

SUPPLEMENT TO AUTUMN NEWSLETTER OCTOBER 2017

AGM PART 2

Below, we reproduce the questions asked, but with further consideration of the answers given.

Why buy the freehold?

The key thing is it gives security and control to people in the estate over the estate and maintains community spirit. If we lose control, this could change. If a commercial enterprise buys, because they can't raise the ground rents, they will want to raise finance in other ways. The leases and covenants may be enforced in a legal way to raise an income e.g. charging for modifications to the house or enforcing some of the clauses of covenants.

Julia Ozwell, director and main shareholder of Woodhill Properties Ltd., is determined to sell. There are some potential negatives to be considered. Can we find enough willing volunteers to run the company or would we have to resort to the additional significant cost of engaging professionals? How do we give objective decisions and advice (e.g. neighbours granting consent for alterations to nearby residents)?

Cost to purchase?

£15,000 with anticipated legal costs of around £5,000.

How will this proposal affect anyone who has bought their own freehold?

Details are unclear and policy has yet to be decided. The main income will be the ground rent paid by leaseholders and from the charge for modifications to your property. At present Ethelbert Avenue has a "voluntary" subscription for road maintenance collected by HCERA. The residents of the square in Bassett Green Road and of Field Close maintain their own unadopted roads. There are also the greens in Ethelbert Avenue, Bassett Green Road, Leaside Way and Stoneham Lane. Woodhill Properties has avoided involvement in all these. What policy should our company adopt? Perhaps introduce a service charge.

Freehold owners are still affected by the covenants and so it would be advantageous to them if the Estate was purchased by HCERA rather than a commercially driven company.

Has the purchase price been covered by the donations?

Over £20,000 has been offered so far.

If I wish to purchase the freehold what does it cost?

At the AGM, a resident said that he was being asked £200 plus legal fees of £800.

If people are thinking of buying freeholds, it would be advantageous to us all if they held off and bought from the new company as this would help with our ongoing costs.

How will the freehold be legally held?

Herbert Collins Estates Limited, a company limited by guarantee, has been set up. All homeowners will be entitled to be members. The directors will be chosen from the members. When you sell your house the membership will be ended.

We have articles of association that describe the company rules.

The directors are answerable to the members - it is democratic.

Where are the articles of association?

These can be found on the website of Companies House at:

beta.companieshouse.gov.uk/company/11003580

How many directors?

The company requires a minimum of 3 directors and can have up to 10.

Is there a membership fee?

The liability is £10 per member payable only should the company fail.

If we need to raise money in the future, we might need subscriptions.

If we pledge £200 towards the cost of the freehold, will we get it back?

No. It is a donation.

Is the amount of the donation set?

No, this is subject to change because we don't yet know the legal costs, but it is very unlikely to increase. Remember that contributions are levelled down. For example, if we need a contribution of £190, then everybody who has pledged more than this will contribute only £190.

What other activities will the company perform?

The company will be run for the benefit of the community and enhancing the estate, if the members would like that.

Will the Estate be more 'policed' than it is at the moment?

We would like to continue the 'spirit' of Woodhill Properties - sympathetic rather than strict.

How would we choose directors?

Ray George is currently the only director* as we needed one to set the company up. The directors will be appointed for three years, which can be renewed.

The Annual General Meeting of the Residents' Association may appoint one director per year. In addition, a director can also be appointed by a vote at a general meeting of the company or by a decision of the existing directors.

We hope the directors will have relevant skills to run the company successfully.

How do we make sure we run the company properly?

Companies House gives a list of responsibilities to adhere to and the company reports to the members each year.

Have all the shareholders of Woodhill

Properties Limited definitely agreed to sell?

All the shareholders are aware of the decision. The decision to sell was taken at a meeting of the directors, who hold a majority of the shares.

Would a cooperative be a better option?

The directors may look into this. We believe the cooperative would still need to be a limited company in order to own property.

Would the resolution be open to challenge?

People had notice of this resolution for the AGM. Anyone who is aggrieved need not make a donation for the purchase.

Would the directors need specific skills?

Yes, we'd like to get the right people. If we need specialist knowledge that residents don't have, we will look to employ a professional.

Have we taken legal advice?

Not yet.

Will this follow a model like the Uplands Estate?

No. The Uplands Estate has four residents who are the legal owners. They are trustees, but were unable to produce the trust deed for us to see. We are following the model of Glebe Court which is owned by a company limited by guarantee and they have been helpful.

Should the company be completely separate from the residents association?

We are not considering that as the two are intrinsically linked – both have the estate and residents interests at heart and any separation would be creating an artificial barrier between the two. Furthermore, it is difficult to find volunteers and we do not want to pay directors.

For many years, Glebe Court had a company and an association, Now there is only the company which performs all the functions.

What is the time line?

Possibly a year plus, as the land needs to be registered. This will be a complicated procedure.

What if there are liabilities? e.g. the road drains failing, trees falling down?

It is agreed that we need legal guidance over possible liabilities and will arrange suitable liability insurance.

Is a vote of 75% of the members needed to make changes to the company articles?

Yes...it is set down by the Companies Act 2006.

Do Woodhill have a list of responsibilities?

Not particularly. It has been an ongoing family concern and we'd like to keep that flavour.

We need to wait and see what emerges during the land registration process.

Will the legal costs be around £5,000?

Hopefully, as this is based on what Woodhill Properties told us, following input from their solicitor.

Can we amend the resolution to add 'subject to contract'?

This was agreed.

Summerfield Gardens is not part of the Conservation Area. There are 9 bungalows, all freehold and the rest of the land is owned by the Council. Is a donation still required?

The homes are covered by restrictive covenants for the benefit of the Bassett Green Estate, so we believe it would be good if they are included.

How do we become members?

The company will send out an application form to be a member together with a covering letter to all residents.

* For an update, see the article HERBERT COLLINS ESTATES LTD. in the Newsletter.