

COMMITTEE	Agenda Item Brighton & Hove City Council
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HOUSING COMMITTEE	Agenda Item 79 Brighton & Hove City Council
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Subject:	Park Royal – leasehold enfranchisement		
Date of Meeting:	30 April 2014 – Housing Committee		
Report of:	Executive Director of Environment, Development and Housing		
Contact Officer:			
	Name:	Dave Arthur, Leasehold Manager; Simon Pickles, Housing Stock Review Manager	Tel: 29-2083
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Ward(s) affected:	Regency		

GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 To inform Committee of the legal enfranchisement process which leaseholders invoked.
- 1.2 To explain the council's new role of 'tenant' resulting from enfranchisement. From Thursday 20th March 2014 the council is no longer the freehold owner of these two blocks of flats.

2. RECOMMENDATIONS:

- 2.1 That Housing Committee note the completion of sale of the freehold and the change of freeholder and management of the two Park Royal buildings.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 A summary of the leasehold enfranchisement process is at Appendix 1.
- 3.2 The council and the nominee purchaser, Park Royal Brighton Ltd, agreed the terms of enfranchisement for the two council properties 1-44 and 45-85 Park Royal, Montpelier Road, Brighton. Completion took place on Thursday 20th March 2014.
- 3.3 The council was served two Initial Notices under the Leasehold Reform, Housing & Urban Development Act 1993 by lawyers acting for Park Royal Brighton Ltd., on 9 January 2013.
- 3.4 The transaction included both of the buildings and the boundary curtilage of the buildings including the car parking spaces. However, the council has retained the garages and an option to develop on the roofs. The site plan is at Appendix 2.

4. BACKGROUND - NEW ROLES

- 4.1 Completion of the transaction means that the qualifying group of leaseholders in each building has successfully 'enfranchised' from the council as freeholder, and is now the freeholder of the two buildings with the obligation to keep them in repair and to provide insurance and services.
- 4.2 The council has taken mandatory leasebacks of the tenanted flats in the building, effectively becoming the leaseholder of the ex-leaseholders, with rights to be consulted on high cost works and the obligation to pay the service charge.
- 4.3 The council remains the landlord of its weekly rent paying tenants in the building and is still responsible for the interior repair of their flats, excluding the windows and window frames.
- 4.4 The council needs the prior written consent of the freeholder to carry out any structural alterations within flats that have been leased back.
- 4.5 Impact on future maintenance and management:
 - a. Responsibility for keeping the exterior of the premises in repair along with any structural elements, common parts and the building as a whole has passed with the freehold ownership to Park Royal Brighton Ltd. The leaseholders' managing group has appointed a managing agent, Jacksons based in Hove, to manage the building and the leases.

b. The council is only responsible for the repairs and any improvements to the tenanted flats, e.g. new kitchens and bathrooms, rewiring.

4.6 A summary of the wider housing management roles is at Appendix 3.

4.7 Of the remaining tenanted 24 flats, 23 are two bedroom flats and there is 1 x one bedroom flat.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 We have written to all tenants and leaseholders to explain the change of management and the implications and continuity for them.

5.2 This report has been considered by the Central Area Panel on 2nd April and Housing Management CSC on 1st April.

6. CONCLUSION

6.1 Leasehold enfranchisement is a legal process which the council cannot prevent. The impact on our remaining tenants will be managed to ensure they continue to receive high standards of service.

7. FINANCIAL & OTHER IMPLICATIONS

7.1 Financial Implications:

a. The purchase of the freehold provides a receipt of £135, 592 (Front block, Flats 1-43: £45,532; Rear block, Flats 44-85: £40,060; Appurtenant land: £50,000) which is available to re-invest in the Housing Capital Programme or be placed/ kept in HRA reserves to pay for future costs of major works at Park Royal, which will be chargeable under the terms of the Lease to the council, as leaseholder for the 24 remaining flats.

b. The Housing Capital Investment programme 2013/14 included an amount of £0.414m to be spent on Major works at Park Royal. This budget will be re-invested elsewhere within the Housing Capital Investment Programme with the capital variation being reported to Policy & Resources Committee through the TBM process.

- c. The council has become the leaseholder of the remaining 24 flats across the two buildings and as such is responsible for paying annual service charges. It is anticipated that the annual service charges for these flats can be met from a reduction in the current expenditure on common ways. This will be monitored as part the TBM process.

Finance Officer Consulted: Susie Allen, Principal Accountant

Date: 12/3/2014

7.2 Legal Implications:

- a. The Council is legally obliged to comply with Part 1 Chapter 1 section 1 to 38 of the Leasehold Reform, Housing & Urban Development Act 1993 (as amended), which is the governing piece of legislation. Thomas Eggar Solicitors were instructed to act on behalf of the Council in connection with the collective enfranchisement process.

It is not considered that any Human Right Act rights would be adversely affected by the contents of this report.

Lawyer Consulted: Joanne Dougnaglo/ Liz Woodley Date: 24/12/13 and 14/2/14

7.3 Equality Implications:

There are no significant Equality and Diversity issues to report.

7.4 Sustainability Implications:

- a. The Council retains some influence on the choice of building materials in communal areas, as tenant (under consultation requirements) and where any Building Control involvement is required for works.
- b. The Council retains direct control over use of materials in the remaining tenanted flats.

SUPPORTING DOCUMENTATION

Appendix 1: A summary of the leasehold enfranchisement process

Appendix 2: Plan of Park Royal

Appendix 3: A summary of the wider housing management roles.

