

LEASEHOLD POLICY

EG/Board Approval:	May 2023	Responsible Board:	Ocean Housing Ltd
Next Review:	March 2026	Responsible Executive:	Managing Director of Ocean Housing Ltd

1.0 Introduction

- 1.1 This policy sets out how we meet our responsibilities to leaseholders under the terms of their leases. It outlines our commitment to providing leaseholders with a high quality service in the management and maintenance of the communal areas and main fabric of the building they occupy.
- 1.2 Our Leasehold Management functions cover homes formally acquired under the Right to Buy, the Preserved Right to Buy and the Right to Acquire Legislation. Leaseholders buy the rights to live in a property for a fixed period of time. They do not own the external structure of the building or communal areas; these remain under the ownership of the landlord.
- 1.3 Leaseholders pay an annual ground rent and insurance, together with a further annual sum i.e. a service charge which covers the cost of providing management and maintenance services for the block they live in.

2.0 Regulation & Legislation

- 2.1 This Policy helps to fulfil our obligations under the following legislation:
- Commonhold and Leasehold Reform Act 2002
 - Law of Property Act 1925
 - The Housing Act 1996
 - The Leasehold Reform, Housing & Urban Development Act 1993
 - The Landlord & Tenants Act 1985 & 1987

3.0 Policy Statement

- 3.1 We will deliver a Leasehold Management service which meets our responsibilities to leaseholders under the terms of their leases, and which:
- Understands who our customers are and values their diversity.
 - Succeeds in achieving customer satisfaction.
 - Is flexible and responsive to changing needs.
- 3.2 Leaseholders will have access to a comprehensive and responsive Leasehold Management service. We will ensure that our leaseholders are:
- Given clear and correct information about their rights and responsibilities.
 - Provided with good value for money in all services that we procure and provide.
 - Consulted (under s.20) over plans for qualifying works and improvements or other changes, products or services affecting their lease.
 - Provided with clear service charge budgets, accounts and insurance documentation.

4.0 Our responsibilities

- 4.1 We will maintain the common parts of buildings in accordance with our obligations as, set out in the lease, and regulatory and legislative requirements.
- 4.2 We will ensure that our buildings are fully insured at all times and make policy details available to leaseholders on our website. Leaseholders are responsible for procuring their own contents insurance.

5.0 Management Fees

- 5.1 We will levy a fee for certain activities surrounding the management and administration of those properties governed by this policy.
- 5.2 Our fees are defined in our 'Schedule of Fees' (appendix A) and these may be reviewed at any time.

6.0 Property Health and Safety – Leaseholder Expectations

- 6.1 The leaseholder has a responsibility for keeping their occupiers and their property safe in line with current legislation, and their obligations are summarised below:
- 6.2 **Responsibilities of a resident leaseholder:**

Gas Safety:

- ✓ Ensure that all gas appliances in the property are safe for use.
- ✓ All gas supplies should be, installed and maintained by a Gas Safe registered engineer.
- ✓ Checks on gas appliances and flues should be carried out every 12 months to ensure that they remain safe to use.
- ✓ Ensure there is an up to date gas safety record, commonly referred to as a gas safety certificate.

Electrical Safety:

- ✓ Ensure that the electrical system and all electrical appliances in the dwelling are safe to use.

Carbon monoxide alarms and Smoke Alarms:

- ✓ Ensure any Carbon Monoxide alarm and / or Smoke alarm is maintained in working order and regularly checked and tested.

Common areas:

- ✓ Responsible for keeping common areas and exit routes free from any objects, materials and sources of ignition so the safety of all residents will be safeguarded. It is a legal requirement under the Regulatory Reform (Fire Safety) Order 2005 to ensure common areas and escape routes are kept clear and free from obstruction.

6.3 Responsibilities of a leaseholder who sub-lets their property:

Gas Safety:

- ✓ Checks on gas appliances and flues must be carried out every 12 months to ensure that they remain safe to use.
- ✓ All gas supplies must be, installed and maintained by a Gas Safe registered engineer.
- ✓ Ensure an up to date gas safety record, commonly referred to as a gas safety certificate, which must be provided to the occupier of the dwelling with the need to re-inspect should a new tenancy be started.

Electrical Safety:

- ✓ Ensure that the electrical system and all electrical appliances in the dwelling are safe to use.
- ✓ Electrical installations must be safe when an occupier moves in and must be maintained throughout the course of their occupancy.
- ✓ It is currently recommended that electrical tests and inspections are carried out at least every 5 years or on change of occupant.

Carbon monoxide alarms and Smoke Alarms:

- ✓ Any Carbon Monoxide alarm and / or Smoke alarm(s) should be maintained and in good working order and regularly checked and tested.

Common areas:

- ✓ Responsible for helping to keep common areas and exit routes free from any objects, materials and sources of ignition so the safety of all residents will be safeguarded. It is a legal requirement under the Regulatory Reform (Fire Safety) Order 2005 to ensure common areas and escape routes are kept clear and free from obstruction.

7.0 Breaches of the Lease

7.1 Appropriate action will be taken whenever we become aware that a leaseholder is acting in breach of the terms of their lease. Such breaches may include but are not limited to:

- Subletting
- Unapproved works
- Improper use
- Failure to maintain, or damage to, premises
- Refusal of access to Ocean staff or contractors
- Harassment or neighbour nuisance
- Failure to pay service charges or other sums which fall due under the lease

8.0 Leaseholder Enfranchisement

8.1 Should leaseholders request to acquire the freehold of the block of flats, we will comply as required by the Commonhold and Leasehold Reform Act 2002.

8.2 We will make available, information relating to the right to manage to any leaseholder requesting it.

9.0 Lease Extensions

9.1 Leaseholders have a statutory right to extend their lease under the Leasehold Reform Housing and Urban Development Act 1993 (1993 Act), as amended, subject to certain criteria set out by the act and the payment of a premium which is to be determined following a valuation.

9.2 Shared owners do not have a statutory right to extend their leases, but Homes England recommend that registered providers consider granting extensions to shared ownership leases where possible. We will apply the following guidelines when processing a request for a lease extension:

- Recognise that the diminishing term on a long lease can affect its value and mortgage ability.
- Enable qualifying leaseholders to extend their leases in accordance with current legislation. We will usually require the statutory procedure to be followed.
- Allow shared owners to extend their leases on the same basis as if the terms of the Leasehold Reform, Housing & Urban Development Act 1993 Act applied so far as possible and subject to reasonable conditions.
- Advise leaseholders and shared owners to get independent advice, both legal and financial.
- Ensure leaseholders and shared owners have a clear understanding of the procedure and costs involved.
- Ensure that our costs (which should be reasonable) in extending a lease are recovered from the leaseholder in accordance with the statutory provision.
- Ensure that all our costs (which should be reasonable) in extending the lease are recovered from the shared owner.
- Set an administration fee (see appendix A) payable in advance by the leaseholder/shared owner.
- Appoint qualified and experienced surveyors to provide valuations. The leaseholder/shared owner will be responsible for paying the valuation fee which should be determined and paid at the time of application and prior to the valuation being instructed.
- Calculate the premium payable by a leaseholder in accordance with the requirements of the 1993 Act so far as possible.
- Calculate the premium payable by a shared owner on the same basis as the requirements of the 1993 Act i.e. charge the full (100%) cost of the premium to the shared owner, regardless of the size of the share that they own.
- Consider whether any other terms of the original lease need to be varied or deleted, or if new terms need to be added to provide clarity e.g. to allow for variation of service charge apportionment.
- Pass on our legal fees to the leaseholder/shared owner in accordance with the 1993 Act.

9.3 All lease extensions will be subject to an independent valuation and regulatory and funders' consent being available.

10.0 Buy Back of Leasehold Property

- 10.1 We will consider a request from a leaseholder to repurchase their property, however, there is no legal right or requirement for a leaseholder or Ocean to do so. Any buy back would be solely at the discretion of Ocean.
- 10.2 We will normally give consideration to such requests, especially where such opportunity is advantageous to Ocean in support of its business objectives. In most cases the following qualification criteria will apply:
- The lease is residential and occupied by the leaseholder as their r principle home.
 - We will pay market value less professional costs, fees and arrears.
 - The property will be repurchased with vacant possession.
- 10.3 We may occasionally consider requests outside of the above criteria, however, this will be at the express consent of the Managing Director of Ocean Housing and Deputy Chief Executive.

11.0 Equality, Diversity & Inclusion

- 11.1 We recognise that we operate in a community within which there is wide social diversity and are committed to providing equal opportunity and valuing diversity. Some residential leaseholders are former tenants who have exercised the Right to Buy and may not have had full awareness of their on-going repair responsibilities and associated costs. When leaseholders face large service charges for repair work undertaken, we take a sensitive approach to communicating and supporting them Our approach to the recovery of debt recognises that in a limited number of cases, a repayment plan or charge may be the most appropriate response.
- 11.2 In delivering this policy Ocean will treat all customers fairly and consistently.

12.0 Implementation

- 12.1 Implementation of this policy will rest with the Head of Neighbourhood Services reporting to the Managing Director of Ocean Housing, and Deputy Chief Executive The Home Ownership Manager r and implements this policy on an operational basis.

13.0 Review of the Policy

- 13.1 This policy is usually subject to a three yearly review or as and when changes occur in legislation which may require immediate change to this policy.