

Offer Document for Leaseholders

1. Introduction

This document explains why your landlord, Torfaen County Borough Council are consulting secure and introductory tenants on a proposal to transfer the freehold ownership and the management of their homes to a new organisation called Bron Afon Community Housing Limited.

Tenants are being formally consulted on the proposals during January 2007 and will each receive an Offer Document containing full information about the proposals. After they have had time to comment on the proposals, the Council will take their views into account and decide if any changes to the proposals should be made. Tenants will then be able to vote in a secret postal ballot in February/March 2007.

If the transfer goes ahead, Bron Afon Community Housing will become your landlord as they will own the freehold to your home. This document answers questions that leaseholders have asked about the stock transfer process and what that change of landlord would mean for them.

If you have any further queries about the implications for you, there are two sources of advice you can use.

- **Independent Tenant & Leaseholder Advisor**
TACT@DOME (Dome consultants) Freephone 0800 919994
- **Housing Choices Team**
Freephone 0800 0286933

2. How can I have my say about the transfer?

The council is committed to an open and detailed consultation on the housing transfer proposal with the both tenants and leaseholders, and you have a role to play in this consultation.

Tenants will be invited to vote on the proposal transfer of the Council's housing stock to Bron Afon Community Housing. By statute, transfer cannot go ahead unless the Welsh Assembly Government is satisfied that there are not a majority of tenants against it. The ballot of tenants will test this.

Under Welsh Assembly Government guidelines, Leaseholders do not have the same right to vote as tenants, as there is no change in the terms of your lease. However, we do want to hear your views on the proposals. Please send us your comments to Housing Choices Team, Civic Centre, Pontypool, NP4 6YB to arrive by 5th February 2007.

3. Why is the Council proposing transfer of our homes?

The Welsh Assembly Government require that the Council ensures that all tenants' homes are brought up to a new standard called the Welsh Housing Quality Standard, by 2012 and then maintained at that Standard for the future.

It will cost £187 million to bring tenants' homes up to the new Standard by 2012 and a further £312 million to keep them up to that Standard over a 30 year period. The Council has less than half the money it needs to bring homes up to this Standard and no way of raising enough extra.

Strict rules on funding for Council housing mean that each year the Council has to pay more than £7 million that it receives in rents to the Government. If homes transfer to Bron Afon Community Housing, they would not have to pay this money to Government but would keep this extra £7 million per year to invest in homes and services. Bron Afon would use this £7 million to borrow the money required to bring tenants' homes up to the Welsh Housing Quality Standard and to keep them at that Standard.

So in a nutshell, the Council are proposing transfer because they can't afford to improve tenants' homes but the new organisation, Bron Afon can.

4. What is the new standard?

The key features of the Welsh Housing Quality Standard are that all tenants' homes must:

- Be In a good state of repair
- Be safe and secure
- Be adequately heated, fuel efficient and well insulated
- Contain up to date kitchens and bathrooms
- Be well managed
- Be located in attractive and safe environments
- As far as possible suit the specific requirements of the household e.g. where adaptations are needed because of a disability.

To meet these Standards, Bron Afon Community Housing will have to carry out repair and improvement work to blocks of flats which are shared by tenants and leaseholders and the areas around them (see below). So this work will benefit both leaseholders and tenants living in those blocks. If Leaseholders have to contribute to costs there will always be individual consultation with them as required by statute (see section 6 below). In addition, Bron Afon will always consult with residents affected by environmental works before carrying them out and involve residents in the design of any improvements.

In a Good State of Repair

This Standard will require Bron Afon to ensure that all key building components which make up the dwelling and have an immediate impact on its integrity are in good condition. This includes walls, roof structure and covering, windows and doors and chimneys. All other building components that have a less immediate

impact on the integrity of the dwelling must be in reasonable condition and have reasonable component life remaining.

Safe and Secure

This Standard will apply to stairs and landings of blocks of flats and fire escapes and security features such as door entry systems.

Located in Attractive and Safe Environments

This Standard will require Bron Afon to carry out work to improve the environment around tenants' homes. This will include the immediate areas around blocks of flats that are for the exclusive use of the occupants of the flats and areas that are for the use of the whole community. Leaseholders will only be asked to contribute to cost to environmental improvements to parcels of land for the exclusive shared use of the residents in any particular block i.e. common areas within the boundaries of the block.

5. How does the Council know what needs to be done to meet the new standard?

The Council has had independent and detailed stock condition surveys carried out of tenants' homes (including all blocks containing flats) which shows how much work is needed now and in the future to meet the Welsh Housing Quality Standard and how much it will cost.

Included in the costs are amounts required to carry out repairs and improvements to blocks of flats where these are necessary (example in Section 4).

6. How will Bron Afon Community Housing carry out major works and improvements

Bron Afon Community Housing will have more money to spend on essential repairs and improvements to blocks of flats including complete replacement of parts such as roofs and gutters where replacement is necessary because they have reached the end of their useful life. At the moment, the Council is limited to carrying out patch and mend repairs (in many cases where replacement would be a more cost effective solution) because the Council does not have the money needed to carry out a full replacement.

Both Bron Afon and leaseholders will want to ensure that costs are only incurred where necessary and that work is done as economically as possible.

Bron Afon will give you every available opportunity to contribute and influence work before it is carried out.

- In respect of major works programmes planned for the future (up to 5 years) Bron Afon will provide leaseholders with information about the works and early estimates of costs at an early stage (prior to statutory

consultation requirements) where possible. Such costs will serve as an indication of likely future contributions leaseholders which will be required to make should the works proceed. This does not replace statutory consultation.

- Bron Afon will, on request, provide projections of work (over the longer term up to 30 years) to provide an indication of what the stock condition survey suggests needs attention over that period. As stated, however, work will not be carried out without consulting you first and part of this requires Bron Afon to demonstrate that the work is necessary. This could mean that work is required ahead of, or some time after the projected time, as necessary.

Bron Afon will give you an opportunity to get involved when carrying out repairs and improvements. Bron Afon will engage and consult leaseholders beyond the minimum consultation requirements set out in Section 20 of the Landlord and Tenant Act 1985 as amended.

- From an early stage you have an opportunity to join the Quality and Design Forum which will monitor the quality and costs of works (see section 8 below) and will be provided with information in advance of formal consultation where possible.
- As with the Council, consultation will be a legal requirement where Bron Afon decides work is required and the cost of a contract is likely to be in excess of £250 per leaseholder. Bron Afon will not be able to proceed with works without consulting you first. You will have opportunities to contribute and comment as follows;
 - You will be invited to make any observations you may have regarding the proposed work.
 - Further, unless there is an existing contract (see the next bullet point) you will be asked to nominate a suitable contractor(s) who will be asked to provide an estimate to be considered alongside those sought by Bron Afon if the work is subject to tender. The contractor must already be on or capable of joining Bron Afon's approved contractors' list.
 - Where work is carried out under an existing contract or other agreement such as a partnering agreement you will still be consulted where the cost is in excess of £250. This includes the right to make any observations you may have regarding the proposed work but you will not be able to nominate a contractor as one will already be in place. However you will have been consulted on the setting up of the contract (where the likely cost is in excess of £100 per leaseholder) and this process will have included the right to nominate a suitable contractor(s) who will be asked to bid for the work and will be considered alongside those bids sought by Bron Afon.
- Where amounts are below the level for statutory consultation (see above), wherever possible, Bron Afon will seek to consult on an informal basis and where practicable you can be given opportunities to make any observations you may have regarding the proposed work. Further, you will be asked to nominate a suitable contractor(s) who could be asked to

provide a quote *for comparison*, provided that a contractor is not already in place.

7. What are the benefits of transfer for leaseholders?

The Council believes that transfer would provide you with the following direct benefits:

- **Your rights are unchanged.** Continued security exactly as you have now as the terms and conditions of your lease would not change as a result of the transfer to Bron Afon Community Housing.
- **Better repairs service.** A better resourced and more responsive management and maintenance service. The Council's timescale for non priority repairs is 90 working days. Bron Afon will reduce this to 30 working days.
- **Better environment.** Improved quality of life on housing estates through better maintenance of properties and environmental improvements. Bron Afon will have over £10 million available for improvements to communal areas up to 2012 and a further £8 million in the following five years. Bron Afon will tackle the areas most in need first. Rather than Bron Afon deciding what should get done in each area, it will work closely with tenants, leaseholders and residents in each community to identify their priorities and the improvements to be done.
- **Better maintenance of communal areas including internal areas of flats.** Improved maintenance of the locality including the communal areas inside blocks of flats has been identified as a major concern for tenants and leaseholders. Bron Afon will:
 - Ensure that communal areas it owns are maintained to a high standard.
 - Introduce a new cleaning service for the communal areas inside blocks of flats. Leaseholders will be required to contribute to the cost of this service.
 - Inspect communal areas during regular walkabouts by community housing staff.
 - Invite Bron Afon members to help monitor the quality of maintenance of areas of communal land owned by Bron Afon and report any problems such as litter, abandoned cars, inconsiderate parking etc.
- **Tackling anti social behaviour.** Bron Afon will use a full range of remedies available to combat anti-social behaviour and neighbour nuisance. Firstly, the new assured tenancy agreement proposed for Bron Afon has tighter clauses dealing with anti social behaviour to ensure that Bron Afon can respond to particular concerns identified by tenants and leaseholders through enforcement action where this is appropriate. The new clauses;
 - Clarify that Bron Afon has a right of entry to carry out gas inspections in tenanted properties as these are very important to protect the lives of tenants and their families and neighbours

- Make stricter rules on fouling of communal areas by tenants and their visitors which is particularly important to some tenants of flats
- Introduce stricter rules on keeping gardens free from rubbish and weeds that make them an eyesore or health hazard which can adversely affect neighbours
- Allows Bron Afon to make regulations in consultation with tenants and leaseholders governing the communal areas of blocks of flats for things like rubbish disposal.

Bron Afon will further develop the newly created tenancy enforcement team set up by the Council in order to improve its response to anti social behaviour. In particular, Bron Afon will;

- Retain a specialist team to deal with anti social behaviour and develop its role in tackling serious anti social behaviour.
 - Review and develop the Council's policy on nuisance and anti social behaviour with tenants and leaseholders to ensure that it strikes the right balance between support, enforcement and rehabilitation of those responsible for anti social behaviour.
 - Carry out a major training programme for all relevant staff once the new policy has been approved to ensure that there is a consistently fair but firm response to all incidents of anti social behaviour and breaches of the tenancy agreement or lease.
 - Discuss any anti social behaviour when making home visits to tenants providing support to those experiencing the behaviour and making clear to the perpetrators that it is not acceptable behaviour.
 - Continue to use starter tenancies for the first year for any new tenants. These will give Bron Afon the same rights as the Council has under its introductory tenancies to take action to tackle breaches of tenancy in the first year
 - Ensure that when major works are planned to communal areas of estates, that standards and design take account of safety and security issues and that advice is obtained from the Police.
- **Long term guarantees for work where possible.** Bron Afon will always seek to negotiate long guarantees on elements of major works carried out (e.g. roof renewal).
 - **Consultation before any new services introduced.** Bron Afon will consult leaseholders before the introduction of any new services for which they would potentially be charged.
 - **New local jobs.** Bron Afon plan to create over 100 new local jobs to help carry out the extra work that will be needed if tenants support a transfer and their homes transfer to Bron Afon. There will also be an increased number of apprenticeships.
 - **Opportunity to have internal improvements.** Leaseholders have asked that they be given the opportunity to "buy into" some schemes of work being carried out for tenants, such as new kitchen and bathrooms. Such

work would be over and above any obligation set out in the lease and essentially be a private arrangement between Bron Afon and any individual leaseholder. This would mean that you could have the opportunity to benefit from Bron Afon's ability to drive down costs when buying in bulk. This would always depend on Bron Afon's capacity to carry out any additional work and Bron Afon would have to have regard for its first responsibility which is to achieving the Welsh Housing Quality Standard for tenants by 2012. Work carried out under such contracts would not be subject to statutory consultation because leaseholders would incur such costs through choice and not as an obligation of their lease.

8. Involvement in the running of Bron Afon.

Leaseholders will be able to become members of Bron Afon provided the majority of members are tenants. The membership will jointly own Bron Afon and will play an important role in holding Bron Afon to account. Members will be able to develop their own ideas for involvement. If you would like further information on the ideas already developed or to become a shadow member of Bron Afon please contact the Housing Choices team on 0800 028 6933. Members will receive out-of-pocket expenses to cover the cost of their involvement.

Bron Afon will offer you different ways of becoming involved. You can pick and mix how you are involved and choose to get involved as much or as little as you wish, as a member of Bron Afon, please see the table and diagram attached. This has been reproduced from the Offer Document; please note that membership of the Sheltered Housing (residents') forum and Tenants' Forum cannot include leaseholders by definition.

9. How would the transfer affect leaseholders?

You are not affected by the transfer proposal in the same way as council tenants, as there would be no change to the terms of your lease. If the transfer goes ahead Bron Afon Community Housing will become the new freeholder in place of the Council **and would be bound by the terms of your existing lease with the council.**

The lease specifies the terms and conditions that apply to the use and occupation of your property and what and how leaseholders are required to pay for as service charges including the amount of ground rent payable and when it is due.

A transfer to a new landlord will not alter the terms and conditions of anyone's lease. It is a legal document that cannot be changed without the leaseholder's agreement or a court order.

Bron Afon Community Housing will be entitled to collect rent and service charges in accordance with the existing lease terms (just as the Council does now) and leaseholders would continue to be offered various ways to pay service charges.

Like the Council, Bron Afon would continue to charge for services based on the actual costs incurred. In some circumstances these costs would normally include an element of VAT as Bron Afon would be required to recharge VAT on any works costs it incurs. However, Bron Afon is intending to enter into an arrangement with the Council, which complies with current Customs and Excise regulations, enabling Bron Afon to minimise the VAT costs on the major works programme in the first 10 years. This will remove any need for Bron Afon to pass the cost of VAT on to leaseholders for major works in the first 10 years during which the repairs and improvement works required to meet the Welsh Housing Quality Standard will be carried out.

10. What about statutory rights, what would change for leaseholders?

Protection of all existing rights

If Bron Afon becomes your landlord you will also keep all your statutory rights, which presently include the following;

- The right to be consulted about the nature and cost of proposed works where these works would cost more than £250 per leaseholder. Before your freeholder enters into agreements (including partnering arrangements) where a contractor is appointed to carry out works or services for over a year where the cost per leaseholder is more than £100.
- You would also have the right to apply to the Leasehold Valuation Tribunal for a declaration of the reasonableness of services charges. Information about this process is available from the Leasehold Valuation Tribunal.
- Existing leaseholders would continue to have the right to extend their lease on their property.
- Existing leaseholders would continue to have the right to buy the freehold of their building providing they make up at least two thirds of the accommodation units in a block. Under the rules, Bron Afon Community Housing will preserve this right where the number of leaseholders in any particular block is at or above the qualifying threshold at the time of transfer.

New rights

Following transfer all leaseholders in blocks would also gain the right to manage (the block) subject to meeting certain qualifications. This would give leaseholders the right to manage their block but it is different from the right to collectively enfranchise as you would not be required to purchase to freehold in order to exercise control over the management of your building.

A similar right will also be available to tenants through the rules of Bron Afon. The Rules of Bron Afon allow you and tenants and leaseholders in your community who want to take over some or all of the local management of your homes to do so. They also allow for the setting up by the community of a new smaller registered social landlord to take over ownership of your homes. If you want these powers, the Rules say that Bron Afon must do what they can to assist you.

11. Will we have to pay new charges for new services?

In response to concerns about the cleanliness of the internal areas of blocks of flats, Bron Afon will introduce one new service (cleaning of communal areas) for which leaseholders will be required to contribute (depending on the terms and conditions of the lease). Costs will be carefully monitored and controlled and you will only be charged for the costs of work carried out at your particular block.

Apart from this new service, Bron Afon will only introduce other new services where they have been requested and only then following consultation with leaseholders and tenants and where a majority of tenants want the service and are willing to pay for it.

12. Help with service charge costs

Bron Afon Community Housing will offer a number of ways to help pay service charge costs. Leaseholders are obliged to pay service charges for a fair proportion of the cost of repairs to their blocks. Leaseholders who bought from the Council after 1991 are also obliged to pay for improvements.

Bron Afon will charge leaseholders for these works exactly as the Council would do under the terms of your lease. Your statutory rights to consultation prior to works and to challenge the costs because work is not needed or because work is of poor quality or too expensive remain unaffected by a transfer to Bron Afon as your landlord.

Bron Afon will introduce a graduated payment regime to help leaseholders who may find it difficult to pay service charges

As with the Council, under the terms of their leases (usually Clause 6 (a) part (ii)), service charge bills will be issued at the commencement of a financial year in April charging leaseholders for repairs and improvements carried out in the previous financial year.

Bron Afon will advise leaseholders informally of the amount they will be charged as soon as it has this information available.

The following payment options will be available for leaseholders in addition to the statutory loans:

- **In advance**

Where Bron Afon can give an idea of costs ahead of when they are due (1 April) they will be discounted where you arrange pay in advance. If you pay in advance (before 31st March of the year charge arises) you will receive a 5% discount on the full charge.

- **Interest free**

You can pay by 10 equal monthly instalments within 12 months of being billed without interest being charged provided payment is made by standing order or direct debit. If any instalments are missed, the full amount becomes payable together with interest.

- **Payment over longer terms and deferred payment**

If the amount payable in any one year is over £500 you can limit the payments to a maximum of £50 per month until the sum is repaid provided this is paid by standing order or direct debit. Interest* will be charged on the outstanding balances and the full sum becomes payable immediately if any instalment is missed

If the amount payable is over £500 and any mortgagee agrees and the arrangement is adequately secured, you can secure the sum due under an equity mortgage repayable on sale or death of the leaseholder. Interest* will accrue annually on the sum secured until repayment.

* Bron Afon will (in keeping with the lease) only pass on the actual charges involved in arranging payments in the longer term. Bron Afon would only seek to pass on those costs it incurs in provision of such a facility (i.e. what it costs Bron Afon to borrow the money over the term agreed) which would include the cost of administration.

13. What is Bron Afon Community Housing?

Bron Afon Community Housing will be a charitable not-for-profit organisation. All of its money must be used to provide services for tenants and residents of Torfaen.

It will be registered as a social landlord with the Welsh Assembly Government. This means it will be supervised and monitored by the Welsh Assembly Government.

It will be run by a Board consisting of five tenant board members who are elected by tenants; five board members nominated by the Council and five independent board members appointed by the tenant and Council members. The board will also have the power to co-opt a leasehold member.

Bron Afon will be owned by tenants and residents who join up as members. Any tenant or resident including any leaseholder can apply to join Bron Afon as a member. Tenants have the right to join. Residents can join provided the majority of the members are tenants.

The existing Council staff members who currently provide your housing service will transfer to Bron Afon Community Housing with the same rights. There will also be a continuing role in Housing for the Council as it will ensure certain statutory functions are undertaken and these will be agreed between Bron Afon and the Council should transfer go ahead.