



7 August 2023

Dear Residents

## **FIXED ESTATE CHARGE ("FEC")**

Following the publication of the Mayor's Review of the Fixed Estate Charge (February 2023) and in response to questions raised by residents during the Review, LLDC committed to writing to all residents to set out the legal status of the FEC and why it differs from a ground rent or a service charge.

Commercial and residential occupiers on the Queen Elizabeth Olympic Park (i.e. commercial leaseholders and residential long leaseholders and freeholders) are required to pay the FEC as a contribution towards the costs to LLDC of maintaining the Park's estate and venues. The requirement to pay FEC is a contractual obligation on occupiers, set out in their lease or freehold transfer. It is a fixed charge, not linked to the actual cost to LLDC of maintaining the estate and venues, which significantly exceeds FEC receipts (leaving a shortfall currently funded by the GLA) and as such is not a variable service charge, which is linked to the actual cost of services.

Estate charges such as the FEC have become more common on large regeneration projects, to pay towards the cost of maintaining communal areas. In recent years, financial constraints have meant that local authorities are not always able to adopt responsibility for these areas, and it has therefore been necessary for developers to use an estate charge to cover these costs.

In contrast to an estate charge, a ground rent is a sum payable under a long lease for which the landlord is not providing any services in return. The ability of landlords to charge ground rents has been restricted by the Leasehold Reform (Ground Rent) Act, which came into force in 2022.

Estate charges are not subject to any of the reforms in respect of ground rents and there is no current Government proposal to introduce reform in respect of estate charges which are fixed. The Government has stated its intention to bring the statutory rights of freeholders who pay estate charges in line with those of leaseholders, but this is in respect of variable charges only.



Residents agree to pay the FEC when they sign their lease or freehold transfer, and this obligation transfers to any new owner if the property is sold. If you sell, it is important that your chosen estate agent is aware of this and does not incorrectly market your property as being subject to a ground rent.

You can find more information on the FEC and the Mayor's Review here:

<https://www.queenelizabetholympicpark.co.uk/the-park/homes-and-living/residents-information/fixed-estate-charge>

Yours faithfully

A handwritten signature in blue ink, appearing to read "Mark Camley".

Mark Camley  
Executive Director, Park Operations & Venues