

CENTURY HOUSE RESIDENTS' ASSOCIATION

Lucy Cummings
Cambridge Property Services
Suite 4
Phoenix House
84 - 88 Church Road
London SE19 2EZ.

24 Century House
245 Streatham High Road
London SW16 6ER.

Ref. CHRA0451

24 May 1999
by fax and by post

Dear Ms. Cummings,

Observations on proposed buildings works

In response to your notice of 6 April 1999, please find following this
Association's observations on the building works proposed for Century House.

Yours sincerely,

Angus French, Secretary.

Observations on proposed building works

1. General. Century House has suffered from years of neglect and mismanagement. Paramount has been the inability of freeholders and their agents to carry out building works. The state of disrepair has caused considerable distress to leaseholders. The value of flats has been depressed. Some owners have felt compelled to move out and have attempted, not always successfully, to let their property. It's about time this situation was resolved.

We approve the scope of the proposed works. We have no reason to doubt that the tender estimates are reasonable. It is essential that the proposed works go ahead.

2. The notice - specification. Please can we have a full copy of the specification. We only have the sections relating to specific works and price estimates - i.e. pages 21 to 40 of the original specification and the addendum. May we also have copies of the Marley 600 System documents referred to in the specification and any other documents which are referred to in the sections of the specification not yet provided.
3. The notice - description of works. Please would you provide leaseholders with a summary of the works, expressed in layman terms, including a commentary on why the Marley system re-roof is preferable to an asphalt one. We would like to know more precisely - and without having to delve into the specification or having to seek expert advice - what it is that we are being asked to pay an average of almost £8,000 a flat for. We did ask in advance, at least at two separate meetings, for this information be provided.
4. The notice - identification of costs. Please tell each leaseholder: (i) The total cost of works inclusive of fees and VAT and any other costs; (ii) The cost attributable to him or her. (This information is useful not least to present to mortgage lenders when applying for a mortgage extension.)
5. Nominated contractors. A minor point: you stated in your notice that the Residents Association had nominated two contractors to tender for the works. In fact we nominated one: C & A Building Limited. We also assented to your suggestion that Price Construction, who had provided the most competitive tender for Willmott's original specification, be asked to tender again. The other firms were put forward by Haywards, the appointed surveyors.

6. The estimates. Taking each in turn:

(i) PMI Construction.

a) Addendum estimates. These aren't totalled at the page level and there are no figures on the addendum collection page. Taking figures from the Estimate Summary (The Works - £164,700) and the Collection Page of the original specification (Total Schedule - £153,720), we deduce a net cost for the addendum items of £10,980. However, summing addendum costs (including the two sets of option A costs and excluding the option B costs; and, not including the figures for work associated with the Orange aerial installation which are already allowed for in the original specification cost) gives, we calculate, £9,380 (the £ totals we have for pages 2 to 9 are: -2400; -3380; 1230; 60; 1135; 7210; 5450; 75). It therefore appears that the total estimate is £1,600 too high.

(ii) Price Construction.

a) The costed addendum states 'see letter' on pages 3 (section on additional cost of works due to the installation of the Orange aerial) and 7 (metal windows). We don't have a copy of this letter (or letters). Please would you provide copies of the missing document(s).

b) Addendum, black faience stone slips, p7. The cost column has the inscription 'not available'. What does this mean?

c) Addendum estimates. Like the PMI estimates, these seem to be mis-totalled. The total figure is given as £12,811 whereas we calculate (on the same basis as for the PMI figures) the total as £8,651 (the £ totals we have for pages 2 to 9 are: -4070; -3055; 2140; 995; 1800; 7296; 6600; -3055). It therefore appears that the total estimate is overstated by £4,160.

(iii) Thomas Sinden.

a) The priced addendum does not identify the cost of each of the five additional items of works necessary as a result of the installation of the Orange aerial. These costs were specifically requested.

7. Contractor references. At our meeting of 12 March with yourselves and Ian Thomson of Haywards, we requested references for the two contractors put forward by Haywards for building works carried out on other residential properties. Please would you arrange these.

8. The increased cost of works. We believe that freeholders and their agents are at fault for not carrying out works many years ago when they were first identified as being necessary. (A re-roof was first proposed by UK Property Managers, then the agents for Century House, in 1990; a history of proposed works is contained within the observations we made to the notice of June 1994.). Why should the increased cost of works be met entirely by leaseholders? Why should leaseholders now pay more than £250,000 when they could, for example, have paid £108,000 in 1994?

This is a question we have been at pains to raise during our discussions. In response you have provided us with a comparison between the current specification and that drawn up by Sturges Associates in late 1993. This is helpful but it doesn't attempt to explain why the specifications may be different or to attribute the difference in cost. For example, have the window sections facing the High Road deteriorated so badly that they cannot now be repaired and must - at significant extra cost - be replaced? Have labour and material costs increased more than the retail price index?

Who is responsible for increases in the cost of works? Recently, at the last two of our meetings (on 12 March 1999 and 27 April 1999) but not, for some reason, at previous meetings, you stated that the freeholder previous to Smithgold is liable for any negligence which occurred during their ownership. As we said this is contrary to advice given to us. When interested in buying the freehold in 1995 we asked Mary Leigh, solicitor: *'What liabilities does the new freeholder inherit... for reimbursing leaseholders who made payments for building works... for claims against unreasonable service charges... for increases in building work costs brought about as a result of the breach of covenant to keep our building in repair?'* She responded: *'I have looked at the wording of the Lease I have on my file and a freeholder is relieved of liability after parting with possession. This means that Mrs. Goddard [then the freeholder] is not herself liable. However, the new freeholder is liable.'* . May we therefore ask what the basis is for your opinion?

9. The orange aerial. The recent installation of the aerial has made roof work more difficult and therefore more expensive. The extra cost (before fees and VAT) of works is given, we calculate, as £730 - seems very low - by PMI Construction and as £2,420 by Price Construction. Thomas Sinden costs are missing.

We weren't consulted about the installation of the aerial. We believe the value of our flats is reduced by the existence of the aerial because of possible health risks from radio emissions and because the aerial and its cabin detract from the appearance of the block. We were told at our meeting of 27 April 1999 that a new lease was created for the purpose of renting out roof space for the Orange aerial. We understand substantial income is derived from the lease. Currently the owner of the lease does not contribute to the block's service charge. Why not? If there were no roof then there would be no aerial; the owner of the lease has interest in the upkeep of the building. We feel this inequitable and wrong. We are seeking legal advice on this issue.

10. Protection of payments made towards building works. Any payments made by leaseholders towards the cost of building works need to be protected against theft or misuse. Payments should be interest-accruing and, in the event that works are not carried out, easily recoverable. We recall that several leaseholders made contributions towards the works specified by Sturges Associates and proposed by UK Property Managers. These leaseholders had considerable difficulty in recovering their money; no accrued interest was repaid and legal fees were not reimbursed.

We are seeking legal advice on this issue.

11. Right-hand section of window structure facing Streatham High Road. Section 31.6 (page 7) of the addendum which describes this work appears under-specified. Please would you confirm that the top windows of each flat will be openable and that bottom panels will be opaque (not of glass or glass-like in appearance?), exactly as current.
12. Individual flats. Leaseholders are concerned to know whether a) the works will fix particular problems that also affect their individual flats internally; and b) these internal defects will be made good (the specification has an allowance for this - item 34.1). What inconveniences will be caused to individual flats - for example to those facing the High Road where the window sections are to be replaced? What security precautions will be taken?

We will notify you when we have more information on these issues.

13. Non-payment by individual leaseholders. What happens if individual leaseholders are either unable to pay or refuse to pay for the works?
14. Grant application. We have talked briefly with you about the possibility of applying for a grant towards the cost of works. Please could you pursue this. Possible bases for a grant application are that: the building is a Streatham landmark - formerly the headquarters of James Walker, the jewellers, and of architectural interest, particularly the window facade and the clock faces; the building is in disrepair (due to freeholder/managing agent neglect) and in need of help.

A lot of the points we make are rather negative and critical in impact. This is necessarily so as we demand accountability, proper consideration of leaseholder interests, and where we feel it is due, redress. But we wish to make clear that we do not want to hinder the progress of works in any way - they are essential and should go ahead.