

# THE REGULATION OF MANAGING AGENTS

## Introduction

1. We are the members of the Board of Arlington Park Mansions Ltd, London W4. As members of the Federation of Private Residents' Associations we should like the FPRA to reflect our views in the representations now being made by the FPRA to HM Government concerning the latter's response to the Rugg Review on the Private Rented Sector. We believe that our experience is directly relevant to the Review.

## Summary

2. Much of the Government's response does not seem to apply to an organisation like Arlington Park Mansions Ltd. We are however concerned that a broad-brush approach to "landlords" and to letting and managing agencies might impose bureaucratic burdens on us as Directors which would deter future volunteers. This could force us into the arms of expensive and dilatory managing agents – a situation that in the light of bitter past experience we have been trying to avoid for over twenty years.

## Detail and Argument

3. Arlington Park Mansions were built as four blocks of Edwardian mansion flats in 1903. Until the 1930s there were 35 flats. Many of them were sub-divided at that time, and now there are 65.
4. Until the 1970s Arlington Park Mansions enjoyed stable long-term private ownership. They then came into the ownership of a succession of property companies. Ownership changed hands increasingly rapidly. The owners and their managing agents neglected the residents and essential maintenance. In 1986 the residents took advantage of a change in the law to buy the freehold. They set up a company to manage the blocks in their interests. Long-neglected maintenance and repair work was carried out at considerable cost.
5. Today, the Board of Arlington Park Mansions consists of three residents (who are also leaseholders) and one former resident. All are essentially volunteers (but receive a modest fee in return for the time and effort that they devote to their role). Two are in full-time employment, two are retired. None of them has property management qualifications, but the three leaseholders have a strong personal stake in the well-being of the Mansions. Maintenance and repair work is done at regular intervals or as required. The service charges are lower than in comparable blocks nearby, which are run by managing agents. There is a good local network of suppliers and tradesmen. Faults are dealt with expeditiously. Membership of the FPRA keeps the Board in touch with current management issues, including legal, health and safety and fire risk issues. The leaseholders are

satisfied; they invariably pass a vote of thanks to the Directors at each Annual General Meeting.

6. About one third of the flats are sub-let by leaseholders. In the few cases where the sub-tenants do not observe the terms of the lease and the covenants, the Board does not hesitate to intervene, usually with the leaseholders concerned. This usually results in a rapid correction of the problem.
7. The Government's response proposes to establish a national register of private landlords (page 17, 2.14). It is not clear how this would affect the Board of Arlington Park Mansions Ltd. We are not landlords as such, nor are we managing agents; we are Directors of a company set up to manage the Mansions in the interests of the shareholders, most of whom live in the Mansions anyway. Or would it apply to each and every leaseholder who intended to sub-let his or her flat?
8. We note that the proposal for a register would impose no hurdles for entry (page 17, 2.16). There would be no pre-set criteria. However, this seemingly effortless approach contrasts with what would happen with full regulation of letting and managing agents (page 23, 2.38): the demand for entry requirements, a code of practice for members, (including a requirement that they do not let properties which do not comply with decent homes standards), requirements to have in place business and consumer protection measures and monitoring of compliance by the regulatory body. In our experience of twenty years ago, there is a strong case for regulating commercial letting and managing agents. We recognize the arguments in page 22, 2.31. But if a company like ours were to be confused with such organisations, the extra burden of qualifications would be a deterrent to volunteer Directors who, we believe, give a better service to our shareholders and residents at lower cost than the former managing agents ever did. Directors living on site have an expertise living in their own communities that it is not possible to replicate nor recognise through professional qualification. Many government strategies have empowering communities and consumers as a core value. This strategy seems to be doing the opposite.
9. Page 21, 2.26 proposes that all tenancies should take the form of written agreements. This is already the case with Arlington Park Mansions, where each shareholder has a lease and any sub-tenancy lasting more than a year must be subject to a written agreement between the leaseholder and the sub-tenant.
10. In short, we strongly support the FPRA's approach as outlined in pages 2 and 3 of the FPRA Newsletter No 90 (Autumn 2009). We hope that the FPRA's arguments will prevail with HM Government.

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