



# Bluepoint Consulting

## Specialist Leasehold Reform Consulting

Bluepoint Consulting was established in 2005 specifically to meet the growing demand for strategy consulting and project management services in residential Leasehold Reform matters. Based in London, Bluepoint Consulting combines City experience of corporate transactions with a deep understanding of the rights and obligations imposed by the changing Leasehold Reform legislation to offer both leaseholders and landlords a unique range of services. Bluepoint Consulting aims to help clients to:

- Make the best use of the Leasehold Reform opportunities and constraints
- Save money and time by pursuing the clearest and most effective route to achieve their objectives

## Why Do Leaseholders Buy Out Their Landlords?

Changes to the Leasehold Reform legislation have increased the opportunities for owners of leasehold flats to protect the value of their properties from such problems as shortening leases and difficult or negligent landlords.

The right to collectively acquire the freehold or headlease of the building presents the opportunity for leaseholders to become their own landlord. This delivers the most effective result for leaseholders as it can deal with many issues. Research indicates that the main motivations for leaseholders to exercise their right to acquire the freehold of their building by the process of “collective enfranchisement” are:

- Greater management control
- Dissatisfaction with the landlord
- Anticipation that the transaction will result in an uplift in value of the flats
- The increased security in tenure of the flats
- Limited demand for flats with short leases
- Media coverage of the rights provided by the legislation

## Why Do Leaseholders Fail?

The rights provided by the Leasehold Reform legislation present valuable opportunities for leaseholders, but the processes are complex and littered with potential obstacles. The principal reasons why attempts to purchase the freehold or a headlease fail are:

### At least 50% Participation

Perhaps the most difficult obstacle to overcome in the pursuit of a freehold or headlease acquisition is the required participation of at least 50% of the qualifying leaseholders in the building. Bluepoint Consulting can help to raise the awareness of the leaseholders in your building and to find ways to ensure that the minimum participation rate is achieved and maintained.

### Financing for Non-Participant Flats

A freehold or headlease acquisition may involve anywhere from the minimum 50% of qualifying leaseholders to all 100%. Where there are non-participant flats, there will be a funding gap. Bluepoint Consulting will help the participants understand the implications of this and will present the most appropriate solutions to overcome it.

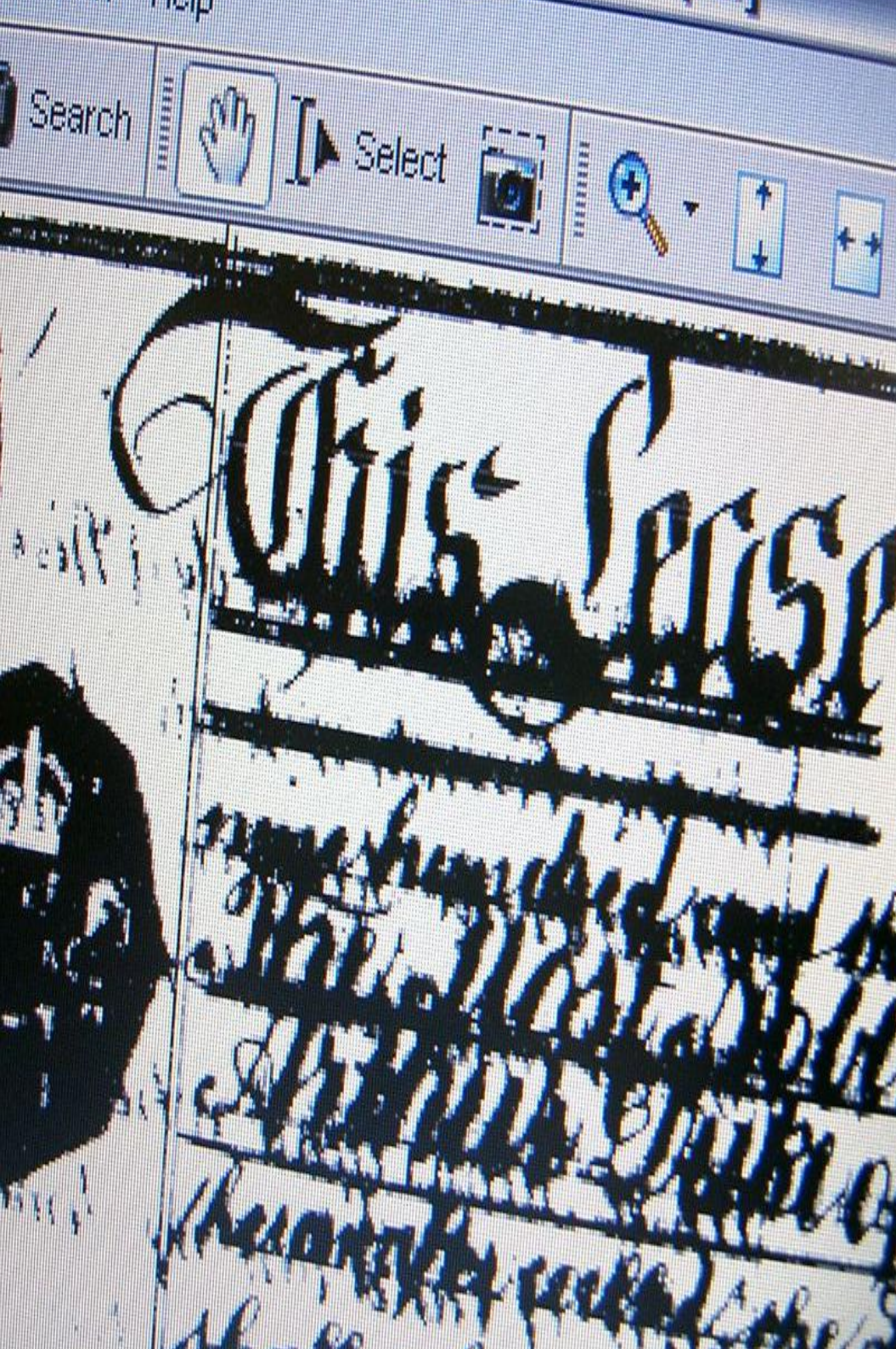
### Organisation and Cohesion

Disorganisation and disunity are the greatest enemies of leaseholders attempting to collectively pursue a transaction, and can result in failure to act on an opportunity, accumulation of excessive costs, and in some cases the loss of the rights provided by the Leasehold Reform legislation. Research indicates that a third of failed collective enfranchisements have failed because the process took too long and lost the support of the participating leaseholders. Bluepoint Consulting is the bond that holds leaseholders together with clear communications and an effective route to the leaseholders' objectives.

### Cost

Acquiring the freehold or headlease of a building can in some circumstances be an expensive exercise. The price is partly derived from the length of the existing leases, and therefore any delay to taking action – thereby allowing the leases to shorten further – is likely to add to the cost and make this obstacle even greater.





## What Happens When the Leaseholders Purchase the Freehold of Their Building?

Once the freehold of the building has been transferred to those leaseholders who participated in the acquisition, they are likely to wish to make several changes to their own leases as well as to the way the building is managed.

In many cases, a principal reason for acquiring the freehold is shortening leases, and therefore the participating leaseholders will wish to benefit from their perpetual ownership of the building by granting to themselves increased lease terms of 999 years. They will also rid themselves of any ground rent their leases required them to pay as well as clauses in their leases that have caused them problems in the past.

In most cases, the participating leaseholders will gain control of the management of their building, and they may wish to choose their own managing agent to work on their behalf. If the former freeholder was profiting from the service charge, insurance and from the maintenance of the building, there is a clear opportunity for the leaseholders to now reduce the service charge and to focus on what the building really needs.

## Contact Bluepoint Consulting About Your Situation

Bluepoint Consulting would be pleased to discuss your situation, and can be emailed at: [info@bluepointconsulting.com](mailto:info@bluepointconsulting.com)

**Bluepoint Consulting Limited**  
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