



# Housing, Communities and Local Government Committee

House of Commons, London SW1A 0AA

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Jason Honeyman, Bellway  
David Jenkinson, Persimmon  
Jennie Daly, Taylor Wimpey

21 November 2018

Dear Mr Honeyman, Mr Jenkinson and Mrs Daly,

## Leasehold Reform

Thank you for providing public evidence to the Housing, Communities and Local Government Committee on Monday. Your contributions will be helpful as we continue our inquiry into Leasehold Reform and agree our recommendations to the Government, which we hope to publish in early 2019.

During the evidence session, you agreed to write to the Committee to provide further information on the following issues:

- Levels of ground rent charged by your company, or predecessor companies, over the past 30 years, and how this compares to present charges. We would like to know whether these historic ground rents included a mechanism for increases in value over time and how these were typically calculated. If it was not your company's historic practice for ground rents to increase over time, when did this change and why?
- Please could you provide details of the advice you referred to regarding a legal definition of 'onerous' in the context of ground rent terms.
- [to Taylor Wimpey] You agreed to provide a copy of the terms and conditions of the Taylor Wimpey Ground Rent Review Assistance Scheme. You further agreed to provide an up-to-date estimate of how much of the £130 million put aside for the Ground Rent Review Assistance Scheme which has been spent since April 2017. Please could you confirm the number of people who have now fully transferred to the new ground rent terms, and what proportion this is of the total number of people affected by doubling ground rents. Could you also clarify on what date Taylor Wimpey last sold a leasehold home with a doubling ground rent clause.

We would also be grateful if you could write to us on a number of other issues, some of which we were not able to cover in detail during the evidence session, due to time limitations.

As highlighted by Mr Jenkinson, a fair definition of 'onerous' in the context of ground rents is not, necessarily, whether that rent doubles or increases by RPI, but whether that rent has a material effect on the saleability or mortgageability of a property. Several leaseholders have written to us regarding their difficulties selling or mortgaging their properties, because they have been told by conveyancers or lenders that the ground rents set by your and other companies are too onerous. Therefore, please could you tell us your estimate of how many leasehold homes built by your companies now have, or are likely within the next 10 years to have, 'onerous' ground rent terms - as defined by being in excess of 0.1% of the property value, the measure used by several lenders and conveyancing solicitors.

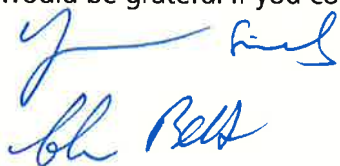
The Committee is concerned that customers have claimed that they were verbally offered the right to purchase their freeholders at an agreed price, only to find that the freehold had subsequently been sold on to a private investor without their knowledge, and that the freehold could now only be purchased at a significantly higher cost than initially offered at the point of sale. It would therefore be helpful if you could please confirm the policy of your company on the sale of freeholds, as follows:

- whether the leaseholder is notified in advance that the freehold is being sold to a third party.
- whether the leaseholder is first offered the chance to purchase the freehold on the same terms and at the same value as are offered to third-party purchasers (including either when you sell to an associated company or when you sell the associated company to a third party).
- what constraints, if any, are placed on the third party offering the freehold to the leaseholder at a higher cost.
- what changes, if any, there have been on such policies over the past 30 years.
- What changes, if any, are being proposed by your company on the sale of freehold interests to third parties.
- what information is made available in writing to purchasers of properties at the time of initial sale on the cost of the leasehold compared to the cost of freehold.
- what information is provided in writing to purchasers of leasehold properties on the cost of purchasing the freehold in the future and whether there is a guaranteed price for such a purchase.

Furthermore, as we noted during the evidence session, it has previously been suggested to us as part of the inquiry that there are, or were, close links between some developers and some of the investors to whom such freeholds were sold, with directors of developers in some cases sitting on the boards of investment companies at the time of sale. We would therefore be grateful if you could confirm whether any members of the Board or other directors or senior managers of your company own or control shares in companies which have purchased freehold interests from you, including any 'associated companies', or have personally financially benefited from the sale of freeholds to third party investors where that opportunity was not first offered to an affected leaseholder.

The Committee was additionally surprised that Mr Honeyman and Mr Jenkinson, in particular, indicated that they had not received many complaints from customers regarding leasehold terms or promises made by your companies during the sales process. This simply does not tally with the written evidence received by the Committee from leaseholders. I urge you to review the written evidence we have published on our website as it pertains to your respective companies, where a significant number of submissions highlighted onerous ground rents, the failure of developer-recommended solicitors to highlight leasehold terms, and suggestions of mis-selling with regard to promises made concerning the future purchase of freeholds.

I would be grateful if you could respond to this letter by 12 December 2018.

Handwritten signature in blue ink, appearing to read 'Clive Betts'.

**Clive Betts MP**  
**Chair, Housing, Communities and Local Government Committee**