



## I P FRAUD INVESTIGATIONS

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**Helen Goodman** Shadow Minister (Foreign and Commonwealth Affairs)  
2<sup>nd</sup> & 4<sup>th</sup> addresses in Westminster Hall after 5:41pm on 22 January 2019

“... the large property developers—..., **Bellway**, ...—sell properties that are not free from hold but come with financial obligations and restrictive covenants administered by property management companies such as ... **Trinity Estates** ...

... The **relationship** between the big builders and their favourite management companies and **the processes for acquiring these communal spaces are shrouded in mystery**”.

[see [List of Processes](#)]



**Kit Malthouse** Minister of State (Housing, Communities and Local Government)  
6:20 pm, 22nd January 2019

“... As hon. Members have pointed out, many **freeholders** must pay charges towards the maintenance or upkeep of communal areas on an estate.

The obligation to pay these charges might be provided by a **deed** of covenant **or** through an **estate rent charge** that forms **part of the purchase contract**.

These charges can include contributions towards the upkeep of **open spaces** on an estate, or for the maintenance of roads and other infrastructure that is not adopted by the relevant authorities.

Hon. Members have quite rightly raised concerns about the lack of redress should a **freeholder** disagree with these charges, and **there have been disputes about who should be responsible for, and control, the maintenance of communal areas**”.

ALSO SEE

<https://www.lease-advice.org/files/2017/10/Tackling-Unfair-Practices-LEASE-response.pdf>

See p.2, paragraphs 1-2: “3. ... the reliance on an estate rentcharge approach to recovering service charge payments for estate costs seems outmoded now that we have Commonhold. On estates of freehold houses, as opposed to leasehold houses, the common areas should be transferred to a Residents Management Company, compulsorily, with all the freeholders as members.”

[See [Freehold Report Extracts](#)]

**NOTE THAT incorporating an RMC introduces issues of [Persons With Significant Control](#).**

This short paper provides background on this issue and sets out the Government's proposals for reform. The "aspiration" is to introduce legislation within the next 12 months (from 29 January 2019).  
The paper covers England only.

## 1. The legal basis of estate charges

It is relatively common for private estates with freehold houses<sup>1</sup> to include a provision in the deed of transfer which places a duty on the owners to contribute to the maintenance<sup>1</sup> of the estate's communal areas and facilities. The deed of transfer should state:

- What the freeholder is expected to contribute towards.
- The proportion of costs they should pay.
- Dates on which payment is due.

<sup>1</sup> The estates may form a mixture of freehold houses and leasehold flats.

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5 JUNE 2019: <https://www.helengoodman.org.uk/latest-news/2019/06/07/estate-fees-new-bill/>

22 JANUARY 2019: <https://www.theyworkforyou.com/whall/?id=2019-01-22a.119.0>

If offered the choice between a leasehold property and a freehold property, most prospective homebuyers would opt for freehold. Who would not want the permanent and absolute tenure of their property, with all the freedom and security that promises? However, the large property developers—Barratt, Bellway, Persimmon and Taylor Wimpey—sell properties that are not free from hold but come with financial obligations and restrictive covenants administered by property management companies such as Greenbelt, Gateway, FirstPort and Trinity Estates, which take ownership of communal spaces once the developer has moved off the site.

**Adrian Bailey** Labour/Co-operative, West Bromwich West

I congratulate my hon. Friend on securing the debate. She mentioned Greenbelt. I have a problem in my constituency that goes back 16 years, when a group of people purchased houses from Bellway. The adjoining

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(Citation: HC Deb, 22 January 2019, c120WH)

14 NOVEMBER 2018: <https://www.helengoodman.org.uk/latest-news/2018/11/02/estatefees/>

1st reading: House of Commons 14 November, 2018 | 14.11.2018

Read debates on all stages of the Freehold Properties (Management Charges and Shared Facilities) Bill 2017-19

### Latest Bill

This Bill is being prepared for publication.

- All Bill documents

### Latest news on the Freehold Properties (Management Charges and Shared Facilities) Bill 2017-19

The next stage for this Bill, Second reading, is scheduled to take place on a date to be announced.

This is a Private Members' Bill and was introduced to Parliament on Wednesday 14 November 2018 under the Ten Minute Rule.

If the text of the Bill is not yet available, please contact its sponsor, Helen Goodman, for more information.

### Summary of the Freehold Properties (Management Charges and Shared Facilities) Bill 2017-19

A Bill to make provision for the regulation of fees charged by management companies to freeholders of residential properties; to make provision for self-management of shared facilities by such freeholders; to require management companies to ensure shared facilities are of an adequate standard; and for connected purposes.

"TO MAKE PROVISION FOR SELF-MANAGEMENT OF SHARED FACILITIES BY SUCH FREEHOLDERS"