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**CABINET STATEMENT**

**Written Statement: Publication: Summary of responses to the call for evidence on estate charges**

**Julie James, Minister for Housing and Local Government**

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I am pleased to announce the publication of a summary of responses to my Call for Evidence on estate charges. The Call for Evidence ran between 6 February and 30 April 2020. The information gathered strengthens the evidence base on the practice of estate charges used to provide for the maintenance of common areas on housing developments such as roads, public open spaces and play facilities, where these are not adopted and maintained at public expense by local authorities.

The exercise received in excess of 600 responses, mainly from residents subject to estate charges, but also from organisations and individuals involved in the their set up; this included developers, local authorities, Registered Social Landlords, management companies and property lawyers. I am very grateful for the time that each respondent took to provide information and evidence which has greatly boosted our understanding of these charges including, among other issues, their increasing prevalence, average costs, the type of areas they provide for, and the reasons they are used.

The strength of feeling communicated by residents responding to the exercise shows that at present the operation of estate charges leaves much to be desired. Many residents report that they were not made fully aware of the existence and likely level of charges when buying a property; that charges do not represent value for money; and that where they have attempted to complain or challenge charges, they are unhappy with how their case has been dealt with. Many reported a variety of actions threatened or taken in response to non-payment or to questioning of the charges. Residents are also unclear why they should pay these charges in addition to council tax, particularly since the facilities are usually available for the whole community to use. Several groups responding to the call for evidence expressed a fear that this would prove divisive and harmful to community cohesion.

There is clearly work to be done to consider how best to address these issues, which has already begun - as a first step, I have taken the opportunity afforded by the development of the third phase of Help to Buy-Wales, which will open in April 2021, to tackle what I see as some areas obviously in need of reform.

Firstly, with the intention of preventing the most damaging action taken against residents who have fallen behind on paying their estate charges, I have instructed that Help to Buy-Wales should only be available where an estate charge expressly forbids estate management companies granting themselves a long lease over a property or taking possession where there are arrears of the charge payment (via Section 121 of the Law of Property Act 1925). I view these actions, and the threat of their use against residents, as draconian and disproportionate, and I am keen to do all that we can to prevent their use.

Secondly, I have requested that clearer, more definitive information about the presence and likely level of estate charges be provided at an early stage of sales, and certainly before a potential buyer is required to make a commitment to a property. This will allow prospective residents to make an informed decision about whether a property with such charges is the right one for them. In addition, there will be a further tightening of the requirements placed on Help to Buy-Wales conveyancers to raise and explore the existence of estate charges with their clients.

Finally, there is a question which needs to be explored about how public open spaces and facilities which are so valuable in new housing developments should be paid for. I recognise it is not simply the case that local authorities could take on these additional responsibilities in perpetuity without the necessary resources to provide for such a service. This question requires proper thought and investigation, to ensure any changes we make do not bring about unintended consequences and unforeseen adverse impacts. I will of course keep members updated as this work progresses.

[A full, 78-paged, document outlining the Summary of Responses to the initial consultation can be found at: <https://gov.wales/sites/default/files/consultations/2020-11/summary-of-responses_3.pdf>]