

LEASEHOLDER POLICY



1. PURPOSE

The purpose of this policy is to set out how Cartrefi Cymunedol Gwynedd (CCG) manages its residential Leaseholders and their Leasehold properties.

2. SCOPE

This policy applies to all of CCG's residential Leaseholders and their Leasehold properties, where CCG owns the Freehold.

Short term tenancies and intermediate rent tenancies are outside the scope of this policy.

3. POLICY DETAIL

CCG have a variety of leases and will refer to individual Leases for direction on relevant Leasehold management guidance and decisions where relevant.

The Lease sets out the rights and responsibilities of both parties – the Leaseholder and the Freeholder (CCG). CCG and The Leaseholders have an obligation to comply with the terms of The Lease.

Every effort will be made to ensure that Leaseholders have a clear understanding of the services provided by CCG and the charges they as The Leaseholder are liable to pay.

CCG will endeavour to apply best practices throughout The Leasehold service where possible, whilst using best practice materials such as 'MAJOR WORK: Good practice guide for social landlords'.

3.1. INFORMING AND ENGAGING WITH LEASEHOLDERS

3.1.1. CCG's 5-year Major Work Plan

Information will be shared with Leaseholders on an annual basis about CCG's intended works programme for the next 5 years. CCG will use a stock condition survey and investment planning process to help identify when Major Works need to be carried out. Each component is given a lifespan and an anticipated date of renewal.

Sharing this information will allow Leaseholders to prepare for these works and the related costs. However, these works may be subject to change e.g. surveys.

3.1.2. Involvement and Engagement

Leaseholders will have many of the same opportunities as tenants to get involved with CCG, including:

- Establishing / Joining Local Tenants and Residents Associations
- Customer Panel Member

- CCG Shareholder
- CCG Tenants and Resident Group Member
- CCG Tenants and Residents Partnership Member
- Consultation and participation in the procurement process (where appropriate)
- Website, Facebook
- Factsheets
- Tenant Newsletter
- Estate walkabouts, CCG Fun day's etc
- Participate in Task and Finish Groups
- Handbook
- Annual Satisfaction Surveys

We are very open to Leaseholders being involved in ways that suit themselves and we will always consider suggestions for new approaches.

3.2. ASSIGNMENT & SUB-LETTING

- 3.2.1.** Assignment is the term used for a formal transfer of a property e.g. when ownership of a Lease is transferred from one person to another.

Following an assignment, the incoming Leaseholder is expected to provide CCG with a Notice of Assignment. Details of when the Leaseholder is required to do this is specified within The Lease. The incoming Leaseholder is also expected to send CCG a Notice of Assignment in the event that a property is transferred to their name by assent of court order.

It is the Leaseholder's responsibility to inform CCG of any changes to personal information e.g. change in correspondence address, new telephone number etc.

In order to apply quality control and ensure that the Leaseholders information is up to date, CCG will occasionally send all Leaseholders a 'Leaseholders' Personal Information Update Sheet'. CCG complies with the 8 protection principles within the Data Protection Act 1998 when dealing with Leaseholders' personal information.

- 3.2.2.** Most Leases allow for sub-letting the property. It is the Leaseholders' responsibility to inform CCG of who's living in their property. CCG require the full names and contact details of those sub-letting the property in case of emergencies, work being carried out on the property any anti-social behaviour issues etc.

3.3. EXTENDING THE LEASE

Leaseholders may have the right to extend their Lease by purchasing a new Lease. This right is governed by the Leasehold Reform, Housing and Urban Development Act 1993. Leaseholders wishing to exercise this right are required to serve notice of their claim upon CCG in accordance with the provisions of the said Act.

3.4. SERVICE CHARGES

Service Charges are the costs all Leaseholders are liable to pay for the services they receive from CCG to their block and/or estate. CCG recovers these charges in accordance with the terms of The Lease.

The services for which CCG can charge, the proportion which CCG can charge, and when the Service Charge invoice is issued will be outlined in The Lease. Service Charges can include (but are not limited to);

- Building Insurance
- Cleaning Service
- Communal Electricity
- Grass Cutting and Grounds Maintenance
- Estate Management Security
- Repairs and Maintenance (e.g. CCTV systems, communal lighting, rainwater goods etc)

Service Charge invoices are calculated on an estimate basis for the year, with an adjustment made for the difference between the previous year's estimated costs and the actual costs.

CCG will issue a separate invoice to Leaseholders who have received Qualifying Works (Major Works).

The Leaseholder is responsible for paying the total amount of the invoice within 30 days of the date of the invoice.

Service Charge payment options include:

- Bank Standing Order
- Cheque Payable to Cartrefi Cymunedol Gwynedd
- Pay at Barclays Branch
- Online Bank Transfer

Leaseholders are required to pay CCG an annual ground rent. CCG will issue a separate invoice for the ground rent, accompanied by a 'Rent Demand Notice'.

Any Leaseholders falling behind with their payment arrangements will be sent reminder letters. Where Leaseholders have persistently failed to pay, CCG may instigate legal action as necessary, to recover the debt through the County Court. Where a Leaseholder's mortgage company can be identified, and where CCG has been unable to secure payment, CCG may notify the mortgage company of the outstanding arrears and request payment from the mortgage company. CCG will notify the Leaseholders' in writing of any such action.

3.5. REPAIRING AND MAINTAINING THE PROPERTY

3.5.1. Repairs and Maintenance

The Leases specify both CCG and The Leaseholder's Repairs and Maintenance responsibilities. Leaseholders will be referred to their own Lease for clarification as required.

Leaseholders are responsible to make their own arrangements to carry out the Repairs and Maintenance work for which they are responsible.

3.5.2. Improvement and Alterations Requests

Leaseholders' rights to make Improvements or Alterations to the Leasehold property are outlined within The Lease. Not all Leases allow for Improvements and Alterations and where they do, it is essential that The Leaseholder obtains CCG's written consent.

All requests will be dealt with in the same way as the Tenant's Improvements and Alterations process. CCG will not unreasonably withhold consent. When consent is refused, CCG will inform The Leaseholder in writing of its decision and the reason(s) for the decision.

If Leaseholders' are unsure if consent is required, it is their responsibility to firstly refer to their individual Lease and if they are still unsure, they should contact CCG to check.

3.5.3. Gas Servicing

CCG will not carry out gas safety check for residential Leasehold properties as it is the responsibility of The Leaseholder to do so. CCG recommends that all Leaseholders' make their own arrangements to carry out the necessary gas safety checks. Leaseholders will be required to provide copies of certification regarding boiler servicing and heat producing appliances upon request.

CCG will carry out annual gas safety checks for communal areas/shared facilities in line with The Gas Safety (Installation and Use) Regulations 1998.

3.6. SECTION 20 CONSULTATION

CCG is required to carry out statutory consultation with Leaseholders and Recognised Tenants Associations (RTA's) under Section 20 of the Landlord & Tenant Act 1985.

- **Qualifying Works:** Applies when, 'Work on a building or any other premises', that is, work of repair, maintenance or improvement. (The Lease will specifically specify if CCG can recover costs for improvements). When calculating the estimated costs, relevant VAT on the works will be included. CCG will consult if these works will cost over £250 for any one Leaseholder.
- **Qualifying Long-Term Agreements:** Applies when CCG enters into an agreement with a wholly independent organisation or contractor for a period of more than 12 months. CCG will consult all Leaseholders if any one of them would have to pay more than £100 in any one year. The figure is calculated on the basis of The Leaseholder's total contribution resulting from the agreement, including VAT.

Examples of possible Qualifying Long-Term Agreements include:

- Agreements affecting the building generally (e.g. maintenance contracts)
 - Cleaning and grounds maintenance
 - Insurance
 - Utilities etc
- **Qualifying Works Under a Long-Term Agreements:** Applies when, a Long-Term Agreement includes provisions for the carrying out of works to the property

and these works will result in a charge to any one Leaseholder for more than £250, then a separate consultation must be carried out.

Wherever possible CCG will consult with Leaseholders and will endeavour to do so in an open, simple and transparent way.

3.7. MAJOR WORKS

3.7.1. Claiming Exemptions for a Component

Where a Leaseholder has replaced a component that is due for replacement under a major works programme, for example their windows, the relevant component will not be replaced if:

- All appropriate permissions have been obtained for the work (including CCG's written approval, as well as Planning Permission where obligatory)
- and
- The Leaseholders' component is in good condition, (assessed by a competent surveyor) and is a similar specification and appearance to CCG's product.

Leaseholders wishing to claim exemption for a component should notify CCG in writing as soon as they become aware of works being planned to their property. A Leaseholder must request an exemption:

- At least 6 months in advance of the planned works start date, or
- Within 14 days of the date on which CCG write to leaseholders advising them of the start date

When a Leaseholder is successful in obtaining an exemption for one or more component they will not be charged for any parts of the installation costs relating to these components that have been exempted. All other costs relating to other component replacements will remain payable. Such costs may include (but are not limited to) preliminaries, professional fees and the costs of work to communal areas that are not related to the components that have been exempt.

3.7.2. Leaseholders Requesting Additional Work (outside the scope of the programme)

CCG will refuse requests from Leaseholders that CCG carries out work to the Leaseholders property which is the Leaseholders responsibility within the terms of The Lease e.g. internal doors, kitchens (which have only been scheduled for tenants).

Leaseholders may wish to contact the relevant Contractor to discuss the matter further. Any agreement/arrangement made would be independent from CCG and would be between The Leaseholder and The Contractor. The Improvements and Alterations Policy may apply here 3.5.2, Leaseholders are expected to contact CCG if uncertain.

3.7.3. Major Works related costs usually consist of:

- Main contractor invoice
- Cost of the materials and labour

- Preliminaries – this fee covers fixed overheads arising from contracts e.g. scaffolding and site buildings. Preliminaries are usually charged as a lump sum monetary value with the total cost of the works.
- Any additional professional and technical fees charged
- Management/Administrative Fee - this fee covers the administrative costs incurred in delivering a major works contract

CCG will use a method of calculating The Leaseholders' contribution to the costs of Major Works that is transparent and fair and accords with the provisions contained in The Lease. Where The Lease does not specify the calculation method that should be used, costs will be divided equally by the number of units within the block.

3.7.4. Invoicing for Major Works

Leaseholders will be invoiced the cost of the works, once the work has been completed and the final accounts have been reviewed. In some circumstances, CCG may wish to invoice prior to completion e.g. phased based projects/projects that last longer than 12 months.

Any adjustments required to the invoice will result in The Leaseholder being sent a revised invoice or a credit note.

3.7.5. Major Works Payment Options:

Leaseholders will be expected to make payment arrangements within 30 days of receiving the invoice. Leaseholders may request one of the following payment options and it will be at CCG's discretion to approve;

- **Full payment within 30 days** - Leaseholders that pay the amount due in full within 30 days of the invoice (subject to not having arrears on their routine Service Charge Account), will receive a 5% reduction in the cost
- **Full payment made within 12 months** - The total cost of the works can be spread across a period of 12 months' interest free (this does not include 5% reduction in the cost).
- **Major Works Mandatory Loan** – Leaseholders may be eligible to obtain a loan from Welsh Government to help pay large Service Charge bills. If leaseholders meet the qualifying conditions, CCG will inform them of their right to a loan and will refer leaseholders to the Welsh Government.
- **Voluntary Charge** - Under the Housing (Purchase of Equitable Interest) (Wales) Regulations 2011 Leaseholders who do not qualify for any other kind of assistance may qualify to have a voluntary charge put on their property. This charge is registered at the Land Registry and secures the debt against the value of the property. This charge will not incur interest. The debt must be paid in full if the property is sold or upon the death of the last-named Leaseholder of that property. CCG will include all setting up/legal fees of the Voluntary Charge on the total amount due. CCG has discretion on whether to approve a request for a Voluntary Charge or not. If a leaseholder does not qualify for a Voluntary Charge, or if CCG choose not to approve the request, they will be notified of this in writing.

- **Buy Backs** - Buying back a CCG Leaseholder property will be at the discretion of CCG. Each case will be considered on its own merits. The Leaseholders proportion of the Major Works cost will be deducted from the price accepted by The Leaseholder during the sale as well as any outstanding rechargeable or service charge arrears.

Leaseholders' may be advised to seek independent financial/legal advice.

3.7.6. Recover Major Works Costs

CCG will apply the same recovery process to recover the costs on Major Works as is used with Service Charges 3.4.

3.8. COMPLAINTS AND CONCERNS

All Leaseholder related concerns or complaints will be dealt with through CCG's Concerns and Complaints Policy.

As part of dealing with the complaint, CCG will consider dispute resolution options to try and resolve matters amicably and to preserve the relationship between CCG and Leaseholder.

CCG will apply good practice recommended internal dispute resolution options where possible. Internal disputes resolutions may include, but are not limited to:

- Allow Leaseholders to nominate a Leaseholder champion to help resolve disputes with other Leaseholders
- Be clear about our internal complaints procedure, stating process, actions and timescales
- Hold face-to-face meetings with groups and/or individual Leaseholders

Where internal dispute resolution option has not been successful or is not relevant for a specific dispute, external dispute resolutions may be considered. External dispute resolution options will be an independent third party and include:

- Early Neutral Evaluation (ENE) – Is an assessment of the issues by an independent expert with leasehold experience such as a retired Tribunal judge comments on the merits of the issue. However, their opinion is not binding (The cost of the ENE will be shared between CCG and The Leaseholder)
- Mediation – Having a mediator facilitating a meeting between disputing parties to help them understand each other's viewpoint and explore all possible options to resolve the matter. (The cost of Mediation will be shared between CCG and The Leaseholder)
- Arbitration - Settling a dispute by using an independent referee, to avoid going to court.
- County Court
- Leaseholder Valuation Tribunal (LVT) - The LVT in Wales and the Residential Property Tribunal act as independent arbitrators for leasehold disputes and their decisions are binding.

CCG recognizes the right to request a review of any decision relating to this policy. Any such review will be dealt with as a complaint under the CCpol01 – Complaints and Concerns Policy.

CCG will ensure that any decisions relevant to this policy are reasonable and comply with relevant policy and legislation.

4. RESPONSIBILITIES AND ARRANGEMENTS

It will be the responsibility of the Director of Customers and Communities to ensure this policy is applied effectively and that staff are trained appropriately in the procedures associated with this policy.

Specific responsibilities and risk management arrangements are set out as a matrix in Appendix A.

5. EQUALITY AND DIVERSITY

In applying this policy, CCG will be committed to treating all enquiries fairly and with regards to its Equality and Diversity Policy.

CCG will ensure that this service is fully accessible to all residential Leaseholders.

As part of its development, this document and its impact on equality has been screened for relevance. No further assessment was required following the equality impact assessment screening.

6. DEFINITIONS AND GLOSSARY

- Leaseholder – The person who holds land and/or property under a Lease (also known as lessee). The person the property has been leased to.
- The Lease – A legally binding contract between the Leaseholder and the owner of the property (freeholder) giving conditional ownership of the property for an agreed time.
- Major Works – Where works to a block will cost any one Leaseholder over £250, the landlord must consult with Leaseholders. These are known as Major Works. In some cases the costs can be much higher.

7. REFERENCES

The following publications and legislation have been referenced during the drafting of this policy:

- Data Protection Act 1998
- The Leasehold Reform Housing Act and Urban Development Act 1993
- The Gas Safety (Installation and Use) Regulations 1998
- Landlord & Tenant Act 1985

- MAJOR WORK: Good practice guide for social landlords <http://www.lease-advice.org/files/2016/09/Major-Works-Landlords-English.pdf>
- MAJOR WORKS: A guide for leaseholders of social landlords [http://chcymru.org.uk/uploads/events_attachments/Major Works - Leaseholder - English A5 - final.pdf](http://chcymru.org.uk/uploads/events_attachments/Major_Works_-_Leaseholder_-_English_A5_-_final.pdf)

8. RELATED DOCUMENTS/RECORDS

- E&Dpol01 Equality and Diversity Policy
- CCpol01 Concerns and Complaints Policy
- L&Fpol03 Tenants Improvements & Alterations Policy
- LHf04 Section 20 Consultation Record
- LHf05 Section 20 Consultation Observations and Responses Record
- LHt08 Major Works Options Appraisal Template
- LHp04 Leaseholder Service Charge Invoicing and Recovery Process Map
- LHt09 Leaseholder Service Charge Invoice Covering Letter
- LHI05 Leaseholder Service Charge Fact Sheet
- LHt11 Section 20 Schedule 1 Stage 1 Consultation Letter
- LHt12 Section 20 Schedule 1 Stage 2 Consultation Letter
- LHt13 Section 20 Schedule 1 Stage 2 Proposals
- LHt14 Section 20 Schedule 1 Stage 3 Consultation Letter
- LHt15 Section 20 Schedule 2 Stage 1 Consultation Letter
- LHt16 Section 20 Schedule 2 Stage 2 Consultation Letter
- LHt17 Section 20 Schedule 2 Stage 2 Proposals
- LHt18 Section 20 Schedule 3 Stage 1 Consultation Letter
- LHt19 Section 20 Schedule 4 (part 1) Stage 1 Consultation Letter
- LHt20 Section 20 Schedule 4 (part 1) Stage 2 Consultation Letter
- LHt21 Section 20 Schedule 4 (part 1) Stage 2 Proposals
- LHt22 Section 20 Schedule 4 (part 2) Stage 1 Consultation Letter
- LHt23 Section 20 Schedule 4 (part 2) Stage 2 Consultation Letter
- LHt24 Section 20 Schedule 4 (part 2) Stage 2 Proposals
- LHt25 Section 20 Schedule 4 (part 2) Stage 3 Consultation Letter
- Lpol01a Leaseholder RACI (attached to this Policy)
- LHI05 Leaseholder Service Charge Factsheet
- LHI02 Leaseholder Invoicing and Paying for Major Works

- LHI03 Leaseholder Major Works Factsheet

9. REVIEW

This policy will be reviewed every three years or sooner if changes to legislation, best practice or other relevant CCG policies make it necessary.

