covenant for replacement / enclosure of porch	£75.00	£15.00	£90.00
3	Consent under covenant for detached or attached garage, extension, conservatory or other major alterations/additions	£250.00	£50.00	£300.00
4	Registration of notices served under transfer/lease (this may vary according to the lease/transfer but this is a maximum we would charge in practise)	£75.00	£15.00	£90.00
6	Issuing consent to registration / checking deed of covenant re management company) (this may vary according to the lease/transfer but this is a maximum we would charge in practise)	£75.00	£15.00	£90.00

In April 2017 the company capped charges so they could only rise by RPI every 10 years and in January 2018 we introduced a clause that had the effect of applying the fee for only the first 5 years of ownership. It is important to note that someone buying the freehold reversion subject to a lease with such limitations would be bound by them.

I trust this addresses the questions and points that you raised.

Yours sincerely



D Jenkinson
Group Chief Executive