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**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN APPLICATION
UNDER SECTION 20ZA OF LANDLORD AND TENANT ACT 1985**

Case Reference: LON 00BG/LDC/2012/0075

Premises: Denning Point Commercial Street London E1

Applicant: Represented by	• Eastend Homes Limited t	
Respondents: Represented by	Leaseholders of Denning Point Commercial Street London E1 see attached list	
Date of receipt of Application:	3 rd July 2012	
Tribunal	P L Leighton LLB	
Date of Directions:	27 th July 2012	
Date of Decision	10 th October 2012	

DECISION

- 1 The Applicant seeks dispensation from the Tribunal under section 20ZA of the Landlord and Tenant Act 1985 in respect of refurbishment of Denning Point Commercial Street London E1
- 2 Directions were given on 27th July 2012 as a result of which leaseholders were notified of the proposal and none of them objected and 10 leaseholders wrote in expressing support for the application
- 3 It was decided that the application should proceed as a paper determination in order that the matter could proceed expeditiously

The Facts

- 4 Denning Point is a 22 storey block of flats which was taken over by the Applicant Eastend Homes Limited from the London Borough of Tower Hamlets in 2006 It comprises 82 flats of which 46 are held on leaseholds.
- 5 The block is in extremely poor condition and consultations took place with respect to its possible refurbishment as long ago as 2005. The refurbishment scheme has now achieved planning permission and a government grant towards the provision of new affordable housing on neighbouring land. A compulsory purchase order has been granted by the Secretary of State for the Environment.
- 6 The Applicant is a registered social landlord set up by Tower Hamlet's Borough Council in 2005 and has received charitable status as a not for profit limited company.
- 7 Following the transfer to the Applicant in November 2006 the works fell into a Regeneration programme That and a business plan which benefited all transferred properties the works were to be partly funded from borrowing and income from land sales on the Holland Estate to a developer called Telford Homes.
- 8 The works proposed for Denning Point were identified within the Leaseholder Consultation document and the formal offer made to tenants. The documents make clear that the works proposed to the blocks to be undertaken in accordance with available funding and rent from the estate. The key purpose of the scheme was to sell land for new homes for sale and to provide much-needed income for refurbishment works to the remaining buildings on the estate and to provide a number of new affordable and shared ownership homes for social housing rent.
- 9 Internal works commenced to Denning Point in 2007 which included the installation of new kitchens and bathrooms with external works to be commenced at a future date and subject to sufficient funding and cash flow within the business plan.
- 10 In order to save time and money and take advantage of access arrangements it is proposed that the refurbishment works at Denning Point are undertaken in conjunction with the new build works by the same contractor. . The timetable for the completion of all the works is March 2015 in order to insure the

payment of Social Housing Grant. In addition to these proposed works the applicant plans a separate refurbishment contract in six months time to two other blocks.

- 11 Since planning was granted in April 2010 the Regeneration Team in Eastend Homes Limited have been working with Telford Homes on the detail of the Denning Point regeneration the program for the new build works for grant purposes and the need to undertake the external refurbishment of Denning Point has resulted in a strategy for carrying out the refurbishment Denning Point simultaneously with the new build works to save time and cost. The benefit of joining the works with the new build works would be to reduce the time to be taken on the refurbishment by approximately 3 years...
- 12 A section 20 notice under the 1985 Act has been served on all leaseholders in July 2012 stating the extent of the works and the reason for the works being carried out and indicating a budget figure of £4,227,395 giving each leaseholders the opportunity to comment N to inspect the documents as a drop in session on 17 July 2012
- 13 According to the application form it appears that the estimated cost of the works is £4,020,147 of which £2,040,277 is rechargeable to the lessees.
- 14 It is felt that the restricted site boundary would make it particularly difficult for a second contractor to work safely and effectively with Telford homes. At the same time to other developments in the near vicinity are proceeding which would place further restrictions on the space available for a second contractor at Denning Point
- 15 The proposed costs of works will result in a charge to leaseholders of approximately £24,800 plus fees and on costs and it has been calculated that the cost of the works would increase by approximately £207,000 mainly in relation to preliminaries and scaffolding costs if a second firm of contractors were retained. This would be an additional cost of £2,524 plus fees and on costs to each leaseholder

The Legal Requirements

- 16 Since the proposed works will result in a charge of more than £250 to each leaseholder the Service Charges (Consultation Requirements) (England) 2003 apply and schedule 2 part four is applicable

17 Paragraphs 11 (5) (a) and (b) specify the requirements for multiple estimates for the proposed works. The applicant requires dispensation from these provisions in order that Telford Homes is the only contractor to carry out the works.

18 It would appear that the Applicant has complied with the remainder of the regulations concerning consultation.

The Tribunal's Decision .

19 The Tribunal considered the arguments put forward by the Applicant in the application and in the supporting papers and in particular the fact that the additional cost involved in seeking a further contractor would be of the order of £207,000. with resulting cost to each leaseholder.

20 The Tribunal also took note of the fact that none of the lessees had objected and that in fact 10 of the 46 leaseholders had written in supporting the application. In addition the Applicant had been very thorough in dealing with other aspects of consultation.

21 The Tribunal considered therefore that if dispensation were refused and the Applicant was compelled to comply with Regulation 11(5)(a) and (b) in relation to competitive tendering the result would be additional cost for the leaseholders and nothing would be achieved by that result.

22 In the circumstances dispensation under section 20ZA will be granted

Chairman Peter Leighton

Date 10th October 2012



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List of leaseholders a

Name

Mr N Taheem
Mr S Ullah & Mrs H Shafi
Mrs R Ahmed
Mr B Russell
MR J Yeung & MS H Yeung
Ms S C Brokman
Ms R Wallis
Mrs M Qureshi
Mrs H Rahman, Mr A Rahman
Mrs. Irene Delew
Estate of Andrew Stephenson
Ms D Bogard
Mr V Schoeman
Mr V Schoeman
Mr T Choudhury & Ms S Begum
Ms J Appleyard
Mr A B Mohammed
Laurence Quinn & Julie Christine Oxford
Mr N Hosking
Mr I D Moss & Mrs S E Moss
Ms A Ayoubi
MS I Siegenberg
Ms J Bennett
Ms J Scott & Mr M Kerr
MS T Begum
Mr R Lines
c/o John Silk
Mr JA Dawes
Mrs C Islam
Mrs M Lewis
Ms E Chee
Mrs C Zargel
MS L RUSSELL
MR C WOOLF AND MS R JAYES
Mr DH McKensie
Mr T Ali
Mr SJ Beales
Mr M Miah & Mr A Miah
Ms G Begum & Mr S Mukit
Mr SJM Lockett & Mr JA Matheson
Mr P J Ryan
MS L RUSSELL
Mr F T Klug, Mrs WMK Tse
Ms V Stangoni
MS L AHMED
MR H KABIR