

Leasehold Management Policy



Reference:	HS_POL_HOU_LSM_2.0	Author:	Head of Housing
Scope:	Housing Solutions: Leasehold Properties	Approved by:	Board
Legislation:	Landlord and Tenant Act 1987 Commonhold and Leasehold Reform Act 2002 Leasehold Reform, Housing and Urban Development Act 1993 Finance Act 2003	Date of approval:	17 th November 2021
Regulatory/ Governance:	Consumer Standards	Date of next review:	17 th November 2024
Related Policies:	Complaints Policy Anti-social Behaviour Policy Shared Ownership Management Policy RTB & RTA Policy Repairs and Maintenance Policy Service Charges Policy Access Policy		

1. Policy Statement

- 1.1 Housing Solutions recognises that our leasehold residents have a very different relationship with us and the homes they live in from our renting residents. The way we provide services and the types of service we provide differ in significant ways. It is important that we acknowledge those differences and have a clear policy outlining the services we provide to leaseholders where those services vary from our other tenure types.
- 1.2 The purpose of this policy, therefore, is to set out the services we provide to leaseholders, outline how we will manage their homes and the communal areas we have control over that are connected to their homes.
- 1.3 This policy will ensure that Housing Solutions will:
 - 1.3.1 Offer value for money to leaseholders.
 - 1.3.2 Comply with all relevant legislation, regulatory guidance, and Codes of Practice, and

to learn from examples of good practice.

1.3.3 Take a company-wide approach to leasehold management in taking responsibility, alongside the Home Ownership Team, for delivery of high quality services.

2. Scope

- 2.1 This policy applies to all 100% leasehold tenure homes. For the avoidance of doubt, it does not apply to Shared Ownership homes. Those residents have a separate Shared Ownership Management Policy they can refer to.
- 2.2 This policy applies to estates and buildings where we are the owner and also where we are not the owner (but maybe a head leaseholder or sub-leaseholder) but have residents who have bought leasehold properties from us and where we provide services to those residents and levy service charges accordingly. We may not be the managing agent of the estate/building and there may be a third party managing agent that also provides services to our residents. In such circumstances any role for Housing Solutions will be determined in the first instance by the management agreement of the third party managing agent and whether the leaseholder retains a direct contractual relationship with Housing Solutions.
- 2.3 Housing Solutions can act as a managing agent for some housing stock on behalf of other organisations. In such circumstances any role for Housing Solutions will be determined in the first instance by the terms of any management agreement.
- 2.4 The contractual relationship between Housing Solutions as landlord and the resident leaseholder is always determined in the first instance by the terms and conditions set out in the lease that relates to each individual property. Leases may vary from scheme to scheme and leaseholders should refer to their lease terms and conditions to understand the particular rights and responsibilities of each party relating to their home.

3. Roles and Responsibilities

3.1 Detail roles and responsibilities in relation to the policy/procedure

Board	Responsible for approving this policy and any amendments to it from time to time. Responsible for setting the strategic direction for leaseholder services that feeds into the operational delivery for leasehold residents.
Executive Team	Also responsible for overseeing compliance with this policy.
Head of Housing	Responsible for overseeing the operational delivery and service quality of leasehold services.
Home Ownership Manager	Responsible for the day to day management of the Home Ownership Team delivering operational services to leaseholders.
Home Ownership Officers	Responsible for the day to day frontline service delivery to leaseholders.
Surveying Team	Responsible for providing support and professional opinions to the Home Ownership Team in connection with survey requests for alterations requests. Responsible for supporting the Asset Management Team to deliver planned maintenance programmes in communal areas used by leaseholders.
Development Team	Responsible for handing over new leasehold units to the Home Ownership Team for onwards management.

4. Definitions

- 4.1 **Leasehold** – This is a type of interest in land where a person buys the right to occupy a property for a period of years (usually 99 or 125) in return for payment of a premium (usually called the purchase price). A lease usually puts responsibility for maintaining the interior condition of the property such as plumbing, heating, electrical services, decorations etc on the leaseholder. The landlord or freeholder is usually responsible for maintaining the structure of the building together with any common parts.
- 4.2 **Freehold** – this is the name given to the person or company that owns the land and structure of the building that a leasehold home is situated in.
- 4.3 **Sub Lease** – This is a type of interest in land derived out of a more senior lease (usually referred to as a Head Lease). In all other respects the definition is the same as for normal leasehold.
- 4.4 **Head Lease** – Where there are a chain of leases that set out the ownership of a building or different parts of the building, the Head Lease is the most senior lease in that chain.
- 4.5 **Shared Ownership** – This is a type of interest in property where a person pays a percentage of the 100% cost of the purchase price of a lease. In return, they acquire the inalienable right to purchase the remaining share of the property in one or more % parts at a later date(s). For the % of the property that has not been purchased, the shared owner pays rent for the right to continue to occupy the property. As the shared owner increases their share of ownership, so their rent will decrease proportionally until they are 100% leaseholder and the rent is nil.
- 4.6 **Managing Agent** – This is a company contracted specifically to look after and deliver services to an estate of block/building containing leasehold properties. The role and responsibilities of the managing agent will depend on the contract they have entered into, but it usually requires them to carry out minor repairs, collect rent and/or service charges, deal with day to day queries and issues arising. They are paid a fee for delivering these services. Sometimes Housing Solutions acts as its own managing agent. Sometimes we employ the services of a managing agent to manage a building or estate on our behalf.
- 4.7 **External Managing Agent** – This is a company appointed the owners (freeholder) of an estate or building where it is not owned by Housing Solutions but we have some limited interest in the estate/building – for example we own one or more flats in a block but not the whole block. In these circumstances, we are not in a controlling position and cannot appoint a managing agent. The owner of the building appoints the external agent and we work with that company to deliver services to our residents.
- 4.8 **Enfranchisement** - This is where a group of leaseholders living in a block decide that they want to get together to collectively buy the freehold of the block from Housing Solutions.
- 4.9 **Ground Rent** – This is a token amount of money, sometimes referred to as a peppercorn rent, payable under the terms of a lease. It represents the value of the land on which a building is situated that contains a number of leasehold properties. It is usually payable quarterly and is for a nominal amount.

5. Legislation

Housing Solutions will ensure that we remain compliant with the legislation and

guidance set out on page 1 of this policy. We will also ensure that we remain up-to-date with any changes in legislation, guidance and best practice.

6. External Managing Agents (EMAs)

- 6.1 Housing Solutions will always seek to be appointed as managing agent, however on some new developments, the developer may engage a “third party management agent”, also known as an “external managing agent” (EMA) to manage common parts that cross all tenures. In these circumstances the EMA will provide services to Housing Solutions. We will scrutinise the costs and standards of service before we pass the cost of the services to tenants and leaseholders.
- 6.2 Where an EMA is considered to be failing to comply with the statutory code of conduct Housing Solutions will in the first instance contact the agent and challenge the standard of services and management being provided. Failure by the EMA to provide the level of service required will result in consideration being given to taking the case to the First Tier Tribunal to seek the removal of the EMA.

7. Antisocial Behaviour

- 7.1 We want to ensure that the neighbourhoods that we manage are enjoyable places for residents to live.
- 7.2 Antisocial behaviour caused by residents living on neighbourhoods managed by Housing Solutions will not be tolerated.
- 7.3 Housing Solutions Anti Social Behaviour Policy applies to all leasehold residents, their families, and visitors.

8. Sub-letting

- 8.1 Leaseholders who bought under either the Right to Buy (RTB), the Preserved Right to Buy (PRTB), or Right to Acquire (RTA) can sub-let their home. There are statutory restrictions on sub-letting a home bought under RTB, PRTB, & RTA that prohibit sub-letting for an initial period of time. Residents should refer to their leases in the first instance to understand whether any restrictions apply to them.
- 8.2 Housing Solutions requires that leaseholders who sub-let, provide Housing Solutions with details of the tenant, a copy of the tenancy agreement together with contact details in the event that there is an emergency e.g. leaks to a property below.
- 8.3 Leaseholders should be aware that if they sub-let their home they will be under a number of strict legal obligations that they must comply with for the sub-letting to be lawful. This includes responsibilities around obtaining a gas safety certificate, and electrical safety certificate, checking that any prospective tenant has the right to rent in the UK. This list is by no means exhaustive and any leaseholder considering sub-letting their home is strongly advised to get independent legal advice about the requirements they must meet.
- 8.4 Some leases require leaseholders to ask for the written consent of Housing Solutions before a property is sub-let. In those circumstances, a leaseholder must comply with the clause in the lease and write to Housing Solutions asking for permission to be provided. Housing Solutions will not withhold permission to sublet unreasonably. Circumstances where we might refuse permission to sublet include

9. Repairs

- 9.1 Responsive repairs to communal areas will be carried out in line with individual leases and the Repairs and Maintenance Policy.
- 9.2 Details of our planned maintenance programme for communal areas can be found in our Repairs and Maintenance Policy.
- 9.3 Where works to the property or communal areas are identified, we will write to residents where we believe it is reasonable, explaining why works are necessary and when they will take place.
- 9.4 For all major works projects, we will comply with our statutory obligations to consult with residents on any proposed works. Details on how and when consultations will occur are set out in our Service Charges Policy.

Applications to Alter/Improve

- 9.5 Where a resident wants to make alterations or improvements to their house (shared owners) or flat under the terms of their lease they must request written permission from Housing Solutions. For further details, see our Repairs and Maintenance Policy.

10. Access

- 10.1 There are circumstances where Housing Solutions require access to individual properties. Leases make provision for access on reasonable notice.
- 10.2 Individual leases may also make provision for access without notice in cases of emergency. On rare occasions where the resident cannot be contacted it may be necessary to force access in the event of an emergency.
- 10.3 On those occasions Housing Solutions will ensure that photographs are taken, that there are witnesses and that the property is secured afterwards.
- 10.4 For further details, please see our Access Policy.

11. Services Charges and Accounts

- 11.1 Housing Solutions will provide a variety of chargeable services to residents. These services form the upkeep of the communal parts of the property and may vary between schemes.
- 11.2 Service charges will be apportioned between the residents who have the use and benefit of those services and in accordance with individual leases.
- 11.3 Service charges are payable within 28 days from the service charge demand being issued. Demands are issued twice a year – April and October. For further detail on service charges please see our Service Charges Policy and individual leases.
- 11.4 We will offer support with financial management to any resident experiencing difficulty paying their services charges. Leaseholders experiencing financial difficulty should contact the Home Ownership Team in the first instance who will offer appropriate advice and support and sign-post to other agencies and services that might be able to assist.

12. Ground Rent

- 12.1 Ground rent is payable on most leases. Leaseholders are advised to refer to the terms of their lease to determine if they are responsible for paying ground rent.
- 12.2 Housing Solutions will issue demands for ground rents with the service charge demands. Ground rent is payable within 28 days of receipt of the demand.

13. Right to Manage and Enfranchisement

Right to Manage

- 13.1 Where leaseholders wish to take responsibility for the management of their block they may do so by setting up their own management company in line with the Commonhold and Leasehold Reform Act 2002.
- 13.2 To qualify for the Right to Manage the building must meet certain conditions:
- The building must be self-contained
 - It must contain at least two flats
 - At least two-thirds of the flats must be let to leaseholders who own 100% of the lease where the lease was originally granted for a term of more than 21 years.
 - There is no requirement for any residence period in the flats, or any limit on the number of flats, which can be owned by one person.
- 13.3 Where leaseholders wish to take over responsibility for the management of the building all qualifying tenants ***must*** be invited to participate.

Enfranchisement

- 13.4 Enfranchisement is the legal right of all leaseholders to come together and form a company to buy out the freehold (as enacted in the Leasehold Reform, Housing and Urban Development Act 1993).
- 13.5 Where requested in writing Housing Solutions will consider allowing enfranchisement to take place on a voluntary process rather than be enforced through the provisions of the Act.
- 13.6 Housing Solutions will sign-post leaseholders to the Leasehold Advisory Service web-site for further information on the enfranchisement process and the costs involved.

14. Lease Extension

- 14.1 There is a statutory process to facilitate lease extensions set out in the Leasehold Reform, Housing and Urban Development Act 1993 (as amended).
- 14.2 Leaseholders have the statutory right to extend their lease providing they have owned their property for a minimum of 2 years. There are restrictions depending on the type of property they own.
- 14.3 On receipt of any enquiries Housing Solutions sign-posts leaseholders to the Leasehold Advisory Service web-site for further information on the process for extending a lease and the costs involved
- 14.4 The statutory right to extend a lease is due to change following extensive government consultation. At the time of writing this policy, however the statutory right is for an extension of 90 years with a 'peppercorn' (nil) ground rent.
- 14.5 Housing Solutions will charge a reasonable fee for administering the process of extending a lease.
- 14.6 . Where Housing Solutions are a superior leaseholder rather than the freeholder, and

the term of the lease is less than the 90 years plus the balance of the term of the old lease, then the period of the new lease will be the length of the Housing Solutions' remaining lease less one week.

- 14.7 Housing Solutions will consider allowing an application to extend a lease on a voluntary basis (i.e. outside the statutory framework) rather than requiring all leaseholders to use the provisions of the Act. Leaseholders are advised to seek independent legal advice on the best process to extend a lease in their particular circumstances.

15. Varying Leases

- 15.1 There may be circumstances in which it is necessary to make variations to a lease, for example when additional services are provided or there is a change in legislation. Where these changes are required agreement will be sought from the affected leaseholders.
- 15.2 Where a potential variation has been identified consultation will be held with the affected leaseholders and where possible the interests of all leaseholders will be reconciled.
- 15.3 Once variations to the affected leases have been agreed a report will be submitted to the Executive Team requesting authority to proceed.
- 15.4 Where the required change can be achieved by agreement Housing Solutions will arrange for, and meet the legal costs of arranging a deed of variation, signed by both parties. It may also be necessary to obtain the consent of any mortgage lender.
- 15.5 Where agreement cannot be reached with all affected leaseholders, an application must be made to the First Tier Tribunal to determine if the variation should be made (in line with the Landlord and Tenant Act 1987, as amended by Section 162, Commonhold and Leasehold Reform Act 2002).
- 15.6 Leaseholders may identify their own circumstances where they need to apply to vary a lease. In such cases, a leaseholder should approach Housing Solutions in writing seeking agreement to any proposed variation. Housing Solutions will not unreasonably refuse any request to vary a lease. A fee may be charged to cover the administrative costs of varying a lease. Where a leaseholder approaches Housing Solutions seeking a variation to their lease they will be expected to cover their own legal fees and those of Housing Solutions together with any disbursement costs (e.g. costs of a structural survey).

16. Dispute Resolution and Consumer Standards

- 16.1 The [First Tier Tribunal](#) (FtT) is an independent legal body that offers a legally binding dispute resolution service without going to court. The FtT can respond to disputes relating to, amongst other matters:
- Service, administration or management charges
 - Appointing a manager for a block of flats
 - Buying the freehold
 - Varying or extending a lease.
- 16.2 Where they arise Housing Solutions will endeavour to resolve leaseholder disputes internally using our Complaints Policy wherever possible. In exceptional cases where disputes are longstanding, however, a referral may be made to the FTT, either by Housing Solutions or the leaseholder.

17. Equality & Diversity

17.1 Housing Solutions recognises the needs of a diverse population and always acts within the scope of its own Equality, Diversity & Inclusion Policy, and Equalities Act 2010. Housing Solutions works closely with its partners to ensure it has a clear understanding of its resident community with clear regularly updated service user profiles. Housing Solutions will record, analyse and monitor information on ethnicity, vulnerability and disability.

18. Confidentiality

18.1 Under the Data Protection Act 2018 and the UK General Data Protection Regulation (UKGDPR) 2021, all personal and sensitive organisational information, however received, is treated as confidential. This includes:

- anything of a personal nature that is not a matter of public record about a resident, client, applicant, staff or board member
- sensitive organisational information.

18.2 Housing Solutions employees will ensure that they only involve other agencies and share information where there is a legal basis for processing the information.

19. Review

- 1.1 This policy will be reviewed on a 3 yearly basis or more frequently in response to changes in legislation, regulatory guidance, good practice or changes in other relevant Housing Solutions' policy.
- 1.2 Our performance in relation to the delivery of the services and activities set out in this policy will be monitored on an ongoing basis through our established reporting mechanisms to our Senior Management Team, Executive Team, Board and associated committees.
- 1.3 This policy will be reviewed on a 3 yearly basis or in response to changes in legislation, regulatory guidance, good practice or changes in other relevant Housing Solutions policy.
- 1.4 Leaseholders will be consulted on any proposed changes to this policy. We will use feedback to inform reviews and recommend changes to this policy document at any time.

