

Manifesto for Social Sector Leaseholders (SSLs) 2006

The government promised SSLs¹ comparable rights to private leaseholders. Not only has it failed to deliver this promise, but the rights of private leaseholders have been reduced because of pressure from Councils. Virtually the only useful part of the Commonhold and Leasehold Reform Act 2002 for SSLs, the right to withhold service charges, has also not been implemented. SSLs have derived no practical benefits from this Act at all. They remain severely disadvantaged when compared to private leaseholders because they are almost always a minority of residents in their blocks and estates, occupying no more than a third of the properties.

We call upon all political parties to implement the following proposals to correct this situation.

Extending the existing cap on some service charges of £10,000 in 5 years to all service charges across the board² until the results of 25 years of mis-selling and neglect have been addressed

This cap should continue at least until the following injustices have been addressed :-

- Councils were told to sell properties with severe structural defects without warning leaseholders of the likely consequent costs, which they are expected to meet;
- Councils have sold properties constructed with a shorter expected life than the length of the leases issued, without telling purchasers;
- Councils have no duty to warn prospective right-to-buy purchasers of defects in the properties they are buying through a seller's pack;
- Chronic under-funding has meant that Council properties have not been maintained leading to neglect and dilapidation. If so, you should know that:-
 - The LVT has now held that the leaseholder must pay any excess costs from eventual repairs to such dilapidation;
 - There is no realistic prospect of getting the courts to force a Council to repair a property however bad its state;
 - SSLs do not have equivalent rights to change the manager of their homes to private leaseholders; they can only negotiate a change over about three years if the Council tenants in the block agree, and then only if there are more than 25 properties;
 - The rents of London Council tenants are heavily subsidised by tenants outside London, so they have no interest in upsetting the current arrangements, and their representatives naturally and reasonably spend much of their time defending them;
- Leaseholders have no right to vote on Council proposals to change the management of their homes;
- Councils are free to make long-term agreements for works and services which mean that leaseholders cannot challenge the costs when work is finally done;
- Promised reforms of service charge accounts which were meant to overcome the last problem are now said to be unworkable and unduly expensive, so the government has renounced its own legislation and is refusing to implement it;
- Leaseholders can go to the Leasehold Valuation Tribunal for redress, but the Tribunal cannot force anyone to produce evidence of what has happened.

¹ SSLs include leaseholders in properties owned and managed by a local authority or registered social landlord (housing association), or managed by an Arm's Length Management Organisation (ALMO) and a few freeholders who pay service charges as they bought their homes from a local authority.

² For those Council leaseholders who either bought their own homes, or bought from those who did, and who live in that home as their principal residence.

London Leaseholders' Network

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Introduction of a Statutory Code of Practice for Councils, over-riding their so-called 'fiduciary duties' which mean that leaseholders must be charged for everything up to being made bankrupt and homeless (something no private landlord is obliged to do), which would cover the following rights, to:-

1. Have public areas on estates, such as roads, playgrounds and public areas transferred to the Council Tax as other such amenities are, and allow residents to choose whether to maintain private facilities or open them to the general public;
2. Have estate security and policing carried out by the Metropolitan Police and not private contractors, and other services normally provided to residents free of charge (such as refuse collection) provided free of charge;
3. Take over responsibility for replacing windows to the standard required by the Council if convinced that they can do this more cheaply;
4. Come off communal hot water and heating systems where an individual system can be shown to be better value;
5. Access an independent scheme for resolving disputes with the Council, which is both transparent and publicly accountable;
6. Full estimated costings in §125 notices;
7. Minimum service standards with financial penalties payable to residents in all service contracts;
8. Strict limitation of service charges to housing functions, excluding social support to tenants however necessary that is;
9. Have changes to the management of their homes blocked unless a majority of the leaseholders are in favour, as is the case with tenants;
10. Independent verification of the Council's accounts for its housing, both capital and revenue;
11. Resident involvement and monitoring of all long-term or partnered contracts;
12. Mandatory application of the RICS and ARHM Codes to Councils.

Increased powers and responsibilities for the Audit Commission to come in and investigate bad practice, including new powers to fine and disqualify from office individuals guilty of negligence or maladministration;

There is no proper system of qualifications and professional control of those working as leasehold property managers.

Financial support for leaseholder representative groups at least at regional and national level, so leaseholders are supported and consulted in the same way as tenants, who have funded local support and the Tenants and Residents of England, which does not cover leaseholders.

Unlike tenants, there is no national resource to support SSL leaseholders to organise and put their views forward, although the government has belatedly recognised that there are issues to discuss, it currently consults representatives who act in their own time and at their own expense.