

Leasehold Management Policy

Leasehold Management Policy Statement

Aim

We aim to ensure that Bron Afon effectively fulfils its legal & contractual obligations to leaseholders in ways that:

- provide value for money
- protect Bron Afon's property, assets & income
- provide leaseholders with an excellent service; and
- enable leaseholders to become involved in the development of Bron Afon and our services.

1. Introduction

The purpose of this document is to present the general policy on leasehold matters.

2. Getting Involved

Community involvement lies at the heart of everything Bron Afon does. It is important to Bron Afon that leaseholders have their say in how their services are run and what happens in their community.

Membership of Bron Afon is open to all leaseholders living in Torfaen and there are many different ways in which they can get involved and influence the decisions made by Bron Afon.

3. Terms of the lease

The lease is a private contract between Bron Afon and the leaseholder and sets out the responsibilities and obligations of both Bron Afon and the leaseholder. The lease and the statutory provisions related to leases form the basis for most of our work with leaseholders and Bron Afon and the leaseholder have responsibility for compliance with the terms of the lease. A lease cannot be amended without the agreement of both Bron Afon and the leaseholder (and any mortgagee if the leaseholder has a mortgage) or by an order of the Leasehold Valuation Tribunal.

The lease will include information about:

- Details of the responsibilities of both the leaseholder and Bron Afon to the property, the structure and the common parts;
- The items included in the service charge, how it is calculated and when payment is due;
- Who is responsible for insuring the property and payment for insurance.

4. Consultation

We have statutory obligations to consult leaseholders in relation to service charges and other matters and we will comply with those obligations at all times. In addition, leaseholders may join Bron Afon as members and participate in the full range of our Involvement arrangements and may join our Leaseholder Forum which provides an

opportunity for them to influence the development and improvement of services we provide to leaseholders.

5. Information for leaseholders

We will provide a range of information to leaseholders about Bron Afon's and their responsibilities under lease and statute and works that we plan or intend to carry out to the blocks in which their homes are situated.

In particular, we will make every effort to ensure that leaseholders have a clear understanding of the services for which we are responsible and the charges they must pay for those services, for insurance and for management of the blocks.

6. Service Charges

At the beginning of the financial year Bron Afon will provide leaseholders with an estimated annual service charge statement detailing the estimated charges for the forthcoming financial year. Examples of such charges are as follows:

- Ground rent
- Buildings insurance
- Grounds maintenance
- Communal lighting
- Communal cleaning
- Repair and maintenance works
- Improvements
- Management fees

As soon as possible after the end of the financial year (or if required by the lease at the time stated in the lease) we will send a demand for service charges and other charges under the lease with details of the different ways of arranging payment.

The options for payment attached as Appendix 1 that were contained in the Offer Document for leaseholders will be made available to all leaseholders for the payment of the higher levels of charges due for works to meet the Welsh Housing Quality Standard where these charges are agreed by the leaseholder. These options are not available for any part of the sum due that is disputed.

Our approach to recovery of sums due from leaseholders will operate on the same principles as those applying to tenants. Our Income Recovery team will liaise with leaseholders on the payment of sums due and the recovery of any arrears and will provide advice on the available methods of payment. Warning letters and home visits will be made where there are arrears and agreements on payment made where possible.

Queries over the accuracy of figures or liability for service charges will be responded to within a reasonable time and resolved where possible. Where resolution is not possible, enforcement action to seek an appropriate court order or Leasehold Valuation Tribunal order will be taken.

Where leaseholders are able but unwilling to pay their charges or decline to discuss their financial position enforcement action will be taken to recover the sums due. We

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will use the full range of enforcement mechanisms including forfeiting the lease where this is required.

Where leaseholders are unable to pay their charges in full (even with the payment options in Appendix 1) we will give them what advice we can to maximise their income and refer them to other sources of advice. We will explore Buy Back with them when they fulfil the criteria for Buy Back (see below). If Buy Back is not possible and they remain unable to pay their charges, then we will take action to recover the charges due which may include forfeiture of the lease.

7. Options to pay

In the case of bills for major works in the first few years required to meet the Welsh Housing Quality Standard, Bron Afon recognises that some leaseholders may have difficulty in paying a large sum in one payment. In such cases, Bron Afon has made a commitment to allow leaseholders to pay over a period of time as set out in the Offer Document attached as Appendix 1.

To use these payment arrangements, leaseholders must confirm their agreement of the sum due and enter into a written agreement with Bron Afon on the terms of delayed payment. They will also have a fixed period of not more than 3 months to agree the repayment terms after which time the terms will cease to be available unless there are exceptional reasons why the Director of Resources considers that this time limit should be extended.

Where interest is charged it would be at a rate set by the Director of Resources which is at a level equal to Bron Afon's cost of the additional borrowing required and a reasonable additional amount to cover our administration costs.

Loans will be secured. Compound interest will be charged and the interest date will be reviewed every 3 years.

Where leaseholders wish to pay higher sums than £50 per month they will be able to do so and this will reduce the total amount payable as the interest over the period of payment will be reduced.

In the event that a leaseholder disputes a service charge Bron Afon will provide a dispute resolution mechanism through the complaints process for the charge to be reviewed and the leaseholder's case to be considered. The aim of this process will be to try and resolve the matter without the need for any legal action either by Bron Afon or the leaseholder.

The deferred payment arrangements on offer cease to be available in the case of any transfer of ownership (including any transfer of ownership because of the death of the leaseholder) at which point Bron Afon will require that any balance due is paid in full.

8. Breaches of the Lease

Bron Afon will aim to ensure that all Leaseholders are informed and fully understand their obligations under the lease including responsibilities such as

- granting access for repairs to the structure and services
- obtaining permission before making any significant alterations
- maintaining their home
- not behaving in an anti-social way or causing neighbour nuisance and not allowing their household and visitors to do so.

Our approach to any breaches of the lease will mirror our approach to breaches of tenancies. We will seek to resolve any breaches without recourse to legal action where possible but if necessary and proportionate we will use all the legal remedies are our disposal to deal with breaches of the lease.

9. Home Improvements

Bron Afon is supportive of leaseholders wishing to improve their homes. Leaseholders are required under the terms of their lease to obtain Bron Afon's consent to make alterations or improvements. Permission to do so will be given unless there is a good reason for not doing so.

10. Repurchase/Buy Back of Sold Properties

Bron Afon will consider buying back leasehold properties in the following circumstances:

- The Board have set a budget for the cost of Buy Backs and there is money available within the budget for the year to purchase the property concerned. (Note that the Board will set this budget annually taking account of the resources available and other priorities);
- The leaseholder has a large debt due to Bron Afon under their lease which they are unable to afford to pay even with the payment arrangements on offer or the leaseholder cannot afford to pay future service charges due to changes in financial circumstances;
- The leaseholder is in occupation of the property as their principal home.

Ability to pay will be determined by individual financial assessments. Once accepted against the above criteria and following the financial assessment, if the leaseholder is still interested in the buy back option a financial viability assessment of the property will be undertaken.

The price to be paid for any Buy Back will not be market value but will be calculated taking account of the market value, the works required to bring the property up to the Welsh Housing Quality Standard and maintain it at that standard, the outstanding service charge, any outstanding sum owed by the leaseholder under a mortgage and the level of rent that the leaseholder can afford taking account of eligibility for benefits and capital arising from the sale of the property.

11. New tenancies

If Bron Afon forfeits a lease or the property is bought back by Bron Afon, Bron Afon will be willing to enter into a new tenancy with the occupier so that they can continue to occupy the property as their home unless there are other factors such as anti social behaviour or immigration status factors which would disqualify the occupier

from having a tenancy with Bron Afon. The tenancy will start as an introductory tenancy as for other tenants

Bron Afon may set the rent at a higher level than other tenancies as part of the financial package to make Buy Back self financing over 30 years taking account of the level of rent that the leaseholder can afford in the light of their eligibility for benefits. Bron Afon will also be willing to explore the option of granting a tenancy exceeding 7 years where the tenant remains responsible for repairs where this is an appropriate option to help develop a financially workable package to allow Buy Back.

12. Feedback

We will welcome feedback from leaseholders about the services we provide to them.

Leaseholders will be able to give feedback and have any concerns resolved in the following ways:

- at the Leaseholder forum;
- through a periodic survey of leaseholders that we will conduct;
- at other Bron Afon forums;
- through the Compliments and Complaints system for individual issues where leaseholders want to express their thanks or complain about the way in which a matter has been handled.

Leaseholders also have rights to make use of the Leasehold Valuation Tribunal if they are dissatisfied about service charges. Bron Afon will endeavour to ensure that all leaseholders are aware of all the methods of providing feedback and of their rights to apply to the Leasehold Valuation Tribunal.

Policy Data	
Version number	2.0
Date approved	23 September 2010
Approved by	Board
Next review due	April 2012
Review Committee	Board
Delegated authority	All staff
Responsibility	Director of Community Housing
Reporting arrangements	None.
Risks	Failure to have a policy could result in Bron Afon not effectively fulfilling its legal & contractual obligations to leaseholders.
Links with other policies	Complaints Policy
Consultation	This policy has been developed following consultation with the Board.

Document Control:

All enquiries with regard to this document should be addressed to the [Director of Community Housing](#)

Expired issues of this document will be retained by the [Policy & Research Officer](#)

APPENDIX 1

Extract from the Offer Document to Leaseholders

13. 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.