

## **Leasehold Management Policy**

### **WHAT ARE WE TRYING TO DO?**

Stafford and Rural Homes (the Association) will be responsible for the management, administration and disposal of leasehold properties bought under the preserved Right to Buy or bought privately where the first time purchasers have moved on.

This policy covers:

- service charges;
- legislative requirements;
- procedures for improvements;
- procedures for repairs;
- consultation arrangements;
- breaches of covenants.

### **HOW WILL WE DO IT?**

By providing a service which is accountable, open and responsive to the needs of all stakeholders, including black and minority ethnic groups and other distinct groups within the community;

By ensuring that all leaseholders are treated equally and that consistency is maintained where appropriate between tenants and leaseholders;

By ensuring that the rights and obligations within the lease agreement are respected and met by leaseholder and landlord alike;

By enabling the Board to monitor service delivery and associated spending in line with Housing Corporation requirements

### **HOW WILL WE KNOW IF IT IS WORKING?**

By applying the Performance Management measures set out in Section 5 of the policy.

### **WHO TO CONTACT IF YOU NEED TO USE THIS SERVICE:**

Kirsty Lockett, Senior Officer (Asset Management)

### **WHO TO CONTACT TO COMMENT ON THIS POLICY:**

David Grace, Head of Asset Management

DATE DOCUMENT PRODUCED: June 2005

NEXT REVIEW DATE: June 2007

## **1. Statement of Intent**

- 1.1 Stafford and Rural Homes (the Association) is committed to meeting its responsibilities to leaseholders under the terms of their leases, and to providing them with high quality services in the management and maintenance of their homes. The same standards of customer care and performance will be offered to leaseholders as to tenants.
- 1.2 The Association will provide leaseholders with accurate and timely information about the services they receive and are entitled to access, the cost of those services and the amount due in service charge payments.
- 1.3 Leaseholders will be consulted in accordance with the requirements of legislation, and on any other proposed changes to policy or practice which will affect the management of their homes. The Association will work with leaseholder representatives to consider issues such as leaseholder satisfaction with the level and quality of services provided and the way in which charges are determined, in addition to consulting individual leaseholders.
- 1.4 The Association aims to ensure that leaseholders uphold the covenants in their leases, in particular with regard to harassment, neighbour nuisance and other actions taken by them, their family members or visitors, likely to affect other residents.
- 1.5 The Association will make available to all prospective leaseholders who are registered social landlord tenants or registered on the Association's Housing Register, full and factual information relating to their rights and obligations as leaseholders before they purchase their property.
- 1.6 The Association will collect from leaseholders all monies due from them under the terms of their leases.

## **2. Detail**

### **Information**

- 2.1 The Association will review all processes and ensure that the Leaseholder Information pack and all documents are accessible and in plain English.
- 2.2 The Association will ensure that information is available in a range of formats and appropriate community languages.
- 2.3 The Association will ensure that Leaseholder issues are covered in tenant newsletters and interactive services feature on its website.

### **Terms of the lease**

- 2.4 The Association will be bound by the terms of the leases issued to

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leaseholders by Stafford Borough Council.

- 2.5 All leases issued by the Association will include information about:
- the service charge to be paid, how it has been determined and when payment is due;
  - Where a variable service charge is applied, the arrangements for collecting contributions towards additional costs and for refunding overpayments;
  - the procedures for the leaseholder to assign the lease;
  - the grounds for the landlord ending the lease by forfeiture or re-entry, including harassment (pursuant to the provisions of the Housing Act 1996);
  - the details of the respective responsibilities of the leaseholder and of the landlord for repairs and maintenance to the property, the structure and the common parts.
- 2.6 The Association will provide a summary of its lease for prospective leaseholders (available in community languages and a variety of formats), whilst emphasising the need for them to seek independent legal advice before committing themselves to purchasing the lease.

### **Consultation**

- 2.7 The Association will consult leaseholders about:
- repair work which will incur costs above the prescribed amount which will have to be recovered in service charges, as required by the Landlord and Tenant Act 1985. A statement of the work required, and alternative estimates of the costs will be provided to leaseholders before entering into a contract for the work;
  - the extent and cost of services and works which are optional;
  - proposed changes to arrangements for maintenance, management or service provision which could have a substantial effect on them.
- 2.8 The Association will work to establish leaseholder groups in appropriate areas. It will provide any such group with advice, support and assistance and will consult such groups and with individual leaseholders regarding service delivery and development. Leaseholders will be encouraged to take an active role in monitoring the standards of service that they receive.

### **Service charges**

- 2.9 The Association will prepare timely and accurate information about the

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cost of services provided.

- 2.10 Leaseholders will be provided with a copy of the audited annual accounts for management services within six months of the end of the accounting period.
- 2.11 Leaseholders will be provided with an estimate of the following year's charges once the budget for that year's expenditure has been agreed, and in accordance with the notice period specified in the leases.
- 2.12 For the initial five year period following sale to the leaseholder, the service charge will be fixed at the rate agreed prior to sale, subject to inflation increases.
- 2.13 After the expiry of the initial five year period following sale, service charges will be agreed with the leaseholder for a further five year period to reflect actual costs for each block as far as possible. Where a surplus has accrued over a particular financial year, the Association will carry it forward to the following year's account. This could arise, for example, where a contractor has failed to provide a service and has been financially penalised. Where there is a deficit, the Association will add it to the following year's service charge.

**Service charge collection**

- 2.14 Leaseholders will be offered a variety of payment mechanisms for the payment of their service charges. These will include:
- standing orders and direct debits;
  - cash payments at local post offices and "Allpay" locations;
  - payment by cheque to SRH offices;
  - telephone payments
  - payments via the internet

**Service charge arrears**

- 2.15 The Association will develop detailed procedures for recovering service charge arrears.
- 2.16 Leaseholders will be sent information about their service charge accounts at regular intervals throughout the year. Any leaseholder falling behind with payments will be advised accordingly.
- 2.17 Firm action for arrears recovery will be taken, in line with the Association's Leaseholder Arrears Recovery Policy. This will include seeking an immediate payment to clear the arrears, or reaching an arrangement with the leaseholder for repayment of the debt over a period of months.
- 2.18 All leaseholder service charge accounts will be reviewed at the end of each financial year.

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- 2.19 The Association will offer basic debt counselling and benefit advice and will signpost advisory services to leaseholders to assist them in planning for their financial liabilities, including referral to the Citizens Advice Bureau.
- 2.20 Consideration will be given to contacting the leaseholder's lender in circumstances where a leaseholder:
- fails to respond to letters informing them that the service charge accounts is in arrears; or
  - breaks the terms of an agreement to repay the arrears; or
  - refuses to make service charge payments.
- 2.21 If the leaseholder is unable to make sufficient payments to meet the terms of a repayment agreement, consideration may be given, with the lender, to rescheduling the debt or other appropriate courses of action.
- 2.22 Where other courses of recovery action have failed, consideration may be given to instituting legal proceedings. Legal action may include money judgement orders, or, following persistent failure to pay service charges, action for forfeiture, subject to the provisions of the Housing Act 1996.

**Cost of capital works**

- 2.23 The Association will pass on the correct proportion of the cost of capital works to leaseholders, as required by legislation. Leaseholders will be able either to opt out of internal works or pay for them in full. Leaseholders will be able to apply for renovation grants from Stafford Borough Council where these are available.
- 2.24 When awarding appropriate contracts, the Association will negotiate with the contractor to make some improvements available directly to leaseholders for the same unit cost charged to the Association.
- 2.25 The Association aims to recover from leaseholders all the monies due from them towards the cost of capital works. The Association will offer leaseholders a range of alternative repayment mechanisms for meeting the costs of capital works for which they are liable. These will include:
- an arrangement to repay the charge by making payments over a number of years (including the repayment of interest on such a loan);
  - taking out a charge against the property where the leaseholder is unable to make payments;
  - in extremes, to reduce the charge under general charitable powers.

- 2.26 The Association will offer basic debt counselling services and will signpost advisory services to leaseholders to assist them in planning for their longer-term financial liabilities.

### **Leaseholder improvements**

- 2.27 Any leaseholder wishing to carry out improvement works to their home will first be expected to submit full details of the proposed works, including proof of planning permission where this is required.
- 2.28 A decision on whether or not to grant permission to carry out such work will be made taking account of whether the proposed improvement will:
- make the property or part of the property inherently dangerous or unstable;
  - encroach upon land not defined in the lease;
  - prevent light or air reaching other residents;
  - be aesthetically undesirable;
  - ....and any other relevant considerations.
- 2.29 If permission is refused, the reasons for the refusal will be put in writing to the leaseholder. The Leaseholder may ask, in writing, for a review of the decision by a Senior Officer within 21 days of being notified of that decision. Such a request must include the reasons why the leaseholder believes the decision to be incorrect.

### **Breaches of the lease**

- 2.30 The Association will take appropriate action whenever it becomes aware that a leaseholder is acting in breach of the terms of their lease. Such breaches may include:
- unapproved building or environmental works;
  - improper use;
  - failure to maintain, or damage caused to, premises;
  - refusal of access to SRH officers;
  - harassment or neighbour nuisance.
- 2.31 In all such cases the Association will first serve notice on the leaseholder requiring them to remedy the breach. If the breach continues, further action will be taken, which may include seeking an injunction or taking action against the leaseholder for the forfeiture of their lease in line with the provisions of the Association's Anti-Social Behaviour Policy?

### **Leaseholder enfranchisement**

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- 2.32 The Association will make available information relating to the right to collective enfranchisement to any leaseholder requesting it.

### **Complaints**

- 2.33 Any leaseholder who is dissatisfied with any aspect of the services provided by the Association will have the opportunity to seek redress through the Compliments, Complaints and Compensation Policy.

## **3 Specific Needs**

The Association will take into account the specific needs, which may arise, of younger, older and vulnerable people, people with disabilities and Black and Minority Ethnic groups, in a manner that promotes equality and inclusiveness.

## **4 Consultation**

The following people / organisations were consulted on the contents of this policy:

- Stafford Borough Council Tenants and Residents Federation
- Leaseholders Focus Group

## **5 Monitoring**

### **Housing Corporation Mandatory Performance Indicators**

- SOPI3 Arrears as a percentage of the total rent and service charges collectable at 31 March
- SOPI7 Percentage of sales to BME purchasers

### **Local Indicators**

Sale of dwellings:

LIH1 % of applications admitted within time limit (4 weeks)  
Target 90% (Actual 31.3.04): 100%

LIH2 Average time taken to admit applications (weeks)  
Target 2 weeks (Actual 31.3.04): 0.19 weeks

LIH3 % of purchase notices issued within time limit (flats 12 weeks,  
others 8 weeks) (Actual 31.3.04): 95.65%

LIH4 Average time taken to issue purchase notices (weeks)  
Target 8 weeks (Actual 31.3.04): 6.33 weeks

LIH5 % applications denied within time limit (4 weeks)  
Target 95% (Actual 31.3.04) 100%

LIB224\* Average time to process an application for 'Right to Buy'

## 6 Links to Housing Corporation Regulatory Code and Guidance

This policy has been written to conform with the following elements of the Regulatory Code and incorporates the identified legislation / guidance.

### Regulatory Code:

- 3.5 Applicants must provide good quality housing services for residents and prospective residents:
  - 3.5.2 by offering the most secure form of tenure compatible with the sustainability of the community
  - 3.5.3 with agreements that clearly set out residents' and landlords' rights and obligations
  - 3.5.6 by providing high standards of customer care
- 3.5 (e) Residents who exercise a purchase right receive timely written information about their property

### Legislation / guidance:

- The Landlord and Tenant Act 1985
- The Leasehold Reform, Housing and Urban Development Act 1993 . The Right to Acquire, Housing Act 1996
- *A Guide to the Housing Act 1996* (National Housing Federation, 1997)
- *Leasehold Management by Social Landlords* (National Housing Federation/Cm, 1996)
- *The Leaseholders' Charter* (Housing Corporation, 1997)
- *Protection for leaseholder service charge contributions* (National Housing Federation, 1994) .
- Commonhold and Leasehold Reform Act 2002

## 7. Links to Other Policies

- Tenant & Stakeholder consultation policy (Corporate)
- Proposals for future information provision for tenants, including Tenants handbook and newsletters or tenant compacts (Corporate)
- Policy on complaints and compensation, including any provision for leaseholders (Corporate)
- Customer Care (Corporate)
- Rent and service charge setting policy
- Health & Safety policy

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- Proposals for internal monitoring of delivery of promises to transferred tenants as identified in the formal consultation and the transfer agreement with the LA.

**8. Responsibility**

The Director of Housing Services has responsibility for this policy

**9. Author of Policy**

David Wilkins Principal Officer (Strategy)

**10. Review Date**

June 2007