

Shared Ownership & Leasehold Management Policy

INFORMATION

Policy Name	Shared Ownership and Leasehold Management Policy
Effective Date(s)	November 2023
Approved By	
Approval Date	
Policy Owner/Dept	Head of Housing, Housing & Customer Services
Policy Author	Home Ownership Manager
Review Date	November 2025
Policy Framework Ref	
Version Number	3.00

Version Control

Version	Date	Changes	Approver
3	September 2022	Further clarity over how to change the terms of a lease (section 6.2).	

Your Housing Group Strategic Priorities			
Safe	<input checked="" type="checkbox"/>	Viability	<input checked="" type="checkbox"/>
Landlord	<input checked="" type="checkbox"/>	Growth	<input checked="" type="checkbox"/>
People	<input type="checkbox"/>	Technology	<input type="checkbox"/>

Relevant National Standards or Regulation	Please State if the Policy aligns to any of the Regulators Standards: <ul style="list-style-type: none"> • Governance and Financial Viability Standard • Value for Money Standard • Neighbourhood and Community Standard • Tenant Involvement and Empowerment Standard • Capital Funding Guide
Relevant Legislation	<ul style="list-style-type: none"> • Landlord and Tenant Act 1985 as amended by Landlord and Tenant Act 1987. • Landlord and Tenant Act 1987 • Leasehold Reform, Housing and Urban Development Act 1993 • Housing Act 1980, 1985, 1988, 1996, 2004 • Commonhold and Leasehold Reform Act 2002 • Property Misdescriptions Act 1991 • Consumer Protection Act 1987

	<ul style="list-style-type: none"> • Law of Property Act 1925 • Arbitration Act 1996 • Leasehold Management Good Practice Guide – CIH
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1. Purpose of the Policy

1.1 Your Housing Group (YHG) is committed to meeting its responsibilities towards leaseholders under the terms of their leases and providing them with high quality management and maintenance services. YHG therefore recognises the importance of producing a Shared Ownership and Leasehold Management Policy to set out the aims, principles and values relating to leasehold property management.

Aims:

- YHG is committed to ensuring leaseholders are consulted in accordance with legislative requirements, on any proposed changes to policy or practice which will affect the management of their homes and working with leaseholders to consider issues such as customer satisfaction and quality of service.
- YHG aims to ensure that leaseholders comply with the terms of their lease, collects all monies due from leaseholders, ensure timely provision of statutory information and supplementary information in respect of leasehold properties.

Objectives:

- To enable YHG to comply within the law and, in particular, to leasehold covenant and lease obligations in delivering professional services
- To consult effectively with leaseholders on matters that affect their properties and the communal services provided to them under the terms of their lease, including the provision of information and advice within reasonable or legally required timescales to assist in building and maintaining trust
- To consult and work with individual leaseholders and any leaseholder groups to consider management and maintenance issues, policies, and practices and to monitor, review and improve the services provided
- To 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
- To ensure that leaseholders are aware of and comply with the terms and conditions of their individual leases
- Subject to General Data Protection Regulations (GDPR) and confidentiality, to make information available to all prospective leaseholders relating to their rights and obligations as leaseholders before they purchase their property
- A summary of the building insurance cover will either be provided annually, or will be made available on request, where YHG is required to insure the premises

- To deliver services and improvements which represent value for money
- To provide clear guidance for YHG officers to enable them to carry out their roles within leasehold management

1.2 There are a number of specific legal duties and responsibilities towards leaseholders that must also be followed. Further details are set out within this policy.

2 Scope of the Policy

This policy shall apply to the following leasehold properties:-

- Shared Ownership and Do It Yourself Shared Ownership properties;
- Leasehold Scheme for the Elderly properties; and
- Outright Leasehold Properties where YHG owns the freehold or the intermediate leasehold interest.
- Right to Buy (RTB) and Right to Acquire (RTA) leaseholders.

It shall apply to all YHG staff who undertake duties in respect of the management of the Group's Shared Ownership and YHG's leasehold properties.

3 Definitions

- YHG – Your Housing Group Limited, which shall include:
 - Your Housing Limited
 - Frontis Homes Limited
- Leaseholder includes leaseholders, lessees, and shared owners
- Freeholder includes freeholders and lessors.
- Shared Ownership – Is a low-cost home ownership scheme which allows purchasers to buy a share of a property and rent the remainder subject to a lease.
- Staircasing – this is a process which allows shared ownership leaseholders to buy all or some additional shares in their home as and when they can afford to do so. The minimum share which can be acquired is 10%. The staircasing provisions are detailed within the relevant shared ownership lease.
- Flexible Tenure – An initiative supported by Homes England designed to enable a shared ownership leaseholder (not an outright leaseholder) to remain in their home either by selling some of their shares back to their landlord in order to reduce their mortgage to a more affordable and sustainable level, or by selling all their shares back to the landlord and becoming a tenant. This is also known as downward staircasing.
- Market Value – Is the value of a property on the open market, this is usually established by an independent valuer.

4 Consultation

Consultation has taken place with: -

- Key internal stakeholders including Housing Management, Asset Management, Charge Setting, Commercial Housing and Governance Teams.
- Leaseholders via YHG's customer involvement framework
- YHG's Legal Panel

This policy is linked to the Tenant Involvement and Empowerment Standard.

5 Background and Context

YHG currently owns and manages circa 3000 leasehold properties. Failure to manage and maintain YHG's Shared Ownership and Leasehold properties in accordance with the relevant leases and legislative requirements regarding leasehold properties may result in action being taken against YHG which could have a financial and reputational impact on the organisation.

6 Policy Detail

6.1 The leases

6.1.1 YHG will make information available to all prospective leaseholders relating to their rights and obligations as leaseholders but explain that they will need to seek independent legal advice before committing themselves to signing a lease.

6.1.2 All leases issued by YHG will include information regarding:

- The service charge to be paid, how it has been determined and when payment is due.
- Where a service charge is a variable service charge, the arrangements for collecting contributions;
- The procedures for leaseholders to assign the lease;
- The procedures for leaseholders to purchase additional shares (shared ownership leases);
- The grounds for the Landlord ending the lease;
- The details of the respective responsibilities of the leaseholder and of YHG for repairs and maintenance to the property, including (where applicable) the structure and common parts;
- Where applicable, it will identify that the Landlord is responsible to maintain flat entrance doors, and shared ventilation, fire detection systems (both the flat detection or the communal detection that may link to the flats)
- The responsible use of balconies (where applicable)
- The amount of any rent payable, how it has been determined and when payment is due

6.2 Changing the terms of a lease

6.2.1 The lease can be altered by a 'Deed of Variation' if all parties agree. Alternatively, only one of the parties to a lease can seek a variation under Part IV of the Landlord and Tenant Act 1987 by application to the First-tier Tribunal (Property Chamber).

There are also provisions under s.37 of the Landlord and Tenant Act 1987 which also provides a statutory route to the variation of a lease.

6.2.2 An individual party to a lease can make an application to a First-tier Tribunal (Property Chamber) to vary the lease under the provisions of Part 4 Section 35 of the Landlord and Tenant Act 1987. However, the grounds for a compulsory lease variation are limited. The grounds under which a party can make an application are:-

- The lease has inadequate provisions relating to the repair/maintenance of the flat or building.
- The insurance provisions of the lease are inadequate.
- The lease has inadequate provision for the repair/maintenance of any installation required for a reasonable standard of accommodation of any flat within the building.
- The lease has inadequate provision for providing any service required for a reasonable standard of accommodation of any flat within the building.
- The lease has inadequate or no provision for the recovery of money from a party to the lease spent on maintaining the building by another party to the lease.
- The computation of a service charge detailed in the lease is inadequate. An example would be where a service charge proportion expressed as a percentage in all of the leases in respect of a building does not add up to 100%.

6.2.3 The grounds upon which a s.37 application may be made that the object to be achieved by the variation cannot be satisfactorily achieved unless all the leases are varied to the same effect. An example of this is an application to provide a modern and fair mechanism for the collection of service charges.

6.2.4 The majority of leaseholders who will be subject to the variation to agree will need to agree to the proposed variation. The test for the requisite majority varies depending upon the number of leases involved, for example:

- Where there are eight or fewer leases in respect of which the application is made, all or all but one of “the parties concerned” must consent to it; and
- Where there are more than eight leases in respect of which the application is made, at least 75% of “the parties concerned” must consent, and no more than 10% of the parties can oppose it.

6.3 Repairs

6.3.1 YHG shall put in place appropriate arrangements to maintain buildings and/or parts thereof in accordance with the lease obligations. This shall, where appropriate, include day-to-day repairs, cyclical maintenance, and major works.

6.3.2 Leaseholders may report repair requests through a variety of customer contact channels e.g. Your Response, Your Home Hub, Webchat, Email etc. (or out of hours arrangements in the case of an emergency).

6.3.3 Leaseholders will be expected to maintain and repair their property in accordance with the terms of their lease and allow YHG to undertake periodic inspections, including (where applicable) inspections and the associated remedial

work relation to flat entrance fire doors, ventilation arrangements and fire detection systems.

- 6.3.4 Periodic maintenance and major works shall be programmed to maintain the condition of properties and, where required and appropriate, leaseholders will be consulted.

6.4 Service Charges

- 6.4.1 Information regarding the costs of the services for which service charges are charged will be provided in accordance with the lease and YHG will prepare timely and accurate information about the cost of services for which service charges are due from leaseholders. Where applicable, 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.

6.5 Ground Rent

- 6.5.1 Ground rent may be payable and if it is, it is payable in accordance with the terms of the lease.

6.6 Management and administration Fees

- 6.6.1 Subject to the terms of the lease, YHG reserves the right to recover the costs for managing its leasehold properties. Management Fees which may vary from time to time will cover the costs of providing management services in accordance with the terms of the lease on behalf of leaseholders.
- 6.6.2 The provision of any information or services that falls outside of the scope of the basic management fee may be subject to an additional charge.

6.7 Rent / Service Charge Collection

- 6.7.1 Leaseholders will be offered a variety of payment mechanisms for the payment of their rent and/or service charges in accordance with YHG's Income Policy.

6.8 Rent / Service Charge Arrears

- 6.8.1 Leaseholders will be provided with information, about their rent and/or service charge accounts at regular intervals. Any leaseholder falling behind with payments will be advised accordingly, and appropriate action for arrears recovery will be taken.
- 6.8.2 If arrears occur, the leaseholder will be contacted and encouraged to either make an immediate payment to clear the full amount, or to make an arrangement with YHG to clear the outstanding debt by defined instalments, by way of a written repayment agreement.
- 6.8.3 Leaseholders may be offered advice about housing and other benefits which may assist them in maximising their income and/or meeting their lease liabilities.
- 6.8.4 If the leaseholder is unable to meet the terms of a repayment agreement, consideration may be given, along with any mortgage lender of the leaseholder, to reschedule the debt or undertake other appropriate courses of action.

6.8.5 Where other courses of recovery action have failed, consideration may be given to commence legal proceedings. Legal action may include money judgement orders, or following persistent failure to pay service charges, action for forfeiture (bringing the lease to an end), in accordance with leasehold legislation.

6.9 Flexible Tenure

6.9.1 Shared Ownership Leaseholders who face repossession by their mortgage lender will be offered the opportunity to be considered for Flexible Tenure when all other debt management solutions have been investigated.

6.9.2 It is a last resort option to enable a shared owner experiencing severe financial difficulties to remain in their own home despite changes in their financial circumstances. It is aimed at preventing repossessions and the loss of the home. It is not a means of allowing the shared owner to restructure their debts (including rent arrears) or otherwise improve their financial position.

6.9.3 There is no 'right' to downward staircasing and any offer is purely at YHG's discretion. The decision will be provided to the shared ownership leaseholder in writing, detailing the reasons for the decision.

6.10 Buildings Insurance

6.10.1 YHG (where the lease permits) will insure the premises to their full reinstatement value and provide to leaseholders' details of the sums insured, perils covered and premiums.

6.10.2 Leaseholders must inform the Commercial Transaction Team at YHG of any changes in circumstances that may impact on the insurance, for example, subletting, where a lease permits subletting.

6.10.3 It will be the responsibility of the leaseholder to complete and submit claim forms to the insurer where damage is the leaseholder's responsibility to repair. The contact details for the insurance broker will be provided on request.

6.10.4 In the case of damage to a block or structure, where liability is that of YHG under the lease, YHG will complete and submit claims to the insurer. Where the leaseholder is in possession of supporting facts or information, they will be expected to provide this in support of the claim.

6.11 Cost of Major Works (including Structural Works) & Reserve/Sinking Funds

6.11.1 YHG will aim to ensure that the costs of any major works which may be required represent value for money and comply with relevant legislation.

6.11.2 YHG will establish sinking funds to provide for future major works and/or repairs where the lease allows or where contributions have been collected as an agreed and accepted practice over previous years.

6.11.3 YHG will, but is not obliged to, explore with the leaseholder alternative repayment mechanisms for meeting the costs of major works for which they are liable.

6.11.4 YHG will discuss with leaseholders' arrangements to assist them in planning for any foreseeable longer-term financial liabilities.

6.12 Consultation

6.12.1 YHG is accountable to its tenants and leaseholders and is committed to promoting their involvement with the services that it provides. YHG will consult leaseholders on the services it provides both individually and using service user forums as appropriate and in accordance with legislation and legal advice where sought. In particular: -

- Works which fall within the relevant sections of the Landlord and Tenant Act 1985 as amended by the Commonhold and Leasehold Reform Act 2002. These are as follows:-
 - Carry out work which will cost any one leaseholder more than £250. This includes repairs, maintenance and improvements to the building and estate.
 - Enter into a long-term agreement (for more than 12 months) with outside contractors for work, supplies or services which will cost any one leaseholder more than £100 a year. Examples include cleaning, grounds maintenance and surveying.
 - Carry out work under a long-term agreement where the work will cost any one leaseholder more than £250.
- Proposed changes to arrangements for maintenance, management or service provision which could have a substantial effect on them. Leaseholders will be consulted in accordance with the relevant statutory procedures.

6.12.2 YHG will work to establish leaseholder groups and will promote their formation via Your News and at a local level on schemes. The Customer Engagement Team will support the establishment of leaseholder forums. It will provide such groups with appropriate advice and assistance as necessary and could also include working closely with existing Leaseholder Champions.

6.13 Leaseholder Improvements

6.14.1 The lease will dictate if alterations are permitted and if consent is required. If consent is required then any leaseholder wishing to carry out improvement works is required to submit full details of the proposed work, including proof of planning permission and building control consent where applicable. Any home improvement must be carried out in accordance with the terms of the lease.

6.14.2 Additionally express permission must be requested and granted for any alteration requests for works that share a dividing wall with the communal areas including flat front doors.

6.14.3 The decision to grant or refuse permission will be provided to the leaseholder in writing detailing the reasons for the decision.

6.14 Breaches of the Lease

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

- Unapproved works;
- Unauthorised subletting;
- Improper use;
- Failure to maintain, or damage caused to, premises;
- Refusal of access to YHG's officers;
- Harassment or other neighbour nuisance;
- Unpaid ground rent, rent or service charges;
- Personal items or rubbish being kept in the communal areas/stairwells etc.

6.15.2 In all such cases, unless the terms of the lease require an alternative form of action or remedy, YHG will first serve notice in writing 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, taking action against the leaseholder for the forfeiture of their lease. If applicable a s.146 (Law of Property Act 1925) Notice will be served once an admission or determination of the breach has been obtained.

6.15 Sale of leasehold property

6.16.1 YHG will respect leaseholders' entitlement to sell their property, which will be the leasehold interest, to third parties and will deal with enquiries relating to such sales in accordance with the terms of the lease in a prompt and efficient manner.

6.16.2 Leaseholders should notify YHG of transfers, sales, subletting, or other dispositions and provide YHG with up-to-date correspondence addresses.

6.16.3 YHG reserves the right to charge a fee for services and documentation provided.

6.16 Leaseholder Enfranchisement and Lease Extension

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

6.17.2 YHG will make available, information relating to the right to collective enfranchisement to any leaseholder requesting it.

6.17.3 Lease extension is provided for in the Leasehold Reform, Housing and Urban Development Act 1993 (as amended). Although this is known as a 'lease extension' the process involves the issue of a new lease for 90 years, plus the balance of the old lease. This provides an ideal opportunity to determine new lease terms. Where the Landlord is a superior leaseholder rather than the freeholder, and the term of its lease is less than the 90 years plus the balance of the term of the old lease; then the period of the new lease will be the length of the Landlords remaining lease less one week. This extension will be granted by the Competent Landlord under the statutory provision, and that may well be the superior Landlord. The Landlord will seek to extend its head leases when

requested to by its under-lessees and they have agreed to meet the Landlords costs. Legal advice should be sought.

6.17 Staircasing

6.18.1 YHG will support leaseholders with the staircasing process relevant to their property, determined by the terms of the shared ownership lease. Leaseholders will be provided with a staircasing guide detailing the process upon request.

6.18.2 An independent open market valuation report must be ascertained and provided to YHG to establish the current market value of the property and the sale price for the additional shares/remaining equity which the leaseholder wishes to acquire. The leaseholder is responsible for the cost of the valuation. The following are key principles and requirements of the valuation report:-

- The valuer must be registered with the recognised qualification of RICS (Royal Institute of Chartered Surveyors).
- The valuer must be independent.
- The valuer should provide comparable properties and sale prices where possible.
- The valuer must inspect the interior of the property and provide a full valuation report.
- The valuer must be informed of any improvements undertaken to the property by the leaseholder (these improvements must have received prior written approval from YHG)
- Valuations carried out for bank or mortgage purposes are not acceptable.
- YHG will require a copy of the valuation report; the validity of the valuation must be shown on the report.

6.18.3 The valuation report is valid for the period of 3 months from the date of the report. If the staircasing transaction does not complete within the 3-month period, the leaseholder may be required to obtain a revised valuation report. The leaseholder would be responsible to bear the cost of this. YHG can arrange a valuation report on behalf of the leaseholder by an independent valuer, however, the leaseholder will be required to pay YHG for the cost of this service in advance.

6.18.4 Once the valuation report has been received YHG will inform the leaseholder in writing of the sale price for the remaining equity/share to be purchased. This will include any considerations for any improvements or alterations which the leaseholder has undertaken.

6.18.5 The leaseholder is required to provide written approval that they wish to proceed with the staircasing process and acquire remaining shares/equity, this must include details of the solicitor who will act for them in this transaction. The leaseholder will be responsible to pay for their own legal costs.

6.18.6 YHG on completion of the staircasing transaction will amend all internal records to reflect the current ownership position.

6.18 Buy Back

6.19.1 YHG may buy back leases from leaseholders in exceptional circumstances.

6.19.2 Each case will be assessed on its merits and Buy Back will depend on funds available for this purpose.

- The leaseholder is required to contact YHG requesting a buy back.
- YHG will contact the leaseholder to discuss their circumstances and the property within 2 working days.
- If YHG deem the request to be an exceptional circumstance, supporting information will be requested from the leaseholder.
- Once YHG has received all the relevant supporting information an appraisal will be completed, and the outcome of the decision will be made to the leaseholder in writing.
- YHG is under no obligation to buy back any leasehold property unless it is a requirement of the lease agreement.

6.19 Complaints

YHG will first seek to resolve any complaints at service level. If this cannot be done to the leaseholder's satisfaction complaints may be escalated through the YHG's formal complaints process. This does not take away either party's right to take any further legal action.

7 Responsibilities under this Policy

All YHG staff responsible for the management of leasehold properties are required to adhere to this policy. Specifically, staff in the following teams: -

- Housing Management
- Commercial Housing
- Asset Management
- Finance
- Charge Setting

The Head of Housing is responsible for the overseeing the implementation of this policy.

8 Risk Management

Should the risks associated with the terms of this policy not be adhered to, it could result in an adverse financial and reputational impact to YHG and compromise the safety of anyone living in, working at or visiting the building. These risks are managed with external legal support and through external and internal audits to provide assurance that process and procedures associated with the management of leasehold properties are being managed effectively.

9 Data Protection, Record Storage and Retention

YHG understands that confidentiality is important to customers and will treat all information relevant to each customer in the strictest confidence.

We approach the protection of personal data in a comprehensive manner in line with the Data Protection Principles of the UK General Data Protection Regulations (UK GDPR) and the Data Protection Act 2018 (DPA) (collectively referred to as the Data Protection Legislation).

YHG's Data Protection Policy will also be adhered to in following this policy during our allocations and lettings activities. We will collect, store and process personal information of our existing and potential new customers, (applicant/s) and recognise that the correct and lawful treatment of this data is necessary to provide for the continuance of successful business operations and maintain confidence in YHG.

Customer data will be retained in our secure internal system documotive in line with the principles of GDPR and YHG's Document Retention Policy.

10 Equality and Diversity

This policy meets the requirements of the equality impact assessment and is compliant with the requirements of the Equality Act 2010.

This means that we will not discriminate against customers on the grounds of their age, disability, gender reassignment, marriage or civil partnership status, pregnancy or maternity status, race, religion or belief, sex, or sexual orientation

11 Communication

This policy will be available to all YHG employees on our internal intranet and will be communicated to all teams involved in the allocations and lettings process. This will further be supported by a policy briefing across the organisation.

The policy will also be made available on our external website for easy access for customers and our partners.

12 Learning and Development

As changes occur to legislation which impacts the management of leasehold properties training will be delivered to all relevant staff and the policy will be updated.

Periodically external training via YHG's solicitors will be provided to YHG staff to provide an update on good practice and case law.

13 Performance Management of this Policy

Performance regarding this policy is reported alongside Commercial Housing management information. The number of properties in management, property sales and staircasing transactions is also reported via the Regulator of Social Housing Statistical Returns.

14 Review of this Policy

This policy will be reviewed every two years or sooner if required by changes to legislation or other YHG policies.

The Head of Housing is responsible for reviewing and updating this policy.

Related Documents

Document Type	Name
Connected Policies and Procedures	Customer Feedback Policy Service Charge Policy Rent Setting Policy Neighbourhood Management Policy Anti Social Behaviour and Hate Crime Policy and Procedure Repairs and Maintenance Policy External Wall Assessment Policy Fire Safety Policy Building Safety Policy Income Collection Policy
Forms and Letters	Lease Agreements
Leaflets/Publicity Material	
Training Materials Available	
Intranet/ Website Page	YHG Service Standards

Checklist

(To be completed as far as possible by the Policy Author before submission for quality checking by Research and Policy Manager prior to Risk and Compliance Group)

Policy Name:	
Version No:	Effective Date:
Status: New Policy /Partial Review/Full Review (please delete as appropriate)	
Previous Policy Name (where appropriate)	
Brief Summary of Changes from Previous Version:	
Internal Consultation Groups:	Customer Consultation: <input type="checkbox"/>
	Date of Customer Consultation:
	Customer Consultation Brief Details:
Link to Consultation Document(s):	
Date Initial Equality Impact Assessment Undertaken:	Equality Impact Assessor name(s):
Reason for Decision:	
Date Full Equality Impact Assessment Undertaken:	
Brief Outline of any Changes Recommended from EIA:	
Data Protection/ GDPR Implications: <input type="checkbox"/>	
Brief Outline of Data Protection/GDPR Implications:	
Legal Implications: <input type="checkbox"/>	Legal Panel Consulted: <input type="checkbox"/> Date:
Risk Implications: <input type="checkbox"/>	Risk Logged on Datix: <input type="checkbox"/> Date:
Resource Implications	People: <input type="checkbox"/> Finance: <input type="checkbox"/> Asset: <input type="checkbox"/> Other: <input type="checkbox"/>
Brief Summary of how Resource Implications have been addressed:	
How will communication on this Policy take place: (please delete as appropriate) Intranet/ YHG Website/ E-Learning/ Email/ Face to Face Training	
Policy Owner: (Department)	Policy Author:
Policy Signed Off by: (service manager or sponsor):	Date:
Policy Quality Checked by Research and Policy Manager:	Date:
Policy Approved by Risk and Compliance Group:	Date:
Policy Approved by <i>insert committee/Board here</i>:	Date