

LEASEHOLD MANAGEMENT POLICY

Date Reviewed	July 2022	Next Review Date	July 2023
Reviewed By	Jay Gill	Approval By	Executive Team
Equality Impact Assessment	Completed	Responsible Officer	Head of Housing
Distribution	Website/Extranet/Teams/Schemes	Version No.	04

1. PURPOSE

Black Country Housing Group (BCHG) provides services for leaseholders of flats/apartments and houses sold under the Right to Buy (RTB) scheme, Right to Acquire (RTA) and flats/apartments available for sale on the open market, including shared ownership, Rent to Buy, Social Homebuy and any other Government incentives available at the time. This policy outlines our commitment to providing leaseholders with a high quality, customer focused service which offers value for money

2. SCOPE

The key objectives of the Leasehold Management Policy are:

- To make sure we communicate with leaseholders with accurate, timely and clear information and advice.
- To consult leaseholders over the provision of services and in advance of any improvement or major repairs programmes.
- To comply with all relevant legislation, regulatory guidance, and Codes of Practice, and to learn from good practice.
- To make sure that BCHG complies with its obligations for maintenance is compiled in accordance with each individual lease
- To ensure staff are aware of our rights and responsibilities

3. DEFINITION

Leasehold Management' covers the range of services provided by us to those who occupy property on a leasehold basis, where we are the freeholder i.e., flats/houses sold under the RTB, RTA and shared ownership dwellings.

4. LEGAL AND REGULATORY FRAMEWORK

The legislation relevant to the Leasehold Management Policy includes:

- [The Landlord and Tenant Act of 1985](#) Sections 18-30 set out the main framework for variable service charges
- [The Landlord and Tenant Act of 1987](#) Section 35-37 deals with the variation of leases
- [The Housing Act 1996](#) Section 81 sets out the requirements to forfeiture of a lease
- [The Commonhold and Leasehold Reform Act 2002](#) – introduced a new form of land ownership and provides the legal framework for commonhold. It is an alternative to the long leasehold system and allows the ownership of freehold of individual flats, houses and non-residential units in a building or estate
- [Leasehold Reform Housing and Urban Development Act 1993](#) – sets out the rights to collective enfranchisement and lease renewal

- [The Law of Property Act 1925](#) – Deals with the transfer of freehold or leasehold land by deed
- [The Service Charges \(Consultation Requirements\) \(England\) Regulations 2003](#) – The consultation regime is to ensure that those who are responsible for paying the services are consulted in line with the framework
- [The leasehold Reform Act 1967](#) – gives leaseholders of houses to buy the freehold
- [Consumer Protection from Unfair Trading Regulations \(CPR's\) previously the property Misdescription Act 1991](#) – provides transparency to the buyer and to ensure accurate information is given to allow the buyer make decisions
- [Leasehold Reform \(Ground Rent\) Act 2022](#) removes ground rents on new leases granted after 30 June 2022

5. RELATED POLICY AND PROCEDURES

This policy should be read in conjunction with the following:

- Estate Management Policy & Procedure
- Home Ownership Policy & Procedure
- Rent and Service Charge Policy
- Development Strategy & Procedures
- Equality & Diversity Policy
- GDPR Policy

6. RESPONSIBILITIES

The Head of Housing is responsible for the overall implementation of this Policy. The Home Ownership Manager will be the main point of contact for leaseholders and will work in close co-operation with other Customer Relations Managers and other teams to make sure we deliver a prompt and efficient service.

The Shared Ownership Leases – Affordable Homes Programme

The existing model of lease would be used on all 2016-2021 Affordable Homes Programme (AHP) schemes whether they are grant funded or not and will have a 99- and 125-year period.

For any shared ownership properties funded by the Affordable Homes Programme (AHP) 2021 to 2026 and for shared ownership homes required by new S106 agreements, the updated model shared ownership leases will be used if stipulated by the Local Authority in the S106 or planning policy.

The key changes to the new lease include: -

- The new minimum term of 990 years
- Minimum initial share reduced to 10%
- The introduction of 1% staircasing during the 1st 15 years
- The landlord's responsibility for the cost of certain essential repairs during the first 10 years
- The leaseholder's ability to claim contributions towards certain general maintenance throughout the first 10 years.

7. CONSULTATION (for variable service charges)

We will fully comply with Section 20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002. This requires us to consult leaseholders on:

- Works that will result in costs recovered through the service charge of over £250.00 for anyone leaseholder. We will provide details of the work and the reasons why we believe that work is required. We will also provide information on the estimated cost before entering a contract for that work.
- Qualifying long term agreements (more than 12 months) such as, by way of example gardening, and cleaning contracts and where costs exceed £100 for any one leaseholder in any one year. We will provide details of the contract and the reasons why it is being entered into the qualifying long-term agreement.

The consultation procedure is set out in the Service Charge (Consultation Requirements) England Regulations 2003. We will comply fully with the Regulations and will give leaseholders the opportunity to comment on choices of contractor and the proposed works. In some circumstances we may allow leaseholders the opportunity to nominate contractors who we should contact to provide a quote for the work.

8. SERVICE CHARGES/GROUND RENT

Our leaseholders pay a 'variable service charge', which includes ground rent where payable and the requirement of Section 18-30 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002 will apply. Therefore, we will comply with all relevant legislation and the terms of individual leases, whilst recognising that generally legislation takes precedence over individual leases.

BCHG will make reasonable management and administration charges as allowed under terms of the lease and will prepare timely and accurate information about the cost of services. We will provide leaseholders annual accounts in relation to the services provided after the financial period set out in the lease has ended.

BCHG will be guided by individual leases which will state when services charges are due. We will provide a wide range of payment options which includes Direct Debit, Standing Order, Debit Card, Credit Card, On-line and where appropriate, the use of Allpay payment card.

If there is any disagreement with the charges, Leaseholders have the right to appeal using our complaints procedure. We will also tell them that they have the right to apply to the First-tier Tribunal (property Chamber) if they wish to formally challenge the service charges.

No ground rent will be charged for any new leases granted after 30th June 2022, in accordance with the Leasehold Reform Act 2022.

9. STRUCTURAL INSURANCE

Under the terms of individual lease, BCHG will be responsible for insuring the structure of the building, for its full reinstatement value. BCHG will periodically review its building insurance to ensure adequate cover and value for money is provided in relation to any premium charged and recovered through the service charge.

10. ARREARS RECOVERY

The arrears recovery process will follow fixed stages up to legal action in appropriate cases in accordance with our Income Management Policy and procedure. Legal action will be taken through the Court after an initial financial risk assessment and court costs will usually be recharged to the Leaseholder, depending on the terms of the lease and/or the order made by the Court.

11. RIGHT TO MANAGE

Under the Commonhold and Leasehold Reform Act 2002, leaseholders have the right to assume management of the practical day to day responsibilities of the building their flats are in. This will only apply where the following legal requirements are met:

- The building must include at least two flats
- At least 2/3rd of the flats in the building are sold on long term leases (over 21 years)
- At least 50% of the leaseholders of the flats in the building must take part
- Non-residential use must not exceed 25% of the floor space

Requests for the right to manage will be dealt by the Deputy Chief Executive and agreed by the Executive Team.

12. BREACH OF LEASE

BCHG will take appropriate action when the leaseholder breaches the terms of their lease. In the first instance BCHG will write to the leaseholder asking them to remedy the breach. Failure to do so may result in BCHG seeking an injunction or, as a last resort taking action to forfeit the lease.

13. LEASE EXTENSION AND ENFRANCHISEMENT (PURCHASING FREEHOLD)

If a leaseholder owns a long lease (including a RTB or RTA lease), there may be the right in law to make a claim to either extend the lease (house and flat) or purchase the freehold (house). In the case of flats, leaseholders may also be able to come together to collectively purchase the freehold of the building within which the flats are situated. A claim to extend a lease or to purchase the freehold is brought under the Leasehold Reform Act 1967 for houses and the Leasehold Reform Housing and Urban Development Act 1993 for flats. A premium would be payable for the lease extension or freehold purchase and the leaseholders who claim would also be liable for BCHG's legal and other costs, such as surveyor's fees, of dealing with the claim.

Currently shared owners who have not yet staircased to 100% ownership are unable to bring a claim under legislation (as above). However, we will consider granting a lease extension (of a flat or a house) for 90 years on top of the remaining term on a voluntary basis if appropriate terms can be agreed. In this case, in addition to the premium, the shared owner would also be required to cover BCHG's legal and other costs.

Any queries regarding a statutory claim or a voluntary lease extension should be directed to The Home Ownership Manager.

14. SUBLETTING

Where a lease contains an absolute prohibition on subletting, the leaseholder will not have the right to

sublet. Where the lease allows for sub-letting, BCHG will comply with our obligations.

15. EQUALITY AND DIVERSITY

BCHG recognises that different people and communities may have specific needs which may require flexible approaches. We also appreciate that some groups or individuals may experience discrimination and disadvantage. This may be due to their protected characteristics under the Equality Act 2010. We believe that everyone should be treated with dignity, respect and fairness, regardless of their characteristics.

An Equality Impact Assessment has been carried out on this policy which will be updated in line with policy reviews to ensure there is no discrimination and opportunities to improve equality and access are maximised.

16. CUSTOMER VOICE

BCHG has committed to consult customer facing policies, we work on a 'no voice no approval' basis and we aim to consult customers at stages where they can influence change.

Whilst 40% of the customers understood the policy and did not have anything else to add, 20% felt that it included too much legal jargon without the cross referencing. As a result all the legislation referenced in the policy is hyperlinked to source.

17. MONITORING

We will monitor the requirements of this Policy by:

- Frequent site inspections by staff to ensure services are being provided to the agreed standard. Where the standards drop below our expectation, appropriate prompt action will be taken to address the issue.
- Carrying out Leaseholder surveys and the using the results to improve services.

18. STAFF TRAINING

Staff will receive regular training to ensure knowledge is kept up to date with changes in law. However, as Leasehold Law, regulations and code of practice are complex and subject to change, we will engage with legal advisors with the appropriate expertise to ensure that we fully comply with legislation.

19. APPEALS

Any leaseholder who has a complaint about the services provided by us will have the right to follow BCHG's complaints procedure. Leaseholders can also go to the First-tier Tribunal (property Chamber) who have the power to make decisions on the 'reasonableness' of service charges.

20. REVIEW

This policy will be reviewed when the legislation is reformed early 2023