

Land grabs

NERVOUS lawyers and property managers for the great aristocratic London estates packed the appeal court last week, anxious that a test case would close off their massive payola from the lease extension racket. As *Eye* 1428 reported, for 20 years these extensions have been calculated according to a mathematical model commissioned by, er, the Duke of Westminster's Grosvenor Estate.

Chartered surveyor James Wyatt, former head valuer of John D Wood, is a gamekeeper turned poacher who says his fairer "Parthenia" model should be used instead. It would save ordinary homeowners up to 40 percent of what they have to pay to extend their leases. He is the driving force behind the test case involving Howard Mundy, who owns the lease to a small flat in Chelsea with less than 23 years left to run and faces a bill for £420,000 to have it extended.

With 2.1m homes in England and Wales having leases of 80 years or less – 490,000 of them in London – the Mundy case is a mortal threat amounting to billions of pounds to speculators in residential freeholds. Their lordships have reserved their judgment.

Next month the freeholders face a second attack, as Labour MP Justin Madders has the second reading of his bill to allow leaseholders to buy out freeholds at ten times their annual ground rents – in line with similar schemes in Scotland and Northern Ireland. Madders is unlikely to succeed but communities secretary Sajid Javid has promised to make lease extensions fairer, cheaper and easier, with proposals in place by the summer. That's bad news for the freeholders in the Mundy case, the aristocratic Sloane Stanley estate in Chelsea, and others like the Wellcome Trust, which has interests in South Kensington and was involved in a similar case.

The dispute with the Wellcome Trust is now settled, but during an earlier hearing the trust told the court it needed lease extension revenues "to help cure cancer". But it wasn't quite so caring when it spent £114,000 on legal costs in a recent case to break a leaseholder who was disputing £6,000 in service charges. Others might describe that as bullying, whether to cure cancer or not.