

TOWER HAMLETS COMMUNITY HOUSING

LEASEHOLD MANAGEMENT - Policy

1.0 Statement of Intent

- 1.1 THCH is committed to meeting its responsibilities to leaseholders under the terms of their leases, and to provide them with high quality services in the management and maintenance of their homes. THCH is committed to offering the same standards of customer care and the same performance standards to leaseholders as it offers to its tenants.
- 1.2 THCH will provide leaseholders with accurate and timely information about the services they receive, the cost of those services and the amount due in service charge payments.
- 1.3 In accordance with the statutory requirements placed upon THCH by section 20 of the Landlord and Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002), leaseholders will be consulted regarding qualifying works to be undertaken to their homes or where THCH intends to enter into a qualifying long term agreement for services. Where there are other proposed changes to policy or practice, which will affect the management of their homes consultation outside the statutory requirements, will be undertaken. THCH 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 THCH 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 likely to affect other residents.
- 1.5 THCH will make available to all prospective leaseholders who are THCH tenants full and factual information relating to their rights and obligations as leaseholders before they purchase their property.
- 1.6 THCH will collect from leaseholders all moneys due from them under the terms of their leases.
- 1.7 THCH will deal promptly with all complaints or disputes from leaseholders through its existing complaints policy. This will include to the Right to a Hearing before a sub committee of the board.

2.0 Detail

2.1 Terms of the Lease

THCH will be bound by the terms of the leases issued to leaseholders by the London Borough of Tower Hamlets or the GLC respectively. All leases issued by THCH will include information about:

- (i) The service charge to be paid, how it has been determined and when payment is due. Where it is a variable service charge, the arrangements for collecting contributions towards additional costs and for refunding over-payments will be specified;
- (ii) The procedures for the leaseholder to assign the lease,
- (iii) The grounds for the landlord ending the lease by forfeiture or re-entry (taking account of the requirements of the 1996 Housing Act),
- (iv) The details of the respective responsibilities of the leaseholder and of the THCH as landlord for repairs and maintenance to the property, the structure and the common parts.

2.2 THCH will provide a plain English summary of its leases for prospective leaseholders (which will also be available in translation), whilst emphasizing the need for them to seek independent legal advice before committing themselves to purchasing the lease.

3.0 Consultation

3.1 THCH will consult leaseholders about:

- (i) Repair work which will incur costs above the prescribed amount which will have to be recovered in service charges, as required by Section 20 of the Landlord and Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002). THCH will provide leaseholders with a statement of the work required, and alternatively (to be deleted) estimates of the costs, before entering into a contract for the work and the form of consultation that the freeholder shall have with the leaseholder will seek to ensure that the work required is necessary under the terms of the leasehold agreement. The freeholder will, in the course of its consultation with the leaseholder about the said work, seek to ensure that

the said work is completed within the schedule of works and to inform the leaseholder of any delay and cause of delay to the completion of work and of the timescale for payment of the said work should this be outside the service charge arrangements

- (ii) The extent and cost of services and works which are optional and whether leaseholders require optional work;
- (iii) Our intent to enter into a qualifying long term agreement for services where the amount to be contributed by any one leaseholder is over £100.
- (iv) There is a separate policy on consultation relating to major works which affects leaseholders and tenants alike

3.2 THCH will work with the Leaseholder steering Group established on the THCH estates, or any other representative group of leaseholders. It will provide any such group with the necessary advice, support and assistance. THCH will consult such groups on any matters of general concern to leaseholders. Consultation about repair work, services and charges will be undertaken with the groups of leaseholders affected and with individual leaseholders affected, as appropriate.

4.0 Service Charges

4.1 THCH will prepare timely and accurate information about the cost of services for which service charges are due. It will make available to leaseholders a copy of the audited annual accounts for management services within six months of the end of the accounting period. Leaseholders will be provided with an estimate of the following years charges once a budget for that years expenditure has been agreed, and in accordance with the requirements of leaseholders leases.

4.2 Service charges will be set to reflect actual costs for each block as far as possible. Where a surplus has been paid over a particular financial year, THCH will carry it forward to the following years account. This could arise, for example, where a contractor has failed to provide a service and has been financially penalized. Where there is a deficit, THCH will add it to the following years service charge.

4.3 THCH will provide leasehold management information, on a quarterly basis, to the Leaseholder Steering Group.

5.0 Service Charge Collection

5.1 Leaseholders will be offered a variety of payment mechanisms for the payment of their service charges. These will include:-

- (i) standing orders
- (ii) cash payments at local post offices
- (iii) payment by cheque to THCH offices
- (iv) direct deductions from salary, for leaseholders who are THCH employees
- (v) direct debit to THCH
- (vi) telephone banking (BACS payments)

6.0 Service Charge Arrears

6.1 THCH will develop detailed procedures for recovering service charge arrears; Leaseholders will be sent information, quarterly about their service charges accounts at regular intervals throughout the year. Any leaseholder falling behind with payments will be advised accordingly. Appropriate action for arrears recovery will be taken. This will include seeking an immediate payment to clear arrears, or reaching an arrangement with the leaseholder for repayment of the debt over a period of months. Any appeals will be processed through the complaints procedure, publicised to leaseholders, with a final stage of appeal to the Complaints Sub Committee of the Board, which will usually be arranged by the designated Complaints Officer within 2 months of receiving the request to progress the complaint to stage 3 of the Complaints Procedure.

6.2 All leaseholders service charge accounts will be reviewed at the end of the financial year. If arrears remain, the leaseholder will be contacted again and encouraged either to make an immediate payment to clear the full amount, or to make an arrangement to clear the outstanding debt over a period of months. For arrears under £1,000, the leaseholder will normally be expected to clear the arrears, and pay the current year's charges, by the end of the financial year. For arrears over £1,000, consideration will be given to spreading payment over 24 months. Longer repayment periods will be considered in special circumstances, such as cases of severe financial hardship.

6.3 Leaseholders will be offered advice about housing and other benefits, which may assist them in maximizing their income and/or meeting their service charge liabilities.

- 6.4 Consideration will be given to contacting the leaseholder lender in circumstances where a leaseholder
- Fails to respond to letters informing them that their service charge payments are in arrears or
 - Breaks the terms of an agreement to repay the arrears or
 - Refuses to make service charge repayments
- 6.5 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.
- 6.6 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, taking account of the requirements of the Housing Act 1996.

7.0 Cost of Capital Works

- 7.1 THCH will aim to limit the proportion of the costs of capital works, which passes on to leaseholders wherever possible, and as required by legislation.
- 7.2 For schemes funded through Rounds of the Estates Renewal Challenge Fund (ERCF), THCH guaranteed to limit the cost of the works, which it passes on to leaseholders to £10,000 per dwelling.
- 7.3 As required by government regulations, in considering reductions to the costs it passes to leaseholders, THCH will look at each case individually, taking account of: -
- (i) Any estimate of the costs of the works notified to the lessee before they, or their predecessor, bought the lease.
 - (ii) Whether the purchase price took account of the costs of the works;
 - (iii) Any benefit which THCH believes the Lessee has or will receive as a result of the works;
 - (iv) Whether the lessee would suffer exceptional hardship in paying the service charge-
- 7.4 In assessing exceptional hardship, THCH will consider:
- (i) Whether the dwelling is the lessees only or principle home;

- (ii) The total amount of service charges they had to pay or are required to pay since they bought the property, or will have to pay;
- (iii) The amount of service charge payable in the year the lessee applies for a reduction on the grounds of exceptional hardship;
- (iv) The lessee's financial resources;
- (v) The lessee's ability to raise funds,
- (vi) The lessee's ability to pay over a longer period.
- (vii) Any other special circumstances of the lessee considered relevant.

7.5 In assessing any possible benefit to the lessee, THCH will take account of any relevant benefit including:

- (i) Any increase in the value of the lease,
- (ii) Any increased energy efficiency resulting from the works;
- (iii) Any improved security resulting from the works;
- (iv) Any improved services and facilities resulting from the works,

7.6 Similar limitations will be applied to the cost of works passed on to leaseholders under future schemes funded with Government money.

7.7 Leaseholders will not be able to opt out of structural works, unless THCH is satisfied that such works have already been done to a satisfactory standard. 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 where these are available (for example rewiring).

7.8 THCH aims to recover from leaseholders all the moneys due from them towards the cost of capital works. Leaseholders will be encouraged to meet the charge in full or to make a lump sum payment of the full amount, where they are able to do so.

However, THCH will not necessarily insist upon such lump sum payment, and will offer leaseholders a range of alternative repayment mechanisms for meeting the costs of capital works for which they are liable. THCH will allow leaseholders to pay these sums by installments over 2 years from the date of the final bill; THCH further commits not to charge interest for this period. These will include.

- (i) conversion to a shared ownership lease, where possible and subject to the agreement of the leaseholders lender;
- (ii) the offer of a second mortgage, where such a mortgage can be secured against the leaseholders property;

- (iii) an arrangement to repay the charge by making payments over a number of years beyond the first two (including the repayment of interest on such a loan)
- (iv) taking out a charge against the property where the leaseholder is unable to make payments;
- (v) in extremis, to reduce the charge under general charitable powers
- (vi) if leaseholders want longer than 2 years to pay, THCH will consider this, however interest will then be charged at a rate set by Director of Finance.

7.8 THCH will consult leaseholders about arrangements for assisting them in planning for their longer term financial liabilities, which might include establishing a sinking fund.

8.0 Leaseholder Improvements

8.1 Any leaseholder wishing to carry out improvement works to their home additional to work programme will first be expected to submit full details of the proposed works, including proof of planning permission where this is required.

8.2 Decision on whether or not to grant a leaseholder permission to carry out such work will be made taking into account of whether the proposed improvement will:

- Make the property or part of the property inherently dangerous or unstable;
- Encroach upon the land not defined in the lease
- Prevent light or air reaching other residents,
- Be aesthetically undesirable;
- Any other relevant considerations.

8.3 If permission is refused, the reason for the refusal will be put in writing to the leaseholder.

9.0 Breaches of the lease

9.1 THCH 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 works
- Improper use
- Failure to maintain, or damage to, premises
- Refusal of access to THCH officers
- Harassment or neighbour nuisance

- 9.2 In all such cases, THCH 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 further action against the leaseholder for the forfeiture of their lease.

10.0 Buy backs, Shared Equity and lease exchanges

- 10.1 THCH may buy back leases from THCH Leaseholders in exceptional circumstances. These circumstances will be assessed as each one arises and Buy Back will depend on the money available for this purpose. THCH will receive requests from Leaseholders and advise them of the decision within 1 month of the request. If a Buy Back proceeds, both sides will pay their own costs.
- 10.2 In some cases THCH will offer alternative properties in exchange for an existing lease. In these circumstances THCH will assess each case, consider properties it has available and make offers of alternatives. THCH may ask for payment from the Leaseholder or make payment to the Leaseholder.
- 10.3 THCH may have Shared Equity properties from time to time. This is different to Shared Ownership. Shared Equity schemes will vary but generally relate to properties where THCH retains part ownership. Details of each scheme will be published at the time the properties are made available for sale.

11.0 For Sale and To Let Signboards

- 11.1 All leaseholders wishing to erect a For Sale or To Let signboard on a THCH estate will require written permission before the signboard can be erected.
- 11.2 Such permission will not be unreasonably withheld, but THCH will consider each request on an individual basis.
- 11.3 In making a decision, THCH will take into account such matters as the proposed location of the signboard and how it will be fixed to THCH's property.
- 11.4 Any appeal against refusal to give permission will be dealt with under THCH's Complaints Procedure.