

# Leasehold Management Policy

## May 2023

Lead Officer: Homes & Property Manager

<u>Version No.</u>	<u>Purpose/Changes</u>	<u>Approval Date</u>	<u>Approved By</u>	<u>Suggested Review Date</u>
<b>6.0</b>	<b>Health check</b>	<b>11/05/2023</b>	<b>HoST</b>	<b>May 2026</b>
5.0	Health Check	18/01/2021	HoST	February 2024
4.0	Health Check	February 2018	HoST	February 2021
3.0	Health Check	September 2015	HoST	August 2018
2.0	Full review	13/03/2014	NLH Board	March 2017
1.0	New policy	17/01/2012	Operations Committee	March 2014

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## **1. Our policy is...**

- 1.1 Ongo Homes (OH) holds the freehold to properties that have been sold to tenants on a leasehold basis. OH provides management to these properties and some maintenance services.
- 1.2 OH also holds the freehold to several commercial leasehold properties and short term lease agreements held with external organisations.
- 1.3 The management and maintenance services include ensuring full compliance with statutory legislation, regulation and the terms of each lease. This includes maintaining in good repair and structural integrity, the main components of each buildings structure as defined in each lease.
- 1.4 This Leasehold Management Policy sets out a framework for an efficient, customer-focussed service which offers value for money. This service will comply with the law and with standards of good practice as they apply to the management of leasehold properties.

## **2. It applies to...**

- 2.1 This policy applies to residential long-leaseholders and those who hold short term lease agreements for a residential property as well as commercial leases.

## **3. Because we want to...**

- 3.1 The aims of this policy are to ensure:
  - Lessor and lessee compliance with the terms of each individual lease
  - Lessor and lessee compliance with legal and regulatory requirements regarding management of leasehold stock
  - Clarity of Ongo Homes' and leaseholder's obligations for maintenance of the structural integrity of the flat, building and adjoining structures
  - Staff and customers are aware of their rights and responsibilities

## **4. We will...**

### **4.1 Day to Day Leasehold Management**

- 4.1.1 Leasehold law, its accompanying regulations and codes of practice are complex and subject to frequent change. We will therefore engage legal advisers with the appropriate expertise to ensure that we comply fully with the legislation and are able to advise leaseholders accordingly.
- 4.1.2 We will comply with all relevant legislation and the terms of individual leases, whilst recognising that legislation takes precedence over individual leases.
- 4.1.3 We will provide leaseholders with all relevant and necessary information in a format accessible to them.
- 4.1.4 We will make reasonable management and administration charges in accordance with the provisions of leases. We aim to recoup actual costs wherever possible and will give leaseholders information on what the costs cover.

- 4.1.5 We will aim to provide leaseholders with value for money from all our services. Leaseholders will be informed that they have the right to appeal.
- 4.1.6 We will consult with leaseholders in relation to any major works being carried out to the block containing their property and/or any long term agreements that they will be obligated to contribute financially towards, ensuring that we comply with Section 20 of the Landlord and Tenant Act 1985.
- 4.2 **Service Charges**
- 4.2.1 Leaseholders will be provided with an estimate of the following financial year charges in accordance with the requirements of their individual lease.
- 4.2.2 Estimated service charges are calculated based on one of the following:
- The cost of the provision of a service in the previous year
  - Average costs of responsive repairs over the previous 3 years (minimum £25 and maximum £75)
  - Any known future major works that may be due to the block containing a leasehold property
  - Premiums supplied by our buildings insurance provider
  - A calculation of employee salaries associated with the management and supervision of leasehold services
- 4.2.3 We will prepare timely and accurate information about the cost of services for which service charges are due.
- 4.2.4 We will issue a copy of the actual service charge account for services to leaseholders after the financial period has ended.
- 4.2.5 We will deduct 5% off the total for **major works bills** if they are paid **in full** within 28 days of the date of the bill.
- 4.3 **Structural Insurance**
- 4.3.1 Under the terms of every lease OH is responsible for insuring the structure of the building, including each leasehold property, for its full reinstatement value.
- 4.3.2 OH is required to rebuild or reinstate the property in case of destruction or damage by fire, storm, flood or any other cause against the risk of which it is normal practice to insure.
- 4.3.3 Leaseholders, occupiers or visitors must not do anything that would make the buildings insurance invalid or would make the insurance company charge more for the insurance. Contents insurance is not included within leaseholder service charges. Each leaseholder is responsible for taking out their own contents insurance.
- 4.3.4 OH will periodically review its building insurance policies to ensure adequate cover and value for money.

4.3.5 Leaseholders must notify OH of any event that may require a claim to be made against the insurance policy for the property or any structures surrounding it as soon as possible.

#### **4.4 Ground Rent**

4.4.1 Leaseholders are required to pay ground rent in accordance with the terms of their lease.

4.4.2 This will be served where required in the prescribed form as set out in Section 166 of the Commonhold & Leasehold Reform Act 2002.

#### **4.5 Collective Enfranchisement (Residential Long-Leaseholders Only)**

4.5.1 In certain circumstances, leaseholders have the right to join together and buy the freehold of the block of flats they live in. This process is known as collective enfranchisement.

4.5.2 Each and any application for Collective Enfranchisement will be dealt on an individual basis and processed in accordance with the relevant legislation.

4.5.3 Valuation of a freehold is very complex, and we will take professional advice in every case where an application is made for collective enfranchisement.

#### **4.6 Right To Manage (Residential Long-Leaseholders Only)**

4.6.1 Where a group of leaseholders meet the qualifying criteria for enfranchisement, but do not wish to purchase the freehold, they have the entitlement to set up their own management company and to exercise their Right to Manage.

4.6.2 The Right empowers leaseholders to take responsibility for the management of their block but the landlord, OH, retains the ownership of the freehold. We would also retain the right to become a member of the management company.

4.6.3 Any application will be dealt with on an individual basis in accordance with any relevant legislation.

#### **4.7 Subletting**

4.7.1 Individual leases generally contain clauses on sub-letting. Such clauses may prohibit subletting, or they may permit sub-letting with or without our consent.

4.7.2 Where there is discretion under the terms of the lease, consent to sub-letting will not be unreasonably withheld. Whilst we have no obligation to do so, we may in special circumstances, be prepared to consider permission to sub-let, even where the lease prohibits sub-letting. This decision would be taken by the Homes and Property Manager and would consider issues such as affordability and vulnerability.

#### **4.8 Property Improvements**

- 4.8.1 There will be times when customers wish to make improvements or alterations to their leasehold property. However, the terms of each lease impose onerous responsibility on leaseholders who wish to modify or improve their homes.
- 4.8.2 We will not unreasonably refuse permission for a customer to carry out alterations or improvements, providing the work is undertaken in accordance with the terms and conditions set out in the individual lease. We have a supporting procedure in place to manage the granting of permissions in compliance with legislation.
- 4.8.3 All requests for improvements must be submitted in writing to OH including full details of the proposed works.
- 4.8.4 If any works are undertaken without permission being granted by OH then this will be considered a breach of the lease.

#### **4.9 Breach of Lease**

- 4.9.1 All leaseholders have a responsibility to comply with the terms of their lease.
- 4.9.2 Appropriate action will be taken whenever we become aware that a leaseholder is acting in breach of the terms of their lease.
- 4.9.3 In all such cases, we 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 as a last resort, acting against the leaseholder for the forfeiture of their lease.

#### **4.10 Administration Charges**

- 4.10.1 An administration charge is any money OH demands from a leaseholder for providing approvals under the lease, for the provision of information or documents or for dealing with a failure by the leaseholder to pay ground rent or service charges or in connection with a breach of lease.
- 4.10.2 Any administration charge demanded by OH must be reasonable and be accompanied by a summary of the leaseholder's rights and obligations in respect of administration charges.
- 4.10.3 The total of any leasehold administration fees paid by individual leaseholders during the course of any financial year are deducted from the total actual costs associated with the general management and supervision service charge.

### **5. Making sure we do what we say...**

- 5.1 The Head of Property is responsible for monitoring the service and ensuring that it complies with the requirements of this policy.
- 5.2 The Homes & Property Manager is responsible for ensuring that this policy is implemented.

5.3 Dissatisfaction with services is analysed with leaseholders, more specifically with the Leasehold Forum, and service improvements identified.

5.4 In relation to residential long-leaseholders, performance will be monitored against, benchmarking exercises.. We will conduct a customer satisfaction survey with long-leaseholders annually.

## **6. Other things to bear in mind...**

6.1 This policy also links to our:

- Anti-Social Behaviour Policy
- Equality and Diversity Policy
- Leasehold Service Charge Arrears Recovery Procedure
- Neighbourhood Management Policy
- Section 20 Procedure
- Commercial Property Lettings Policy
- Complaints and Feedback Policy
- Lease Extension Procedure and Guidance
- Leasehold Administration Charges document

6.2 The main pieces of legislation and regulation relevant to this policy include but not limited to:

- [Commonhold & Leasehold Reform Act, 2002](#)
- [Housing Act 1985](#)
- [Leasehold Reform Housing and Urban Development Act 1993](#)
- [Section 20, Landlord & Tenant Act, 1985](#)

## **7. We'll look at this again...**

7.1 This policy will be reviewed every three years unless there are any substantial changes or any deficiencies are found to necessitate an earlier review.