



# CRESCENT HOUSE

## Leasehold Update

MAY 2023

# AGENDA

\_\_\_\_\_ Introduction

\_\_\_\_\_ Background

\_\_\_\_\_ FAQ's

\_\_\_\_\_ Q&A Session

\_\_\_\_\_ Close

# INTRODUCTION

Major Works Team  
deliver major  
works across the  
HRA and Barbican  
Estates

How are our  
projects  
managed and  
by who?

Fire Doors, Windows,  
Heating Systems,  
Lighting, Decent  
Homes.....

Who is project  
managing Crescent  
House?

## BACKGROUND

All blocks  
group together  
into one  
project

Crescent House  
given priority

Options of  
Replacement  
vs Repair

What work is  
included with the  
project?

# BACKGROUND

Option 1 Refurbish	Option 1A Refurbish Secondary Glazing	Option 2 Replace Double Glazing	Option 3 Replace Triple Glazing
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0.0	Facilitating Works		–	–	–	–	
1.0	Substructure		–	–	–	–	
2.0	Superstructure		£ 1,295,000	£ 1,746,000	£ 5,512,000	£ 7,104,000	Windows/ façade only
3.0	Internal finishes		–	–	–	–	
4.0	Fittings, furnishings & equipment		–	–	–	–	
5.0	Services		–	–	–	–	
6.0	Complete buildings and building units		–	–	–	–	
7.0	Work to existing buildings		–	–	–	–	
8.0	External works		–	–	–	–	
<b>Sub-Total: Facilitating &amp; Building Works:</b>			<b>£ 1,295,000</b>	<b>£ 1,746,000</b>	<b>£ 5,512,000</b>	<b>£ 7,104,000</b>	
9.0	Main contractor's Preliminaries		£ 279,500	£ 324,600	£ 701,200	£ 860,400	
10.0	Main contractor's OH&P		£ 78,700	£ 103,500	£ 310,700	£ 398,200	
<b>Sub-Total: Building Works Estimate:</b>			<b>£ 1,653,200</b>	<b>£ 2,174,100</b>	<b>£ 6,523,900</b>	<b>£ 8,362,600</b>	
13.0	Risks		£ 475,356	£ 625,116	£ 1,125,454	£ 1,442,600	

# BACKGROUND

- Compliance – Building Regulations, Energy Policy etc.
- Inflation - Construction and Labour
- Planning
- Supply Chain
- Insufficient availability of professionals, managers and skilled labour

## BACKGROUND

Vacuum Glazing

Less Competition

Limited Supply Chain

Long delivery times

# BACKGROUND

## 4.1 ORDER OF COST ESTIMATE

Item	Element		Option 1 Vacuum Glazing (Existing frames)	Option 2 Double Glazing (Existing frames)	Option 3 Triple Glazing (New frames)
0.0	Facilitating Works		–	–	–
1.0	Substructure		–	–	–
2.0	Superstructure		£ 5,062,000	£ 4,630,000	£ 5,995,000
3.0	Internal finishes		–	–	–
4.0	Fittings, furnishings & equipment		–	–	–
5.0	Services		–	–	–
6.0	Complete buildings and building units		–	–	–
7.0	Work to existing buildings		–	–	–
8.0	External works		–	–	–
<b>Sub-Total: Facilitating &amp; Building Works:</b>			<b>£ 5,062,000</b>	<b>£ 4,630,000</b>	<b>£ 5,995,000</b>
9.0	Main contractor's Preliminaries		£ 902,700	£ 824,800	£ 1,070,700
10.0	Main contractor's OH&P		£ 298,300	£ 272,700	£ 353,300
<b>Sub-Total: Building Works Estimate:</b>			<b>£ 6,263,000</b>	<b>£ 5,727,500</b>	<b>£ 7,419,000</b>
11.0	Project/design team fees		–	–	–
12.0	Other development/project costs		–	–	–
13.0	Risks	10 %	£ 626,000	£ 573,000	£ 742,000
14.0	Inflation - See Assumptions		–	–	–
15.0	Scaffolding		£ 569,000	£ 569,000	£ 569,000
<b>Total Cost Estimate</b>			<b>£ 7,458,000</b>	<b>£ 6,869,500</b>	<b>£ 8,730,000</b>



# BACKGROUND

## ASSUMPTIONS

The following assumptions have been made in preparation of this Order of Cost Estimate.

- 1 This Order of Cost Estimate assumes tender price circa Q4, 2022. Inflation costs have not been added past that milestone.
- 2 Procurement route Tendered Main Contractor (prices based on using a medium scale Contractor).
- 3 There is adequate access to the works for plant, materials and labour.
- 4 There are no onerous restrictions imposed by adjoining neighbours on access to and from site.
- 5 Work executed within normal working hours (no acceleration costs allowed for).
- 6 The Contractor will be given possession of the whole of the delineated build sites.
- 7 There are no onerous restrictions or conditions imposed by police.
- 8 The scheme proposed will meet planning, building control, fire regulations & disabled access requirements.
- 9 The project will be to heritage requirements.
- 10 Option1- Vacuum glazing to be installed into existing frames. We have assumed 50% replacement of timber sections within frames for this refurbishment option.
- 11 Option 2 - Double glazed windows to be installed into existing frames. We have assumed 50% replacement of timber sections within frames for this refurbishment option.
- 12 Option 3 - Replace existing windows with triple glazing into new frames.
- 13 Replacement windows to main elevations are assumed to be hardwood suitable for a stained/ varnished finish. Replacement windows to Lightwells are assumed to be paint-grade hardwood.
- 14 Project/ design team fees (all disciplines) are excluded as the design team is directly appointed by client.

## BACKGROUND

### Current Scope

- Refurbishment of existing frames and installation of vacuum glazing
- Replacement of the roof
- Ventilation
- Heating
- Soffit insulation

## BACKGROUND

### Spreading the Cost

- The terms of your lease allow you to apply for a loan to spread the cost of “major items” over a 10 year period paying interest over the payment period at the standard national variable rate (currently at 3.13%).
- The loan is available to any leaseholder, regardless of whether they live at the property or not, but you must not be in arrears with your service charges or be in breach of your lease in any other way.

# BACKGROUND

## **Mandatory Service Charge Loan Scheme**

- Leaseholders who have bought their home under Right to Buy in the last 10 years, and their successors, are entitled to a loan of between £3,053\* and £40,708\* for major works or repairs where the service charge exceeds £1,018\*. The loan is for up to 10 years.
- The total service charge repairs cost to the leaseholder for the relevant year (including any estimated costs) must be more than £1,018\* and you must apply for the loan within six weeks of the date of the service charge demand. Any loan offer made must be accepted within four weeks. Interest is payable at the standard national variable rate (currently 3.13%).
- The loan can be for any amount however the first £3,053\* of the service charge demand must be met by you.
- You must provide us with details of any existing mortgage or charge on your property. The loan is secured by way of a mortgage on your home. A statutory administrative fee of £100 is charged and may be added to the loan if you wish.

# BACKGROUND

## **Interest-Free Periods for Owner-Occupiers (Discretionary Loan)**

- If you are an owner-occupier, and the property is your main home, the City can offer you an interest-free period on major works costs over £5,000. The interest-free periods shown in the table on the next slide.
- Any amount over £72,500 will be subject to interest. At the end of the interest-free period, interest will be payable at the standard national variable rate (currently 3.13%).
- To qualify, you must be resident, must not have arrears, or be in breach of your lease.
- You must have a good credit history. The loan will be secured by a legal charge on your home, similar to a mortgage.
- A loan can only be made for the major works charges billed in one financial year, but you can take out a further loan in subsequent years. Interest will only be payable on the first £5000 of the initial loan – anything you add subsequently will be interest-free for 1-3 years, up to an overall total of £72,500.
- There is a charge for administration and legal fees for each loan. This will be a total maximum of £500 and can be added to your loan.

## BACKGROUND

### Interest-Free Periods for Owner-Occupiers (Discretionary Loan)

Amount of Loan	Interest Free Period
Up to £4,999.99	1 Year
£5000 to £9,999.99	2 Years
£10,000 to £72,000	3 Years

# BACKGROUND

## **Interest-Free Periods for Owner-Occupiers (Discretionary Loan)**

- If you are an owner-occupier in severe hardship, cannot repay a loan and are not able to extend your existing mortgage or get equity release on your property, then we may be able to offer further support. Please contact the Housing Service Team.
- A service charge loan from the City may not always be the best option for you, as you may be able to get a lower rate of interest elsewhere.
- You should always look at the secured loan rates offered by banks or building societies before choosing to take a loan with us. You may also seek independent financial and/or legal advice before taking out a loan.

## BACKGROUND

### Getting in touch with the Home Ownership Team

- Phone – 020 7332 3013/1647
- Email – [Home.ownership@cityoflondon.gov.uk](mailto:Home.ownership@cityoflondon.gov.uk)



## BACKGROUND

### **Pilot Project Costs**

- Frame Repairs - £50,000
- Glazing - £14,000

### **Why are the pilot costs so high?**

- One-off repairs and parts such as ironmongery
- One-off glazing order

## BACKGROUND

### **Next Steps**

- Finalise the combined costs for all aspects of the work
- Share those estimations with leaseholders
- Complete final condition survey

## FREQUENTLY ASKED QUESTIONS

At what stage/s in the project will leaseholders have to pay up for their contribution?

## FREQUENTLY ASKED QUESTIONS

Will the City confirm the contribution (or otherwise) in respect of the retail units in Crescent House. (i.e. is the project being defined to include or exclude the ground floor and basement?)

## FREQUENTLY ASKED QUESTIONS

Betterment - will all project costs be legally re-chargeable - and when will City tell us what the percentage is?

## FREQUENTLY ASKED QUESTIONS

Payments - How much will I  
have to pay for my property?

## FREQUENTLY ASKED QUESTIONS

When will we be billed for these charges?

# Questions & Answers



Certain parts of Crescent House were made off site whilst others were jointed on site. The frames and the concrete structure meet with no obvious details to accommodate tolerances, suggesting that a high level of custom sized joinery exists in the façade of Crescent House.



The photographs above show Crescent House under construction from Goswell Road.