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PRESS RELEASE

GOVERNMENT SHOOTING FROM THE HIPS BLASTED BY LEASEHOLD GROUP

August sees the first implementation of the UK government's reform of house buying with the introduction of Home Information Packs (HIPs). ALEP believes that the reforms are not only half-cocked but will unfairly discriminate against flat owners and may end up with the government shooting itself in the foot.

It is ALEP's estimation that HIPs for leaseholders will cost up to three times as much for owners of leasehold properties as for freeholders, at around £1000.

On May 26 it was announced that the full launch of HIPs would be halted. And now a staged introduction with the requirement of HIPs for four-bedroom houses and above has been implemented. If the chaos and disruption to the market caused by the first implementation is repeated in the future then it is the poorer house buyer that will be hardest hit. Flats are generally cheaper than houses and often the only option for first time buyers. When HIPs are a requirement for hard-hit lower income home owners, many will simply not be able to afford to put their homes on the market.

The double whammy for flat owners is the progressive rise in interest rates. Already stretched home owners on the first rung of the ladder will be forced to fork out disproportionately more than wealthier owners of larger houses. And it is the lower income sector that is likely to want to exit the housing market by selling as a result of not being able to afford the higher monthly repayments.

Leaseholders, the vast majority of whom own leasehold flats, need to pay for items for the HIPs that freehold house owners do not. For example, they must supply:

- Copies of the lease documents
- Any regulations not contained in the lease
- Summary of service charges going back 3 years
- Any works proposed to the building
- Buildings Insurance information
- Memorandum and Articles of Association of residents management company
- Name and address of current landlord

- Share certificates

For many leaseholders simply getting in touch with the freeholder will use up valuable solicitors' time since frequently freeholders are not easy to contact. In turn, gaining copies of many documents will also be arduous and time consuming. In addition, not all solicitors are familiar with the vagaries of leasehold so specialists may need to be sought, further adding to costs.

Alex Greenslade is director of founder member Leasehold Solutions: "We commend the government for attempting to simplify the house-buying process but we believe there are much bigger priorities in the UK house market than refining the information available to buyers. The archane system of leasehold and freehold is now more complicated than ever and recent changes to the way leases are valued has again hit leaseholders of both flats and houses. The half-baked reforms to freehold are being mirrored in the half-baked reforms to house buying. Voters deserve better."

Members will be required to prove they have been involved in successful enfranchisement projects, they have the appropriate insurance and accreditations and agree to sign up to a set of standards and principles. ALEP has a strict code of practice and clear disciplinary procedure and will remove any member found to be in default.

ALEP will also undertake a lobbying role and be a single port of call for media and others interested in understanding the present and future state of leasehold enfranchisement. The Leasehold Advisory Service exists to assist and educate consumers. ALEP will take on a complementary and independent role to ensure legislation is consistent and well drawn up.

Notes to editors

Peter Haler and Alex Greenslade are available for interview. Pictures are available.

Details on the legislation are available upon request.

Contact us at info@alep.org.uk or 0845 225 2277.

More information is available at www.alep.org.uk.