



Recognised Tenants Association
Company No - 06826092
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Purchase of Freehold Titles - Options

Purchase under Landlord Offers

For Purchase under "Enfranchisement" Rules refer to Pack D

Past history of Freehold purchases

Purchase of Freehold Titles - Options

There are two methods that can be employed to purchase the freehold of a property. The first is the most simple and direct and could possibly be the least costly. This approach is known as an informal route to Enfranchisement and depends purely on the well being of the Landlord. Put simply the landlord voluntary or on request offers to sell the freehold at a price set by him. How he arrives at the price is often contentious though it is possible to be in a position where the price can be negotiated. The second approach is known as the formal route to Enfranchisement where the landlord is legally obliged to sell a leaseholder his freehold. How the formal route to Enfranchisement works is outlined in Pack D Formal Enfranchisement.

Purchase under Landlord Offers

In the past there has been a number of solicited offers from previous landlords (see Past history of Freehold purchases) that enabled a resident to purchase the freehold. It is possibly one of the few ways that a landlord can take some profit from the estate. These offers have not always been a one off price due to the complexity of the purchase. Basically the cost splits into 3 items.

- a) The Landlords selling price. (typically £2000)
- b) The landlords transfer legal costs. (typically £500 + VAT)
- c) Own conveyance legal costs. (typically £400 + VAT)

The Landlords offer to sell a freehold is basically an arranged transfer of property ownership through a mutually agreed price. There is no qualifying

period on residency and simply requires completion of a Land Registry property transfer form and the new change of title registered at the Land Registry.

As in the past it is possible to set up a group and approach the Landlord with an offer to negotiate a price for the freehold. By setting up a group the strength of the application is increased and own solicitor costs are reduced. The Landlord may set his price that would include his legal costs and the group would need to employ a solicitor to look after their application. **If you wish to go down this path inform the PCRA Solicitor (details below) who is holding a list of applicants. Action will only take place when the numbers reach 20.**

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Note:

In the past the Landlord has been reluctant to offer for sale the Freehold of any property on the Peel Common Estate. Recently however (October 2014) a new resident approached the Landlords solicitor and was given the opportunity of paying an all in fee of £3000 for the Freehold Title.

Past History of Freehold Purchases

In 1990 the then Management Committee PCMC invited all 544 residents to indicate their willingness to take part in a scheme to acquire the freehold of the entire estate. The freehold would be transferred to the PCMC (run by volunteer residents) and each tenant would have the opportunity of buying their freehold. An estimated cost of £250 was proposed. Regrettably this scheme did not come to fruition.

In June 2005 the estate passed to a company called Freehold Estates who in April 2006 approached all 544 residents with an offer to sell the freehold at a credible price of under £900. This offer was only taken up by 20 residents, surprisingly a small amount of properties for such a reasonable offer.

In 2008 the Peel Common Estate was under the ownership of Remington Commercial and in March of that year a local company called Bolitho Way organised a public meeting to sound out the possibilities of freehold purchase. The meeting was well attended but did not produce the numbers required to enable a successful conclusion. There also proved to be a number of difficulties when attempting to deal with the landlord Remington Commercial.

In June 2011 the landlord Remington Commercial, distributed an offer to all leaseholders for purchase of freehold. The offer consisted of a fee to the landlord of £2000 and a transfer fee of £500 + VAT. The leaseholder was to provide his own solicitor for the conveyance of ownership and came in at a cost of £400 +VAT. In total a price of £3080 was paid This price was deemed excessive by the PCRA and noted as such by the small take up of only 41 residents.

In May 2013 members of the PCRA were invited to express their interest in forming a group to investigate the purchase of freeholds. This group would have the support of the PCRA, provide its own committee and run independently of the PCRA. Its aim would be to achieve enfranchisement either through negotiations or via the formal route.

This group was formed in July 2013 and eventually held 120 members. The group elected a committee of 6 and a Chairman. The aim of the committee was to coordinate the detail of all members and in order to keep the costs at an affordable level, provide as much help as possible. A solicitor was engaged who specialised in Enfranchisement and the Landlord given notice of the groups intentions. The options open to the Landlord was to negotiate with the enfranchisement group or be forced down a formal legal route. The latter would limit the Landlords profit of sale due to low valuation figures however all Landlord legal costs would have to be made by the group.

A solicitor specialising in enfranchisement was engaged and an agreement of commitment made to progress the action. An agreed strategy was put in place with the solicitor adopting a robust informal approach. Following some prolonged and difficult negotiations the landlord agreed to accept a figure of £900. Added to this was the own solicitor costs of £350 making a total of £1250 for the purchase of the freehold. This was considered to be a fair and reasonable price as it covered all legal, transfer, conveyance and VAT costs.

The final process involved the registration of all 120 freeholds with the Land Registry. This task did not prove easy due to the slow progress made by the Land Registry staff. A registration task that was believed to take 2 months in fact painfully carried on for a further 4 months. This enfranchisement attempt, though successful was only achieved by perseverance, sheer hard work and the employment of a very good competent solicitor. The time scale to completion exceeded the initial estimated time of 4 to 6 months and carried on for 18 months.