

Written Evidence Submitted by Anonymous [SHO 153]

I am a shared owner on the Clarendon estate in N8, and along with other shared owners in the building, we are increasingly concerned over the affordability and overall management of our estate by L&Q. I outline below some of the key concerns that have arisen, as relates to my situation. However, please note that having discussed with fellow residents, the issues listed below seem to affect all L&Q residents at Braeburn Mansions.

- Decreased affordability
- Mismanagement by L&Q
- Other more general concerns on shared ownership

What I am hoping to achieve by writing to you is:

- To obtain clarity on what the service charges FY23 and FY24 apportioned to L&Q residents at Braeburn Mansions entail exactly and proof that those services are fair, proportionate and justified.
- To obtain a statement from L&Q detailing the steps taken by them as a social landlord to ensure ongoing affordability for their residents on the Clarendon estate in their relationship with St Williams / POD Management.
- To obtain your support in improving the overall financial management transparency and management of affordable housing.

1. Decreased affordability driven by drastic increase in costs within only one year of completion.

I completed on 16 December 2022.

In March 2023 (3 months after completion), I was informed of an increase in my rent (capped to 7%, as per the agreement by social landlords) and service charges (14%, in line with inflation the preceding November) starting in April 2023.

Less than a year later, what I am paying in comparison to what I had budgeted (as per the information I received from L&Q) has increased by £512.82.

In addition, in September L&Q identified and informed me of a deficit of £602 on service charges, which I am due to settle by February. In total, the difference to my initial budget less than a year after completion is £1,114.82. I have provided the breakdown below for illustration.

Monthly costs	To 31 st March 2023	From 1 st April 2023	Increase
Rent	459.47	491.62	32.15
Service charges	182.46	207.29	24.83
TOTAL (monthly)	641.93	698.91	56.98

Costs as at 10/12/2023	Budgeted	Paid	Increase
L&Q regular payments	£6,966.88	£7,479.70	£512.82
One-off payment for deficit	0	£602	£602.00
TOTAL INCREASE			£1,114.82

The increase in service charges (even though drastic) is understandable as long as service charges reflect the actual services provided to tenants. However, the affordability of our homes has now drastically decreased within a year of completion due to “upward-only” formula used in the rent calculations (+0.5% of RPI). By shooting up rent by 7% within a year, it has dug a gap between incomings and outgoings that shared ownership residents will spend years closing by playing catching up on a potential salary increase.

- **These risks should be highlighted clearly by the housing associations / financial advisers to potential buyers at the time of buying, especially when buying during a market marked by inflation.**

- Provisions ought to be in place to support first-time buyers within their first year of completion, for example holding back any increasing rent/service charges for one year after completion.
- Social landlords should be bound by a duty to maintain affordability based on the assessments made at the time of buying and the actual situation of shared owners rather than blind blanket rules.

To put this into perspective, in addition to being a first-time buyer and having to bear the extensive costs of settling in (furniture, appliances, etc), I am also repaying a mortgage with sky-high interest rates (which means I pay back £2.47 for every £1 borrowed). I am single and must bear all these costs (plus bills) myself. I did not get a salary increase (let alone a 7% salary increase) within 3 months of buying - something L&Q are simply not interested in that now that I am bound by my lease.

Far from absolving myself of the responsibility I took on, I want to point out that opting for shared ownership is a choice I made (alongside L&Q, who had to agree to it) in part using the information provided by L&Q. The problem is that **this information was at best lacking, at worst, misrepresentative.**

2. L&Q Mismanagement

Misinformation at the time of buying

When I was considering shared ownership, a financial assessment was carried out by the financial advisors to ensure that, based on my current income and spending, I was able to afford buying via shared ownership. I was asked to put together a budget, which was reviewed by the financial advisors and validated. This budget was in part based on the service charges information and rent information provided to me by L&Q. It certainly was wrong of me to assume that it was going to stay the same for a year, before being adjusted, but **L&Q should have made it clearer at the time of buying that this amount was only valid for 3 months and was going to change from April 2023.**

In addition, it turns out that the service charges breakdown provided to me by L&Q in December 2022 was still based on an **estimate dated January 2022**, which means that in December it was not only grossly outdated, but L&Q would have already known of a growing discrepancy between budget and actuals, at the very least because of the increase in energy bills. Nonetheless, L&Q kept the estimate service charges as it was - it was, after all, more attractive for potential buyers - and here we are today.

- Budget estimates by social landlords ought to be regularly updated in order to be representative of actual costs to be incurred by tenants. Failing to do so should be recognised as an offense as it is gross neglect.

Energy efficiency was extremely important for me in my buying decision due to the context in which I was buying, I knew having energy-efficient appliances would ensure I can save money in the long-run. L&Q said they were committed to buying A-rated appliances to help with energy bills. This is indeed also what is indicated in their Welcome Pack. Yet, **despite their own commitment / welcome pack, L&Q's flats are furnished with second-rated, energy-heavy appliances rated D, E and F** (as I found out from my welcome pack is the case for my fridge/freezer, dishwasher and washing machine). Whilst these are luckily still under warranty, I have already had issues with both my washing machine and my fridge/freezer (the temperatures for which currently fluctuate between 12 - 14 degrees in the fridge and between -12 and -7 degrees in my freezer on maximum power. It seems incredibly unfair that all of the hassle, time and money to get these replaced/fixed or simply running will come fully at my own costs whilst L&Q made this poor purchasing decision in the first instance.

Other examples of misinformation at the time of buying that I have collated from conversation with neighbours include:

- Being told rent wouldn't change for at least a year.
- Being told a flat is the top floor on the central part of the building, when in fact there is another flat above.
- Parking: being told there will be a shared electric charger when in fact only one parking space is able to use the electric charger. Being told the car park was a 'fully secured carpark where no one else unless parking owners would have access to' when in fact all individuals across two buildings (Braeburn Mansions and Avalon Mansions) have access to what is effectively a shared car park because this is also where the refuse store is.

Unexplained mistakes in service charges deficit calculations

As per the lease, L&Q sent a letter in September (04/09) to adjust the service charges payments (based on estimated budget) in line with actual spend for the financial year 2023 (i.e. until 31 March 2023). FY 2023 saw a deficit and all residents were asked to compensate L&Q this deficit.

Whilst this is the usual process, after talking to a range of residents, it quickly became apparent that there were **major discrepancies in the calculations and the amount requested seemed entirely disproportionate compared to the number of days lived in the flats.** E.g. for a flat of similar square footage, I was asked to settle £81 for just over 3 months' residence on the estate, whilst a neighbour (flat 98), who had stayed just over 2 months was asked to settle £427.

Several of us raised this to L&Q and asked to understand better what the service charges entailed. A new statement was issued in October (10/10), recognising that the previous one was erroneous and providing a new breakdown. The October statement amounts were not only higher than the one in the September statements across board, but **L&Q did not provide any explanation of the error made in the first place or the calculations used to arrive at this new amount.** Instead, L&Q conceded that since they had made an error and that the actual amount was higher, they would only ask us to settle the previous, lower amount (for now or for ever remains unclear). It is unclear whether they will ask us the remaining amount at a later stage. Whilst it is fair to acknowledge that mistakes do happen, the very least that should have happened here is for L&Q to explain the error so trust can be put in that second calculation.

Below is a table containing the amounts calculated by L&Q for a dozen residents for illustration. The deficit on my statements went from £81 to £602 for just 3 months' residence on the estate.

Flat	No of days since completion as of 31 March 2023	Floor	Area (sq.ft)	WHAT L&Q IS ASKING US TO PAY		
				Deficit as per September statement	as per	Correct Deficit as per October statement
6	283		923	£513.04	£1,205.54	
88	70		831	£614.86	£913.58	
20	161		687	£182.08	£872.85	
59	178		774	£185.60	£857.81	
15			774		£857.38	
70	63		774	£518.76	£843.36	
87	176		876	£204.16	£650.00	
98	70		571	£439.49	£627.31	
49			567	£222.96	£622.33	
72	84		548	£508.81	£613.23	
83	136		548	£106.94	£609.78	
17	210		548	£165.12	£608.11	
92	226		548	£177.70	£607.76	
78 - Melody	105		542	£81.05	£602.20	
34	72		542	£431.91	£596.56	
61	32		548	£185.96	£574.86	
57	14		548	£84.80	£562.55	

Several of us requested more details on the service charges as they seem grossly inflated, as well as the calculations behind the new statement. Whilst the latter was eventually provided (after we asked for it, rather than upfront), **we are still waiting to receive the former.**

I requested the statement of expenditure and related invoices via a section 22 request on 21/09/2023 (as per the instructions given by L&Q in the statement letter) (see [Service charges initial query 21.09](#) attached). I was told on 22/09 that this request should be made to my Neighbourhood Liaison Lead (Kevin Da Silva), who can liaise with POD, which I did on 25/09 (see [Service charges initial query to NL 25.09](#) attached). I was later told

to contact POD Management to obtain this information, who in turn have refused to give me the information because I am not the account holder. POD Management are in turn asking me to contact L&Q. **I have still not received this information as at the time of writing** (see email threads entitled [Service charges response and follow up](#), and [Service charges response and follow up 2, 3 and 4](#) attached) and seem to have come to a dead end.

I also made a section 21 request to L&Q to receive a copy of the invoices L&Q paid to POD on my behalf on 25/09. Whilst they provided the invoice paid to POD, they did not provide any supporting evidence for the costs incurred (which I suppose the Neighbourhood Liaison Lead is supposed to obtain from POD). I find it shocking that **an invoice would be paid without checking the supporting evidence proving that the costs have been incurred**. Since L&Q end of financial year is 31st March and POD Management end of financial year is 30 June, I would have expected the supporting documentation relating to the 2022/2023 year to be available as of September 2023. I am still not comfortable settling a deficit for services I am not sure to have received and for costs that are far from transparent.

- Poor record keeping by L&Q is as an issue of concern. It results in residents experiencing inadequate responses, delays and things not being put right.
- The lack of transparency around financial information and calculations has led to me and other residents spending hours trying to decipher statements and calculations, not counting the emotional distress around whether this amount is really due, and when, and how they will obtain the funds to do so. I am still not confident that what I am being asked to pay is accurate.
- The situation is complicated by the tripartite dynamic at Braeburn Mansions. Whilst L&Q is our housing association, POD Management manage the estate. This has led to confusion amongst residents and L&Q themselves on responsibility for communication, accountability, etc. but also leads to more opaqueness in the financial management (see below on inflated service charges). As residents, we have no understanding and confidence in L&Q doing what they can to ensure costs remain affordable.

Inflated Service Charges

Whilst L&Q manage our building, POD Management manage our estate and generally services are provided by POD. The trigger for requesting the detailed breakdown of services charges and supporting evidence was the lack of clarity in the breakdown, and seemingly inflated costs. Whilst inflation certainly explains a lot in relation to increase, my review of the budget vs actual service charges breakdown, still left the below unclear:

- What explains some **significant discrepancies** between budget and actuals on certain budget lines
- **Whether all services charged by POD are delivered to L&Q residents** (who have been given no indication as to when / how often 'carpet' or 'window' or cleaning services are meant to take place, for example)
- Whether L&Q residents are/ should be **charged twice for management fees and related expenses** (e.g. wifi for both L&Q staff and for POD staff, electricity consumption for POD Marketing suite)
- **Whether the maintenance charges are fair for repairs on equipment that is supposed to be brand new** (lifts, pumps, water tanks, gates etc), and in general, a range of specific and more general "repair/maintenance" budget line so it is unclear if any is duplicated.
- **Whether some services charged by POD to our building are not duplicated** via their 'estate' breakdown
- How and whether all services charged by POD are **apportioned correctly**
- **Whether all fees charged by POD can reasonably be charged to residents**: e.g. St William estate extension or building a water feature in the middle of the estate for members of the public to enjoy
- **Whether and how expenses incurred by POD are discussed/approved/challenged by L&Q to ensure ongoing affordability for its residents**. This is especially crucial when POD is driven by expansion and profit whilst L&Q should support affordability. No answer has been provided on the relationship and how L&Q advocates for its residents, despite my asking on several occasions how L&Q ensures ongoing sustainability for its residents in its relationship with St Williams/POD

Instead of repeating my queries here, I have simply attached the list of queries sent to L&Q/Neighbourhood Liaison / POD management still pending a response as at time of writing (see [Service charges initial query to](#)

NL 25.09 attached). What I am seeking to achieve here is simply the confidence that the service charges to L&Q residents at Braeburn Mansions are fair and proportionate to the services received.

L&Q have signed up to the Mayor of London's Service Charge Charter and seem overall to be failing on a range of commitments around transparency, affordability, design, scrutiny and redress. I have highlighted details in my concerns in the [Service charges response and follow up](#) email attached.

Poor Communication and Response

Overall, the response timelines from L&Q have been poor, even after an official complaint was raised, and the answers provided have been incomplete and sometimes even inaccurate. To mention only 3 examples:

- **Leak:** I first reported a leak in March 2023. The issue was solved in September 2023, after a range of chasers, engineers not showing up, etc... and only because I engaged directly with St Williams rather than going via L&Q (as we are asked to do) (see attached email thread). In L&Q's defense, they did compensate me for the poor response timeline, but I find it shocking that it was allowed to happen in the first place, and I now worry that there may be long-term material damage to walls because of what was initially a small leak.
- **Service Charges Query/Complaint:** On 21 September 2023, I first asked for clarifications on the services charges breakdown and asked to receive the full pack of invoices and supporting evidence under section 22. I received a partial response on the breakdown calculation the following day and was asked to liaise with my Neighbourhood Lead for obtaining the responses needed / raising the concerns regarding what's included in the services charges. On 25th, I forwarded my queries and concerns to my Neighbourhood Lead, as instructed by L&Q. These queries have still not been answered at the time of writing, and I received an email once from my Neighbourhood Liaison (after chasing because I hadn't heard anything at all) on 11/10 asking me to hold as they were gathering the information. I also received another holding email (after multiple chasing because of not answer) from the Complaints team on 17/11 asking me to give them until 24 November to respond. As is evident, there is also some misunderstanding between L&Q and POD around who is responsible for providing which information as I have been asked to contact POD directly, but they are not willing to divulge the information to me as I am not the account holder, etc. As mentioned above, I am still not satisfied I have received the information I need to understand what I am being asked to pay and what my service charges cover precisely.
- **Lifts:** Floors can only be accessed by being granted access to the specific floor. Residents use a fob in the lift to unlock access to their floor. For visitors, residents must buzz them in via an intercom that unlocks the lift system to their specific floor. Yet, the lifts have been malfunctioning from day 1: the floor numbers inside the lifts are not always responsive to the fob, but most importantly, **individuals inside their flat are unable to buzz visitors onto their floor via the intercom system as the lift system is unresponsive.** Several individuals in the building have raised this issue with L&Q over the past 12 months as **it is a health and safety issue.** On several occasions, the medics were not able to attend to their beneficiaries due to the intercom/ lift system not functioning. This has happened on at least 3 occasions that I know of. The intercom / lift system still does not allow us to buzz visitors onto specific floors.

The poor response timelines and the poor quality of response provided not only cost a significant amount of time, but also causes enormous emotional difficulties and material/financial worry. I am also pretty sure that in the above, L&Q are not meeting their own KPIs with regards to addressing complaints as per the timelines above.

3. Other concerns with regards to shared ownership

Affordability of housing is essential, especially for first-time buyers, and especially during a cost of living crisis. Shared ownership has in the past been hailed as an answer to the housing crisis for younger people, offering the cheapest way to get on the housing ladder.

Yet, the rights vs responsibility/duties under shared ownership seem completely out of balance. Currently, **shared owners pay 100% of costs regardless of the size of their equity share** (which would be as low as 25%). This is the case for repairs (even if these relate to the landlord providing poor housing conditions or appliances in order to reduce on costs (e.g. the constant repairs on the building water tank, pumps, water

features, lifts)) as well as service charges despite shared owners having no say on the spending decisions made by the developer/social landlord (e.g. water feature).

In the context of my development, it is unclear what L&Q management are doing to ensure sustainability of costs for L&Q residents in their relationship with St Williams / POD management. This is a real cause for concern for me and other residents that I am now bound to face whatever costs St Williams/POD/L&Q charge me without having the right to understand, challenge or redress, and that these costs will not be mitigated by keeping affordability in mind.

This is adding up to an existing concern that L&Q and the Managing Agent (POD) clearly have different objectives (affordability vs profitability) and the observation that L&Q is doing nothing to try ensure that their objectives are met.

I also note that there is something inherently wrong about such shared ownership schemes in that shared owners, who have opted for this scheme due to affordability issues are carrying a **double financial burden** of having to pay for Managing Agent (POD) management fees and L&Q management (vs private owners only pay for POD fees) in addition to service charges, mortgages and rent (vs private owners who only pay service charges and mortgages), which in a context where no measures are in place to cap those, pushes individuals who are already struggling further towards precarity.

- Further steps should be taken to limit (a) rent and (b) service charge increases for shared ownership tenants in line with inflation. Service charges **must reflect the cost of providing services to leaseholders**.
- In addition, existing statutory requirements do not go far enough to enable leaseholders to identify and challenge unfair costs. Shared owners should be **supplied with clear information about how their charges are set**, including any increases.
- When engaging a managing agent, social landlords ought to have a strategy in place for engaging with the agent and outline to their residents the processes in place to ensure ongoing affordability of housing.

March 2024