

Ibp Journalism Awards 2019: Housing/residential property journalist of the year

Entry by Martina Lees

Man about the house: Interview with James Brokenshire, the housing secretary

The Sunday Times – Home | May 12, 2019

This Sunday Times interview was the first time that James Brokenshire, the housing secretary at the time, invited a journalist into his home – the result of negotiations by Martina Lees over several months. In the two-hour interview, Brokenshire publically opened up for the first time about nursing his dying father in the front room and coping with his mother's dementia. A year after returning to the cabinet from lung cancer surgery, he also recalls his own recovery on the sofa, where he slept for a month – unable to lie flat. Brokenshire calls for tax incentives to encourage downsizing – and reveals why he made the biggest change to private renting for 30 years: it was meeting a homeless man who had nowhere to go with his dog that prompted him to end no-fault evictions. Yet it was the revelation that he had two double ovens that was widely picked up by national newspapers, including in The Times (in an article and cartoon), the Telegraph, The Sun and the Independent – and even on BBC One's Have I Got News For You.

Help! Our cladding is a fire risk: Investigation reveals 200,000 people still live in fire-risk flats – with £1.2 bn bill for homeowners

The Sunday Times – Home | June 9, 2019

Two years on from the Grenfell fire, the most comprehensive analysis to date of Britain's cladding crisis reveals up to 200,000 people in 82,000 flats – 68,000 of them privately owned – are still living in homes wrapped in flammable materials. The bill for fixing the problem could be £1.2bn for private blocks – six times more than the government had pledged for the sector. The investigation reveals how many of the homeowners affected will not get help from the £200 million fund for the ACM type of cladding on Grenfell Tower, as their buildings have other kinds of flammable cladding or insulation and further fire risks.

The Sunday Times analysed government data collated by Glenigan, the construction data firm, on all planning permissions granted since 2013. Martina Lees obtained this data and spoke to many private homeowners who face paying life-changing amounts of money to make their flats safe. She hears how they live in fear and, after a full day at work, go home to patrol their own buildings against fire through the night.

Home truth: The faceless freeholders – and their methods – behind the leasehold scandal revealed

Tortoise | April 16, 2019 | <https://torto.se/2Zf0fuT>

This investigation shows how leasehold law allows a new breed of secretive land barons to legally rip off ordinary homeowners in England and Wales. It reveals the faceless freeholders behind it, such as Count Luca Rinaldo Contardo Padulli di Vighignolo. From his Norfolk manor he has amassed more than ten times as many property titles as the Queen – including 800 freeholds in Cramlington, Northumberland, where short leases are paralysing the whole town. The article details how feudal laws give freeholders a “smorgasboard of dirty tricks” to extract money, from charging over £6,000 for consent to reconfigure a flat, to demanding £60,000 in legal fees from a flat owner who won £1,200 off his service charges in court.

Tortoise is the slow news venture founded by James Harding, the former editor of The Times and BBC News.



FRANCESCO GUIDICINI

Nothing about the wilfully conventional postwar home in southeast London suggests it belongs to the cabinet minister in charge of solving the housing crisis. There are no police standing guard and no reporters seeking his daily opinions on Brexit, and it will not win any architectural awards. Instead, James Brokenshire opens his front door – clean-cut, uncontroversial, ironed-jeans neat – politely offering water and ambling off to the kitchen to fetch a glass.

He is that rarest of Conservatives, a senior figure in Theresa May's party who hasn't been stalking the TV cameras on College Green or putting themselves forward for the leadership. And he must be the only MP who, amid the Brexit bedlam, appears not to have aged: a fact he puts down to being able to come home every night and sleep in his own bed. Even so, few members of the public may recognise him as the secretary of state for housing, communities and local government, one of the tougher and more thankless briefs in frontline politics, and one he took on after only a month-long break following surgery for lung cancer.

A year into his post, this is the first time Brokenshire, 51, has granted such access to the Bexley home he shares with Cathy, 48, and their three children. There are few trappings of power on display: a model of the Palace of Westminster and a shot of him with alpacas at Stormont in his previous role as Northern Ireland secretary are the exceptions. Happy family photographs dominate the decor.

It was here that he recuperated after having a third of his lung removed in January last year. "I couldn't easily lie flat, so I ended up just sleeping on the sofa," he recalls. "For me [home] became a sanctuary" – somewhere that offers a "sense of identity" as well as a roof.

Here, too, they all cared for his father, Peter, until he died in the front room; at the same time, Brokenshire was dealing with the 2015 general election campaign and his mother's dementia. "My dad was diagnosed with pancreatic cancer on New Year's Eve and passed away on Valentine's Day," says Brokenshire, an only child. "And my mum did not appreciate what was going on at all." Cathy, who has been quietly perching in the bay window, mug of tea in hand, recalls the painful bewilderment of her mother-in-law: "'I wonder if he'll die?' 'He looks like he could die.' 'He needs to move around, otherwise he'll die.'"

Peter had been his wife's main carer. "The kids don't ever remember Nana not being forgetful," Cathy says. "She's unaware she's got dementia. She thinks she functions normally." Brokenshire continues: "I remember doing a tough Today interview and coming back to my mum sobbing because she'd remembered, again, that my dad had died. That was tougher than cancer." Afterwards, selling his parents' house and finding his mother a care home near them was "probably just as tough".

Brokenshire, who has not publicly opened up about his father's death before, hopes that sharing his experience "may help others. We're all human. We all go through these things. I don't know whether we talk about it enough."

It is a revealing moment for a former corporate lawyer who can talk at considerable length yet give little away, so much so that The Irish News once described him as having "the personality of a motorway services car park". But here, relaxed on his own sofa, he radiates a zeal for real reform – occasionally punching the air for emphasis. He is up-to-date with all the buzzwords. He talks of revitalising high streets, of social isolation and tackling loneliness, of the importance of the natural environment

MAN ABOUT THE HOUSE

The housing secretary, James Brokenshire, has plans to help generation rent onto the ladder, and persuade their parents to downsize. His battle with cancer has only strengthened his resolve, he tells *Martina Lees* and *Helen Davies*

66

ON THE QUALITY OF NEW-BUILD HOUSING

Oh, my goodness... it's a problem

and turning generation rent into generation own. He repeatedly feels things “keenly” and “responsibly”, and believes that he is “blessed”.

He is, however, frustrated by the slow pace of change. “There is a real pressure on legislative slots going through parliament right now” – something that prolongs the two years it usually takes for new laws to take effect. “You sort of think, ‘Oh, for goodness sake.’”

For Brokenshire, the most shocking aspect of the housebuilding industry is not the antiquated buying and selling process (now under review) or the insecurity of rental tenancies (expect further announcements) or the bureaucracy of design and planning (he’s tweaked the National Planning Policy Framework and set up the Building Better, Building Beautiful Commission). No, the most eye-opening issue is the quality of some new-build homes – often funded by the government’s Help to Buy loans, and found at the cheaper end of the market. “Oh my goodness... it’s a problem.”

The flammable cladding on Grenfell Tower is the most tragic example of poor construction. Last week, almost two years after the devastating fire in west London, he announced a £200m government fund to replace similar aluminium composite material cladding on more than 160 private blocks. He is looking to appoint a shadow new-homes ombudsman while waiting for an independent ombudsman with statutory powers to come into legal

66

ON DEMENTIA

I remember coming back to my mum sobbing because she’d remembered, again, that my dad had died. That was tougher than cancer

force, although campaigners fear that such a watchdog would be in the pocket of developers.

Brokenshire has also been accused of watering down moves by Sajid Javid, his predecessor, to free leaseholders from the “feudal practices” that still govern one in five homes in England and Wales, whereby a leaseholder only owns the right to live in their homes for 99 to 999 years; the true owner is the freeholder, an idea dating back to William the Conqueror. So is he as serious about leasehold reform? Brokenshire looks offended. “Yes, I am.”

Will he go far enough? He says he has heard leaseholders’ concerns that ground rents on new leases should be capped at nil, as Javid had pledged – not the £10 a year subsequently proposed. Yet he won’t commit to capping ground rents in existing leases, where the real problem lies, saying only that he will “look carefully” at recent findings by a parliamentary select committee.

He has form in quietly getting on with things. He led the negotiations that led to the successful deportation of the hate preacher Abu Qatada, and moved to close a loophole after The Sunday Times told him about the owner of a flat who won a discount in court over unfair service charges, yet still had to pay £61,000 for the managing agent’s legal costs.

THE MINISTER’S FAMILY PORTFOLIO



66

ON DOWNSIZING

We do need to look at what tax and other incentives need to be there to have that encouragement

It was meeting a homeless man with a dog at a shelter in Bristol just before Christmas that led Brokenshire to announce the biggest change to private renting for 30 years: landlords will lose their automatic right to kick tenants out. “That sense of anxiety... looking at that and thinking, ‘What could have prevented someone like him ending up literally on the street with his dog – and his dog being the point of comfort?’” Tenants being asked to leave without good reason is “one of the most significant factors” in homelessness, he says. “As a society, it cannot be right that we have so many people out on our streets.”

Naturally, he is keen not to antagonise buy-to-let investors. Any sense that they might sell up in droves, as they did in the 1970s, leaving fewer homes for tenants who can’t afford to buy, is promptly downplayed. “I recognise that pushback,” he says. It’s also why he plans to give owners rights to regain their property to sell or live there, and speed up court processes to evict tenants for rent arrears or damage.

“What we’re firmly not looking at is rent controls. You can point back to the past and the profound impact that had.” Even the last Labour government was against rent controls because it would limit supply, Brokenshire adds. Jeremy Corbyn’s support for such controls is “profoundly mistaken”.

So, will the Tories become the party of renting? “No,” he says. “For me, the differentiation between us and Labour is about home ownership. Labour is not interested in home ownership at all.” Sadiq Khan, the Labour mayor of London, with whom he has traded barbs, is “not focused enough on the overall market” to support affordable and social homes. “I do really want to see that transition from generation rent to generation own.”

Brokenshire was 11 when Margaret Thatcher, with her belief in a “property-owning democracy”, came to power after the Winter of Discontent. “I remember coming home from school and the power



cuts – we had an electric hob – and not being able to have your dinner. And sitting in the darkness. And thinking, well, why is this? Why can’t I go and put the telly on, or why can’t I have my dinner?” Seeing “how things could be very different under a different political set of beliefs” awakened the grammar-school boy’s interest.

The son of a council chief executive, Brokenshire was raised amid politics. “They [his parents] saved on babysitting by taking me along to various events.” His father had grown from “near poverty” in a Cornish village. For their 20th wedding anniversary, he and Cathy returned to Cornwall for a weekend. Their youngest, Ben, 12, was born there, arriving five weeks early on a holiday. “Same as the Camerons,” Cathy says. “Your dad was so proud.”

Brokenshire is “an Essex boy, an Essex man”. Born in Southend-on-Sea and bred in the Towie heartland of Loughton, he wants to retain “that shared sense of ‘where I come from’” as Britain aims for 300,000 new homes a year by the mid-2020s. Does he hate that figure? “You can talk about numbers, but there has to be more than that. It has to be, for me, about building homes and communities... spaces that people want to live in, that have a sense of connection and identity.”

66

ON HOMELESSNESS

What could have prevented someone like him ending up literally on the street with his dog – and his dog being the point of comfort?

He thinks “a broader range of housing stock really matters” to give people independence. It’s about “how we value people all the way through their lives”. That’s why he highlights a “technical thing” as his biggest achievement so far: freeing up local authorities so they can borrow to build council homes.

And it’s why he says building homes for millennial first-timers is as important as helping older owners to move from a home that has got too big to somewhere that remains a home, but is better suited to their circumstances. “We do need to look at what tax and other incentives need to be there to have that encouragement,” he says. He has “a very firm interest” in this area, given his parents’ struggles.

As families juggle boomerang children and ageing parents, it’s also about “how we can use the housing stock as effectively as possible”. Under light-touch planning rules that Brokenshire announced this month, homeowners gained a permanent right to extend houses up to six metres to the rear (eight metres for detached properties). The rules also aim to revive high streets by allowing more people to live and work there: developers will no

66

ON LABOUR

Jeremy Corbyn’s support for rent control is profoundly mistaken

longer need planning permission to convert shops into offices, turn takeaway outlets into homes or build flats on top of existing blocks. Planners say this will make high streets even more static, yet Brokenshire argues that “for centuries before, it was much more mixed. I think we need to think about that again.”

Bexley, his constituency, is an example of mixed planning growth in miniature – some good, some bad. You’ll see Georgian mansions, a church spire or two. The meadows and stacked straw bales look bucolic and almost out of place alongside sorry mid-20th-century additions and defiantly aspirational rows of newer properties from the Thatcher era.

The couple bought their detached home in 2009, a year before he became the local MP. Do they know what it’s worth now? “No!” Do they want to know? “I don’t know if I do,” Brokenshire laughs. They both balk at the news that a neighbouring house sold for £845,000.

And, to fill the nearly insatiable appetite for any crumb of knowledge on the state of a politicians’ kitchen, we can tell you that Brokenshire’s domestic affairs are deeply conventional and plain. In keeping with the family-centric aesthetic, framed hand prints of their daughters Gemma and Sophie, 14 and 16, add a personal touch to the modest rear extension. The only extravagance is typically practical: two double-ovens and two dishwashers. “I hate it when, come Christmas, there’s not enough room in the oven,” Cathy says.

In another interior quirk proudly suggested by his wife, a mirror hangs above the treadmill, so Brokenshire can rebuild his lung capacity while keeping a backward eye on the TV news (or cricket). Since returning to health and to government, he has been doing a lot more walking – whether across Bexley’s meadows or central London’s bridges. “Having that thinking time is quite important,” he says.

There is no dog to take along, though. As in many a home, it’s still “a matter of family contention”, and another battle he has yet to win.

**‘An Essex boy, an Essex man’
From top left, Brokenshire with his wife, Cathy; as a child with his mother, Joan; and with his late father, Peter**

Home Investigation



HELP! OUR CLADDING IS A FIRE RISK

Two years on from Grenfell, almost 200,000 people could still be living in dangerous buildings. *Martina Lees reports. Data analysis by Tom Calver*

Ritu Saha is on waking watch. After work, the university administrator comes home to guard her block of flats in southeast London against fire until midnight. Two years after Grenfell Tower was engulfed in flames, killing 72 people, Saha and her neighbours still live in a building that is wrapped in three types of flammable cladding.

"Let's walk," says Saha, 43, who is dressed in a hi-vis vest, and we start to scour the 10 storeys at Northpoint, in Bromley, for signs of smoke or heat. For the past 18 months, this has been carried out every half-hour, night and day. At first it was done by agency staff – then residents saw the bills. Now they volunteer for some shifts, but it still costs leaseholders £16,500 a month. That's on top of a £3m bill (up to £70,000 per flat) to replace the cladding and £500,000 for defects such as missing fire breaks. Works have still not started.

"I'm having to choose between homelessness and bankruptcy," Saha says. As first-time purchasers, she and her husband had saved for eight years to buy at Northpoint, where duplex penthouses like theirs on the 10th floor sell for more than £400,000. Or at least they did before Grenfell.

In desperation, Saha and two owners of affected flats elsewhere in the country started the UK Cladding Action Group (UKCAG) earlier this year. Under mounting pressure, last month James Brokenshire, the housing secretary, announced a £200m fund to remove and replace aluminium composite material (ACM) – the cladding used at Grenfell – from about 170 private residential towers in England. Yet for leaseholders such as Saha, the money will only cover part of the cost of making the building safe. As well as polyethylene-filled ACM, the tower block has two other types of material that tests have deemed flammable: high-pressure laminate (HPL) and aluminium window panels with bonded insulation.

There are many more homeowners across the UK living in buildings wrapped in non-ACM materials that may be just as combustible as those on Grenfell Tower. For them, and for those in low-rise blocks with fewer than six storeys, the fund is of no help at all.

The Sunday Times now believes up to 196,000 people in 82,000 flats – 68,000 of them privately owned – could be in danger. The total bill for fixing the problem could be £1.4bn, of which £1.2bn is for private blocks – six times more than the government has pledged for this sector.

This is the most comprehensive analysis to date, using figures from the construction intelligence firm Glenigan, whose authoritative market insight is used by the government, and Rosebud, which makes non-combustible insulation from volcanic rock. The research covers residential blocks of all heights with rainscreen cladding systems, but excludes schemes that were built or refurbished before 2013. No one, however, can be sure of the true extent – and expense – of the cladding scandal.

Despite being warned about wider risks since 2017, the government is only now testing non-ACM cladding – and still not in combination with flammable insulation. "We desperately need more tests to quantify the risks," says Jonathan Evans, a chartered engineer who was an independent witness to the government's cladding tests after the Grenfell fire. He estimates that 80%-90% of insulation fitted behind rainscreen cladding is flammable. Common types include PIR and phenolic insulation, which are made from petrochemicals and give off toxic gas if they burn. Both were used on Grenfell Tower.

"Since the morning of the [Grenfell Tower] fire, we've been saying that it's not

“RITU SAHA, SOUTHEAST LONDON I'm having to choose between homelessness and bankruptcy

just the cladding," says Lord Gary Porter, chairman of the Local Government Association, which represents all councils in England and Wales. "It's all the stuff behind it – the insulation. And it's not just that type of cladding."

The architect and TV presenter George Clarke, who witnessed the flames first creep and minutes later surge around Grenfell Tower from his west London home, says he is shocked and horrified by the Sunday Times findings, but not surprised. "We're really lucky there's not been another Grenfell," he says. "I've always believed it was the tip of the iceberg. It's a systematic failure. Someone somewhere signed off on these materials."

At Burton Place, in central Manchester, first-time buyers Katie Peate, 28, and Warren Bolas, 29, face paying £80,000 towards the £4.6m bill for replacing the building's timber-clad facade. It contains F-grade insulation, the most combustible rating. Tests have confirmed it is 42 on a flammability scale of one to 50. "I saw those pictures of Grenfell two years ago and never dreamt it would affect me," says Peate, a business strategist. The residents of Burton Place were told in October that the building was unsafe. "The hardest thing is how it affects our future. We want to start a family, but now that's on hold."

Their neighbour Ross Broome, 32, has found a new job as a recruitment head in London, but cannot sell or let the flat he bought for £172,000 five years ago. "I'm

“FRAN REDDINGTON, MANCHESTER I'm still in a dangerous building. I'm still not able to move. I'm still living every night not knowing if a fire is going to happen

trapped," he says. "The biggest thing I've ever bought in my life is not worth a penny unless I pay extra to fix it." Another resident, Emma Stewart, 32, suffers from Crohn's disease. Stress has caused the condition to flare up, forcing her to take every day of work. "I've had to increase my medication," she says. "My home was my sanctuary, but now I come home to safety issues and financial pressure."

Urban Splash, which built the scheme in 2005, says it complied with building control at the time. E&J Estates, which owns the freehold, says it is not its responsibility to foot the bill or oversee the works. The leaseholder-appointed managing agent, Mainstay, says the flammable insulation and missing fire barriers were discovered during planned repairs to warped timber cladding, and is owed on how to fix the fire risks.

The residents of Burton Place have joined a campaign group – the defiantly named Manchester Cladators – started by leaseholders in two towers in the nearby Green Quarter that require cladding remediation work. With strong backing from the city council, they won a two-year battle that, in March, finally persuaded a consortium led by Lendlease, their developer, to fund the full £7m cost of re-cladding.



IF YOU ARE WORRIED...

First contact the freeholder, managing agent or developer to ask what the cladding is. Building control drawings specify the materials and may be available from your council. Get your council's support and work nationally with UKCAG (@ukcag on Twitter) and the Cladators (@McCladators). If you have any questions, we will try to find the answers – email homehelp@sunday-times.co.uk

"I could easily have walked away at that point, but it's not over for me," says Fran Reddington, 34, co-founder of the Cladators. "I'm still in a dangerous building. I'm still not able to move. I'm still living every night not knowing if a fire is going to happen. I know what it's like to go through the stress of not knowing where to turn." After hearing about other blocks facing the same battles, she says the Cladators formed so "all the Manchester buildings could come together to support one another and have a much louder voice in campaigning".

Since the government-ordered audit of high-rise buildings with ACM two years ago, Manchester city council has known of 15 privately owned blocks with Grenfell-style cladding. But there has still been no audit of buildings with other types of cladding, nor of those with flammable insulation. Concern for blocks clad in non-ACM materials has in the main emerged this year, as leaseholders and freeholders become more aware of the risks. The council is now talking to 14 such buildings and is being approached by residents from one new block a week.

"We've overly focused on ACM post-Grenfell," says Suzanne Richards, executive member for housing at the city council. "But it's not just ACM. It's showing no sign of tailing off."

HPL cladding, made from compressed wood or paper fibre, "is the huge elephant in the room", Jonathan Evans says. He believes that it will almost certainly fail a government fire rig test in the next few weeks. Rockwool estimates that 300,000 sq metres of HPL was sold in 2016 – roughly equivalent to sales of ACM, and enough to wrap 46 Grenfell Towers.

Waking watches are in place at Manchester's Skyline Centre 1, where HPL covers 120 flats. Long Harbour, the fund manager run by William Astor,

half-brother of David Cameron's wife, Samantha, controls the freehold on behalf of a pension fund. It is billing leaseholders up to £25,000 per flat for re-cladding through its property management arm. It had paid to replace HPL on the twin block next door, which a Long Harbour fund owns fully, after a 2016 survey found facade defects. The group says Skyline 1's HPL issues were "not apparent" back then and offered interest-free loans to leaseholders for the repairs. Again, these works fall outside the government's £200m ACM fund, which "doesn't nearly cover all the buildings that are affected", says one first-time buyer who wishes to remain anonymous. "For us, it doesn't change anything."

It is also unclear whether the fund will pay to fix problems hidden behind the cladding. For years, building control inspections were not required prior to cladding being fitted.

Costs to replace ACM panels at the Munkebeck and Marshall flats in Paddington Basin, London – sold for up to £1.6m each – have ballooned as

Cladators ready
Left: residents of Burton Place, Manchester, are fighting costs of up to £80,000 per flat to replace the building's facade. Top: Simon Daniel (centre, seated) with residents of the Munkebeck and Marshall buildings, in Paddington. Above: the fire at Grenfell claimed 72 lives in 2017

flammable insulation was found and missing fire barriers were identified. European Land, the developer and ultimate owner of the freehold, has threatened leaseholders with forfeiture of their homes if they did not pay the first £3.6m in costs. A further £5.3m is expected to be due. "It has cleared out our savings," says Simon Daniel, a marketing executive in his forties whose bill is £50,000. He and his wife "had to borrow money from family. It's humiliating."

European Land said the Munkebeck and Marshall scheme received building control approval in 2004. Last week, residents urged Sadiq Khan, the London mayor, to pressure the firm by calling in its planning application for the "Cucumber" skyscraper nearby. The mayor's office said it could not prejudice fire planning applications, but Khan has called for the scope of the ACM fund to be expanded.

The government's insistence on charging 20% VAT on re-cladding has compounded the life-changing sums homeowners have to pay. For most, the only option is to go to court. Last week, 58 leaseholders at New Capital Quay, in Greenwich, Britain's biggest scheme with ACM cladding, launched a group legal claim over fire safety against their freeholder and developer. Both are part of the Galliard Group and deny that building regulations were breached. Although the National House Building Council, which provides 10-year new-build warranties, is paying for most of the re-cladding, residents want to recoup other losses.

"Under virtually every lease, clauses will make the leaseholder liable," says Susan Bright, professor of land law at the University of Oxford (law.ox.ac.uk/housing-after-grenfell). "I don't see any solution unless government provides it."

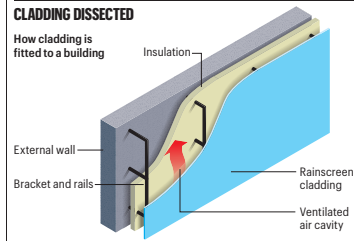
Back in Bromley, it is 10pm, and Ritu Saha has finished her patrol of Northpoint.

“SIMON DANIEL, WEST LONDON It has cleared out our savings and we have had to borrow money from family. It's humiliating

"It beggars belief that, in one of the richest countries in the world, you have buildings deemed so unsafe that humans cannot live in them unless you have people patrolling to keep you safe from fire," she says. Cistead Ltd, the Northpoint freeholder, which is ultimately part of the Tchenguiz family interests, says it was not involved in fitting the cladding 20 years ago, and that it was certified in line with building control. It said it paid for expert reports and was working to find a solution to re-clad.

With klaxons, walkie-talkies and smoke masks scattered around her in the waking watch's command centre – Northpoint's entrance hall – Saha scrolls through the latest emails to UKCAG. A leaseholder from Southampton writes to say she only found out her building's cladding was dangerous when she was unable to remortgage. "The surveyor gave the flat a value of zero," Saha says. Another leaseholder, in a building 16 metres high, writes: "We are borderline [below the 18-metre cut-off] and have underground parking, which makes it riskier. Do you have any advice?"

Saha looks up. "What am I supposed to say to all these people? I'm not a building expert. The shocking thing is, there are so many people in this kind of distress, and there is no one we can turn to for answers to all these questions. No one."



 Hello. Welcome to Tortoise.



16 April 2019

LEASEHOLD

Home truth

Secretive but aggressive new land barons are making billions of pounds from homeowners in England and Wales

Feudal laws give these freehold tycoons myriad ways legally to extract money, from charging £179 to allow two screws in the wall to paralysing one whole town

As a parliamentary inquiry condemns the leasehold system, we reveal the faceless freeholders and their methods

BY MARTINA LEES

He appears on no rich list, yet has quietly amassed more than ten times as many property titles as the Queen. From his 16th-century moated manor in Norfolk, Count Luca Rinaldo Contardo Padulli di Vighignolo collects drawings by Rubens and Michelangelo, hosts close friends of Prince William at his pheasant shoot – and controls 106,000 homes across Britain, as we publish the full extent of his property empire for the first time.

One of those homes is the 1960s leasehold flat of Maria Kostalas, 88, in the former mining town of Cramlington, near Newcastle. Old family photos surround her favourite armchair in the home she bought more than 20 years ago, yet now Kostalas has to pay Padulli's empire £25,000 just so she can sell up. "My mum's only wealth is in the flat, so £25,000 is just a pipe dream," says Leo Kostalas, her son. "Elderly people are being held to ransom."

Why this story?

When William the Conqueror invaded England in 1066, he claimed ownership of the whole country, then leased estates to his lords, who in turn leased it to tenants...

[READ MORE](#)

As a leaseholder, Kostalas doesn't own a single brick of her home – she only owns the right to live there for a set time. That right will end in 45 years. Then the flat goes back to the freeholder, Padulli's Wallace Partnership Group, unless she hands them the £25,000 to extend her lease

by 90 years. Banks won't lend at all for the purchase of leases under 60 years, and many won't lend for those under 80; that means shorter lease properties can only be sold to those who don't need a mortgage – bringing the price down. Kostalas's two-bedroom flat is now worth £40,000 at auction, instead of £90,000 with a long lease on the open market.



Maria Kostalas cannot afford to extend the leasehold on her flat

Padulli, 63, who used to run a hedge fund and has sold \$100m of Old Masters to the Getty Museum, is one of a new breed of freehold tycoons making a fortune from homeowners. These largely unknown companies, often based offshore with complex webs of subsidiaries, reap a steady income from lease extensions, service charges for upkeep, consent fees for any changes and annual "ground rents" that buy nothing at all. The law allows freeholders to use "a smorgasbord of dirty tricks to extract money" through each of these mechanisms, says Louie Burns, a campaigner running a trio of firms that work only for leaseholders.

Like the great estates of Cardogan, Grosvenor and Portman in prime central London, the newcomers are cashing in on the leasehold system that dates back almost 1,000 years. After William the Conqueror claimed all of England for the crown in 1066, the Norman invader leased estates to his lords on strict conditions – and they, in turn, leased land to tenants.

Today, England and Wales are among the last countries in the world that still allow homes to revert to third-party landlords after a set time. Though Scotland and almost all Britain's former colonies have abolished leasehold, it accounts for a quarter of property sales in England and Wales. And it is growing: 42 per cent of newbuild homes are leasehold – twice as much as 20 years ago, Land Registry data shows.

It echoes the age-old inequity between the landed gentry and ordinary people. Yet a millennium after its rise, the leasehold system might finally fall. A very English rebellion – politely stoked by a trio of working mothers, as Tortoise [recently reported](#) – has sparked a raft of official consultations on reform. The Law Commission, which advises parliament, is closing the last of its three current leasehold reviews this month, while the housing ministry is expected to announce ground rent reforms this summer.

And in a report last month, an inquiry by the housing select committee of MPs urged the government to replace leasehold with commonhold – the fairer system used by much of the world.

In his book-strewn Westminster office, Sir Peter Bottomley puts it more bluntly: "It's not highway robbery; it's home robbery." The 74-year-old Tory MP is co-chair of the all-party parliamentary group on leasehold, which has swollen to 164 MPs and peers. "A lot of people have lost their homes because of the activities of some, in either using the law or misusing the law, or having more expensive lawyers."

Lease extensions

Maria Kostalas is among an estimated 2.1m leasehold homeowners in England who have less than 80 years left on their lease. Yet this problem is perhaps more pronounced in her corner of Northumberland than anywhere else in the country, effectively paralysing the whole town.

In Cramlington, not only the flats but also most of the houses have been built with 99-year leases since the 1960s, by firms that have become part of Persimmon and Bellway, two of Britain's biggest housebuilders. Now those leases are too short to remortgage or sell. Homeowners are forced to extend or buy out their lease; their freeholders – of which Padulli's group is one of the most dominant in town – are cashing in. At a rally to help them last year, 300 leaseholders turned up. "There's thousands of them," says John Collins, the town council leader. "Many can't afford to buy the freehold, so they're stuck."





Kostas's flat is now worth less than half its value

Freeholders routinely give valuations “that are farcical – two or three times what we would negotiate down to”, says Sue Shaw-Toomey, a local solicitor. “It’s disproportionately affecting people in their fifties, sixties, seventies, who have lived in their homes for years, paid off their mortgages and think they are secure.”

Fees can spiral. Reynolds has had clients who were quoted £10,036 in 2015 and £17,126 in 2017 for statutory extensions, compared to Kostalas’ £25,385 in 2018. All of them had two-bedroom flats in Cramlington with leases of similar lengths. “So it’s gone up £15,000 in three years,” Reynolds says.

Simarc, the property management arm of Padulli’s empire, said the value of Kostalas’s flat had diminished because her lease had only 45 years left. Had she told them that she intended to sell, the firm says it would have been able to advise that extension cost could be settled from the sale price – enabling her to market the flat at its full value of £90,000.

Mick Platt, Simarc’s chief executive, says it manages 799 flat leases in Cramlington. “In the past we have reached out to residents to ... encourage them to extend before the lease gets too short. Responses to this direct approach have historically been low.” To date, 40 per cent of residents have extended their leases, “virtually all on voluntary basis. Clearly there is an issue within the market whereby consumers are not being made fully aware of what they are buying and what their rights are.” The group is working with stakeholders and policymakers to ensure reform addresses this, Platt says.

Lease extensions: like a scene from Kafka

Covered by more than 50 Acts of Parliament, valuations are so complex that many lawyers and surveyors “struggle to understand them”, says the Law Commission, which advises parliament, in its current 546-page consultation on simplifying this area of leasehold. “The methodology is both artificial and circular.”

Valuations to extend or buy the lease rocket when that lease drops below 80 years, when the industry factors in “relativity graphs”. The dominant graph was drawn up 20 years ago for the Duke of Westminster’s Grosvenor Estates, one of Britain’s biggest and wealthiest landowners.

James Wyatt, of Parthenia Valuation, tried to challenge this. He left a senior valuation job at the estate agency that helped create the Duke’s model, gathered data on 8,000 sales made before the act took effect and took five years to build a model with two scientists. Adrian Mundy, the owner of a small Chelsea flat with 23 years left on the lease, agreed to be used as a test case. Wyatt took the

freeholder, Sloane Stanley Estate, to two tribunals all the way to the Court of Appeal.

“I grew up with the Lone Ranger and the belief that you should always do the right thing,” Wyatt tells me in a bistro not far from Mundy’s flat. “It has been a gravy train for all the barristers, all the surveyors, all the solicitors, for 25 years.” He estimates consumers overpay £480m a year across the country to buy or extend their leases. Wyatt’s endeavour cost him “lots of clients”, a six-figure contract and hundreds of thousands of pounds. But last year the court rejected Wyatt’s model. It also ruled the Duke’s model was outdated, preferring a new version of it – which involves substantial double counting, critics say. The industry has since produced a flurry of new graphs with the same flaw, which makes it even more expensive for leaseholders. Adding 90 years to a 50-year lease on a £200,000 flat now costs £36,500 – 9 per cent, or £3,000, more than previously. Had Wyatt won, that leaseholder would have saved 48 per cent, or £16,000, compared to before.

“It’s mental,” says Louie Burns, whose firms have helped more than 4,500 leaseholders to extend or buy out their leases. “Millions of pounds are spent in tribunals every year to argue this made-up construct that is straight from a Kafka novel.”

Grosvenor declined to comment on Wyatt’s challenge, but says it welcomes the government’s efforts to simplify the leasehold system. “We agree that the system as it stands is too complex and support new, more consumer-friendly proposals such as a single streamlined regime for both flats and houses and an online calculator to save time and help cut professional fees related to freehold purchases.”

[READ LESS](#)

Ground rent

Every year, leaseholders pay a total of at least £1.4bn in ground rent, government estimates suggest – and they get absolutely nothing for it.

Around the time his brother-in-law, David Cameron, became prime minister in 2010, William Waldorf Astor IV started amassing Long Harbour’s £1.4bn ground rent portfolio. Ownership is often via companies with nominee directors based offshore. With control of 160,000 leasehold homes, the group is now the second largest manager of freeholds in Britain after the multi-millionaire Vincent Tchenguiz’s Consensus Business Group, for which Astor used to work. Astor’s fund bought swathes of freeholds directly from housebuilders that, in many cases, had taken advantage of the government’s interest-free Help-to-Buy loans to sell the homes as leasehold.

That’s how Astor’s fund came to own the freehold of Joanne Darbyshire, 48, and her husband, Mark, 49. Using Help-to-Buy, the couple, with their children Adam, 18, and Heather, 10, paid Taylor Wimpey £399,950 for their newbuild house near Bolton, Greater Manchester, in 2010. They knew their £295 annual ground rent would double every decade – soaring exponentially until it reaches £9,440 after 50 years – so planned to buy the freehold before the

first increase. Sales staff had told them they could do so any time for about £5,000, Darbyshire says. But six years later Taylor Wimpey had sold it to a Long Harbour firm, which quoted a neighbour £50,000 for their freehold. “We thought it was a typo – someone had put an extra zero.” It wasn’t.



Joanne Darbyshire co-founded the National Leasehold Campaign

With two other women who bought leasehold family houses in the northwest, Darbyshire, a company director, founded the National Leasehold Campaign group on Facebook. Now with almost 14,000 members, they have mobilised record responses to all the official consultations on reform. As their campaign made headlines, the government pledged to require nominal “peppercorn” ground rents for new homes (but not for onerous existing leases). Taylor Wimpey set aside £130m to compensate freeholders for converting “doubblers” – ground rents that double every ten years – to inflation-linked ground rents, which rise at a slower pace and make the freeholds cheaper to buy. In a government-backed pledge last month, more than 40 developers and freeholders – including Long Harbour – committed to vary their leases in the same way.

Freeholders say only 12,000 homes have ground rents that double more frequently than every 20 years. “It’s 0.2 per cent of all

leaseholds – that’s the scale of this issue – which, voluntarily, the development community and the freeholders have effectively solved,” Richard Silva, Long Harbour’s executive director, tells me in a conference call. “Using it as a platform to attack leasehold as a wider tenure, which has a huge amount of benefits for 4.3m leaseholders, that is a concern,” adds Jack Spearman, one of his directors.

Is the industry pledge a damage limitation exercise? Darbyshire is not buying the argument. She still hasn’t taken up Taylor Wimpey’s offer to change her doubler into one rising with RPI inflation, as that would quickly push the ground rent above 0.1 per cent of the purchase price. Banks including Nationwide and Barclays won’t lend beyond the 0.1 per cent mark – making it harder to sell. Darbyshire asks: “How on earth are you supposed to decide what to do next?” She is not alone: two years into Taylor Wimpey’s ground rent scheme, the housebuilder has paid out only 20 per cent of the £130m it budgeted, according to its annual results.

Consent fees

Want consent for a doorbell? That’ll be £60 (Metropolitan Housing). A dog? £80 (Consensus Business Group). A new mortgage provider? £200 (Ground Rent Income Fund). Freeholders charge permission fees for any changes, such as £3,000 to permit solar panels (in Cramlington, Northumberland) or £3,500 to allow a conservatory that doesn’t require the local council’s planning permission (in Ellesmere Port, Cheshire). That’s on top of a fee, typically £100, just for the leaseholder to ask the question.

The law requires these fees to be “reasonable” but does not define what that means, Burns says. He recently met an elderly lady in Liverpool who wanted to put a blind in her small kitchen window. “They charged her £179 for permission to put two screws in the wall.”

Like Astor and Padulli’s empires, E&J Estates has expanded in the past decade and now controls 50,000 freeholds through a web of 34 active ground rent companies. At its helm is James Tuttiett, 55, whose home is a Hampshire vineyard. A letter shows E&J quoting a doctor £6,250 for permission to reconfigure her young family’s three-bedroom flat in the northwest. E&J also wanted to increase her ground rent by £350, plus another £300 every 10 years. “We didn’t go for it,” says the doctor, 36, who spoke on condition of anonymity. She and her husband, 37, with their two young children, lost the £4,800 they had to spend on legal and survey fees to negotiate. E&J replies: “In cases where a major alteration is requested with substantial economic uplift, we may choose to request a permission fee. These renovations would have taken a number of months, involved significant changes to the property and involved a substantial liability for E&J as landlord.”



When questioned by MPs in the select committee inquiry on leasehold reform, bosses of both Astor and Padulli’s groups admitted that consent fees fund their “entire operation”, as all ground rent income goes straight



James Tuttiett, of E&J Estates

to their investors. They defended it as covering their costs to “provide a service”. Sebastian O’Kelly, of Leasehold Knowledge Partnership, the secretariat of the all party parliamentary group on leasehold and commonhold reform, disagrees: “They’re remunerated by being a pain

in the neck.”

The inquiry recommended that the government should legislate to cap consent fees in all leases at the freeholder’s actual costs. “Many of the permission fees and administrative charges we have heard about are plainly excessive, exploitative and yet another example of developers and freeholders seeking to extract money from leaseholders who have very limited recourse to challenge such fees,” its report says.

Changes made without consent can cost leaseholders far more, even if they didn’t commit the breach themselves. Anne Heelan, a dentist, lost about £100,000 when their freeholder “sabotaged” two sales, citing an unauthorised change to the layout of their Edwardian flat in west London made at least 21 years and three owners prior. Heelan, 50, and her husband needed more space for their son, 6, so had found a buyer. But their freeholder, an investor who also owned the upstairs flat, demanded £50,000 to update the floorplan on the lease. After two years, £40,000 in legal costs and a High Court case that the freeholder did not defend, he threatened to wrap their flat in scaffolding to fix fictitious structural damage from the layout change. So last year the couple gave up and sold to him at a £55,000 discount to their £750,000 asking price. “We knew he would keep blocking sales while we would rack up more legal bills,” Heelan says. “It nearly broke us.”

Service charges

In the corner of Jay Beeharry’s penthouse living room stand two crates full of paperwork under a velvet cloth – evidence of the battle she and her neighbours have fought against spiralling charges for the upkeep of their ornate Victorian block of 21 flats in southeast London. “I liked the view,” the interior designer, 41, gestures at her panorama of the City skyline. “It’s killed 10 years off my life.”



Jay Beeharry has fought against spiralling service charges

They have challenged their freeholder, part of Compton Group, in tribunals four times over the past five years, including over repairs that ballooned from about £80,000 to £600,000. The day before Christmas in 2013, Compton applied to force the works through – eventually costing Beeharry £42,000. “We all felt like a tonne of bricks had fallen on us,” she says.

Along the way, Beeharry and two neighbours have lost six sales between them. “I’m totally stuck, and that at my age,” says Nina Rautio, 61, a retired opera singer who had performed with Pavarotti. The third neighbour, a 32-year-old sales executive who asked not to be named, is facing repossession after her £55,000 freeholder bill was added to her mortgage. “I may even have to go bankrupt. It’s really hard to talk about it,” she says. “I’m on antidepressants; I’ve had to be signed off work. You work hard for years and then it’s taken away from you. You feel like a failure. It’s just not right.”

Though residents have won the right to manage the building themselves last year, their £500,000 is lost.



Nina Rautio has battled against service charge rises on her flat in Sydenham

Compton, run by a Swansea housebuilding family that controls 55,000 freeholds, denies any allegation of mismanagement. “We went to the first-tier tribunal three times in connection with this major works project. At no time was our conduct criticised in those hearings,” it said. Works escalated after they discovered that the building was converted so poorly by its previous owner that it would have collapsed “if we had not got involved”.

Unfair service charges cost leaseholders as much as £1.4bn a year, the all-party parliamentary group on leasehold believe. Its co-chair, the Labour MP Jim Fitzpatrick, has seen charges for lifts in blocks with no lifts, and for garden upkeep in places with no gardens, across his London Docklands constituency.

It gets most lucrative for freeholders who use their own companies for upkeep, management and insurance. They can charge enormous

commissions – as high as 40 per cent on buildings insurance, according to the Financial Conduct Authority – and pass the bill on to leaseholders.

At a riverfront scheme in Canary Wharf where flats are worth as much as £3.5m, another group of residents gather in secret to tell me about the service-charge battle with their freeholder – ultimately owned by the Monaco billionaire John Christodoulou’s Yianis Group. Though each flat pays about £10,000 a year for upkeep, the garden path kept crumbling. The windows kept leaking. The air-conditioning kept breaking – finally costing £1m to replace. They had no accounts for four years, until just before they took the freeholder to tribunal.

In 2016, leaseholders finally won a ruling to replace Christodoulou’s agents with a court-appointed manager. Invoices presented to the tribunal showed how procurement companies – which Yianis denies owning – charged leaseholders double what contractors had billed for repairs. The tribunal found the landlord had failed to maintain the estate and failed to provide adequate evidence for expenditure.



Residents at Canary Wharf Riverside have had disputes with Yianis Group over service charges

“But we still have to fight,” says one resident, who is too afraid to be named. Ahead of their victory, more than 100 members of the residents’ association were threatened with defamation proceedings. (Yianis says they made “untrue allegations”.) Since then, the freeholder’s bids to chip away at the new manager’s powers through 22 court proceedings has cost leaseholders at least £1m in legal fees. “It’s a war of attrition,” the resident adds. “I feel like we’ve lost, though we’ve won.”

Legal fees

Even if a leaseholder wins, they can almost never recover their legal costs from a freeholder. Yet a freeholder can, in many cases, pass on theirs – even if they lose. The first-tier tribunal has little power to award costs to either side. However, case

law allows freeholders to reclaim their legal bills via service charges or administrative fees, unless leaseholders apply to a judge to limit these.

Unusually in civil law, leasehold has “an entirely one-sided cost regime” favouring the powerful, says Martin Boyd, chair of the LKP campaign. Since wresting control of a development of luxury flats in Kingston, southwest London, away from the mighty Tchenguiz interests in 2013, he now regularly represents leaseholders at tribunals.



Tycoon Vincent Tchenguiz with his sister Lisa

Leaseholders are often liable for freeholder legal fees that dwarf the amount in dispute. Last year, Richard Barclay, 45, won a £1,200 reduction of the £10,100 service charge bill on his flat in west London. Then Quadrant Property Management Limited sent him a new service charge bill of £61,300 for their lawyer fees. “All of this because I dared to ask: ‘Why has the management contract not been re-tendered in 25 years?’ My life is a permanent state of emergency,” the health entrepreneur said.

When I mention the case in an interview with James Brokenshire, the housing secretary, he appears shocked. “I want to ensure that we have a leasehold market where people are able to challenge,” he said. “If there are obstacles like costs of court that are getting in the

way and stopping that from happening, then, absolutely, that's something we need to respond to." An aide later confirms that Brokenshire intends to "close the legal loopholes which allow freeholders to unjustifiably recoup legal costs from leaseholders".

After I contact Quadrant, its lawyers reply: "Our client has been embroiled in litigation with Mr Barclay for almost two years. The cost our client has incurred are a direct result of the applications Mr Barclay has made, in which our client has successfully defended its position."

But a week later, Quadrant writes to the first-tier tribunal stating that it had removed £49,000 in legal costs from Barclay's service charges. A jubilant Barclay emails: "You are having a profound effect on leaseholders lives and mine too, positively!"

Forfeiture

The sledgehammer in the freeholder's arsenal is forfeiture. Unlike repossession, where the home is sold to clear debts and the owner gets the difference, it leaves a leaseholder with nothing (except still having to repay the mortgage, if they have one). The freeholder takes all.

Though a Law Commission report recommended 13 years ago that forfeiture should be abolished, successive governments have done nothing to reform it. "It is incredibly rare that it actually happens," Wheeler, the housing minister, told this year's parliamentary inquiry on leasehold. Yet a 2011 case has made forfeiture "a remedy of first port of call, as opposed to a last port of call, if there are service charge arrears", Amanda Gourlay, a barrister, told the same select committee.

About 120 forfeiture cases are heard every year. Freeholders can apply to confiscate your home if you owe ground rent of more than £350, or any amount for more than three years. They can also do so if you breach any terms in your lease.



Ground rent shortfalls of £350 can lead to forfeiture

In a widely reported case last September, a court ordered forfeiture of Charles McCadden's £600,000 flat after he made structural changes without consent from his freeholder, who lived downstairs. McCadden had bought the flat, in a Victorian terrace in northwest

London, with cash in 2016, then fitted a new bathroom, kitchen and central heating system.

Now Nathan Jones, a former British Army major, and Aideen Seymour, a teacher, could lose their £1m southwest London flat after letting it out while he temporarily worked for a bank in Europe. When Jones told the freeholder, which owns about 50 such freeholds, of their intention to let their half of the period terrace, the firm threatened forfeiture unless they paid £30,000. Its grounds? An antiquated clause in the lease described the flat as for the “benefit of the lessee and his family”. However, a third party was living in Jones’s flat when they bought it from the previous leaseholder, and the upstairs flat – owned outright by the freeholder – was also rented out. Jones says this makes the subletting clause contractually unfair. He won at first-tier tribunal; then lost in the upper tribunal. Now renting themselves, they are awaiting a ruling by the Court of Appeal. “Our hope is to sell the flat as it holds almost a foreboding for us. We never want to live there again,” Jones wrote in evidence to MPs.

“I feel very strongly that both the leasehold system in the UK and the legal framework that surrounds it is heavily skewed in favour of the freeholder with large amounts of money to defend their position... Only my single minded pursuit of the belief that this is an injustice is pushing us forward.”

Portraits for Tortoise by Tom Pilston

Further reading

- The well-researched [report of the housing select committee inquiry into leasehold](#) has been described as an “assault” on the system, vindicating campaigners.
- This [parliamentary briefing](#) summarises what the government is doing to reform leasehold and details official statistics on the property system’s extent in England and Wales. [Three consultations by the Law Commission](#) – on buying and extending leases, taking over the right to manage and converting to the alternative system of commonhold – could bring major reform.
- The [Leasehold Knowledge Partnership](#) doesn’t mince its words in campaigning to abolish the “feudal” leasehold system and offers hands-on advice for leaseholders..
- Founded by three women who bought leasehold family houses, the [National Leasehold Campaign](#) has a [Facebook group](#) with almost 14,000 members.

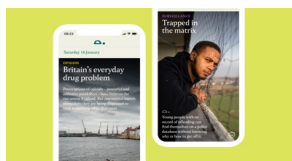
This story was published by Tortoise.

A different kind of newsroom, for a slower, wiser news.



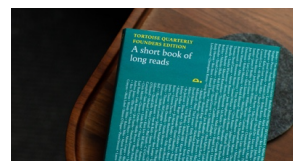
Live events

Take part in daily editorial discussions. Tell us what you think.



Slow news feed

One long read a day. The news not as it happens, but when it's ready.



Quarterly book

A short book of long reads, four times a year.

MEMBERS SAY

“The news equivalent of dipping your head in a cool, glacier-fresh stream on a scorching-hot day”

Tom Dewar, Tortoise member

[Learn more](#)