LEASEHOLD POLICY

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Business Information provided by Gloucester City Homes

DOCUMENT TITLE

DOCUMENTATION MASTER SHEET

Amendments to this Document are Detailed Below.

Version Number	Date Amended	Comments	Date Approved	Author	Approved By
01	18/06/2019	New Version	01/07/2019	LDP	ELT
02	14/11/2023	Externally reviewed and updated wording	01/10/2024	DRS	SLT
03	30/09/2024	New section added- Charging of Major Works	01/10/2024	DRS	SLT
04	17/04/2026	Review of whole policy- updating to ensure in line with legislation	07/05/2026	EC	SLT
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OVERALL AIM/INTRODUCTION

GCH has 500 leasehold properties, acquired through stock transfer, Right to Buy/Right to Acquire purchases and new-build sales. Our leasehold portfolio continues to grow with the development of new Shared Ownership properties through our development programme, as well as through the Right to Buy and Right to Acquire. Leaseholders are therefore a key customer group, and this policy sets out how GCH will meet its responsibilities and provide high levels of customer service and value for money.

SCOPE OF POLICY

This policy sets out GCH's approach to leasehold properties originally sold under the RTB or RTA and Shared Ownership properties. Commercial Units are dealt with in line with our Commercial Asset Strategy.

LEGAL AND REGULATORY EXPECTATIONS/POLICY AIMS

GCH is committed to:

- Meeting its statutory and regulatory responsibilities to leaseholders.
- Upholding the rights and obligations of leaseholders as outlined in their leases- whether granted by GCH or its predecessor.
- Recognising that, due to the Transfer of stock, leases may have variable covenants and terms.
- Providing a standard of customer care to leaseholders that is consistent with that provided to tenants.
- Ensuring all leaseholders are provided with and have access to information about their rights and obligations.
- Ensuring that leaseholders are consulted in accordance with the requirements of legislation, for qualifying works and improvements and on any other proposed changes that will affect the management or maintenance of their homes.
- Ensuring leasehold services offer value for money and charges are fair and reasonable.

These are delivered in accordance with the following legislation:

- Housing Act 1985.
- Landlord and Tenant Acts 1985 and 1987.
- Housing and Planning Act 1986.
- Leasehold Reform, Housing and Planning Act 1986.
- Leasehold Reform, Housing and Urban Development Act 1993.
- Housing Act 1996.
- Commonhold and Leasehold Reform Act 2002.

SERVICE STANDARDS

Advice and Guidance

GCH will always recommend that our leaseholders and future potential leaseholders seek their own independent legal advice. GCH will provide leaseholders with information on their rights and responsibilities, and GCH's rights and responsibilities, on our website and will have guides available to leaseholders that can be sent to leaseholders by email or post.

Varying the Terms of a Lease

GCH reserve the right to vary the terms of your lease either through a Deed of Variation, which is agreed with the Leaseholder, or, in some circumstances where the Variation cannot be agreed, GCH can apply to the First Tier Tribunal for a variation where the terms of the lease are considered to be defective.

Landlord's Responsibilities

GCH will maintain the common parts of the building in accordance with its obligations, set out in the lease. Where repairs are required to the structure of the building, communal parts and estate, we will follow statutory consultation procedures, known as a Section 20 Consultation. In an emergency, an application can be made to the First Tier Tribunal for them to provide dispensation so that we don't have to follow the Section 20 consultation process. This is so that we can carry out the works as quickly as possible and to prevent further delays. GCH also reserve the right to apply for dispensation to the First Tier Tribunal where an error has been made, and the Section 20 consultation hasn't taken place where it should have.

GCH encourage Leaseholders to report repairs that are required to the common parts of the building, structure of the building or the estate to us as soon as possible. GCH will process repairs reported by Leaseholders with the same urgency and manner as a repair raised by a tenant.

Leaseholders of Shared Ownership houses are expected to maintain and repair their property in accordance with the terms of their lease or any warranties provided.

Service Charges (see also Rent & Service Charge Policy)

GCH will provide Service Charge estimates before the start of the financial year in line with the terms of the lease. Within six months of the end of the financial year, GCH will provide Leaseholders with a Certificate of the actual costs for the previous financial year, and any credit or debit will be taken into account on the next Service Charge invoice.

Within six months of receiving the certificate, Leaseholders have the right to query the charges by making a written request to inspect documents relating to the service charge, including accounts, receipts and other relevant documents, in line with Section 22 Landlord and Tenant Act (LTA) 1985. GCH must make such documents available for inspection free of charge (or a reasonable charge if providing copies or extracts), within two months of the request, and the Leaseholder is within their right to make copies.

Service charges will be calculated to reflect actual costs for each block and will be levied to the leaseholder in accordance with the terms of their Lease.

Shared owners will be subject to a variable service charge, which allows surpluses and deficits to be carried forward to the next accounting year. GCH will recover any surpluses or deficits for Shared Ownership properties before the new financial year.

Ground Rent

Some Leaseholders may be required to pay Ground Rent in line with the terms of their lease, for which notice must be given in accordance with Section 166 of the Commonhold and Leasehold Reform Act 2002. The date the payment is due must not be earlier than the date the ground rent is due in line with the Lease. It must also be between thirty and sixty days after the demand notice, where the demand notice is late, Leaseholders must be given at least thirty days after you receive it.

GCH can recover Ground Rent going back six years.

Management Fees

The management fee covers the cost of administering leasehold and service charge activities, together with the supporting overheads required to deliver those functions. This includes but is not limited to:

- Leasehold/Service Charge administration- setting budgets, annual reconciliation and accounts, handling enquiries, adjustments and general leasehold administration.
- Finance processing- supplier invoice processing, payments, accruals, reconciliation, and year-end accounting activity connected to service charges.
- Systems and IT- housing/finance systems and service charge modules used to administer charges.
- Governance and compliance- audit support, statutory information, record keeping and issuing prescribed notices where required.
- Resident communication- correspondence, document storage and call handling support.
- Consulting activity (where applicable)- administration of Section 20 consultation and wider service charge consultation and wider Service Charge consultation activity (where the works/contract type requires it)
- Managing health and safety, fire and other risk assessments.

GCH will recover these costs through the Service Charge, and it is calculated as an equal share between all leasehold properties.

Service Charge Arrears

Service Charge arrears are a breach of your lease obligations, and continued non-payment could result in forfeiture of the lease.

Where there are arrears on a Leasehold account, an initial letter will be sent to the Leaseholder to advise them of the arrears.

Where we do not receive any payment or no contact has been made to set up a payment plan, a second reminder letter will be sent thirty days after the initial letter is sent. This will include a warning of potential court action and further costs being added to the account if payment is not received within fourteen days.

If there is still no payment or contact from the Leaseholder to set up a payment plan, attempts will be made to contact the Leaseholder by phone or email. Where there is a Lender, we will write to the Lender to advise them of the arrears and ask them to consider capitalising the debt.

If no contact can be made, and the lender refuses to capitalise the debt, a final letter will be sent to the Leaseholder advising them that we will be taking Legal action if no payment is made or a payment plan set up.

If, after thirty days of the final letter being sent, no payment has been made or a payment plan set up, solicitors will be instructed to commence legal proceedings.

Where a County Court Judgment is awarded, and no payment is made on the debt, the following options can be considered:

- Attachment of earnings order
- Bailiffs
- Third Party Debt Order
- Charging Order
- Forfeiture of Lease

GCH reserves the right to recover all legal costs incurred in the recovery of the debt from the Leaseholder.

Where Leaseholders are unable to pay in full, they can set up a payment plan as agreed by GCH. This should be paid by Direct Debit. Where payments fall behind or stop, the arrears recovery process will resume.

Insurance

GCH will insure the buildings to their full reinstatement value and provide to leaseholders, annually on renewal, details of the sums insured, perils covered and premiums in writing. Leaseholders are responsible for arranging their own contents insurance.

Where a Leaseholder needs to make a claim on the insurance, they should contact the Leasehold team to make them aware, so that this can be processed. In a situation where you are at fault for damages, we will exercise our right to be reimbursed for the insurance claim that must go through.

Cost of Major Works (including Structural Works)

GCH is committed to delivering value for money. Any long-term agreements that will exceed £100 per leaseholder or any major works that will exceed £250 per leaseholder will be procured under a Section 20 consultation. This specifies the requirements for consultation, that the charges must be reasonable and that works must be of a reasonable standard.

Charging of Major Works

Following works or services being completed as a result of a Section 20 consultation, Leaseholders will be invoiced their proportion of the amount in line with the requirements of their lease. These charges will be invoiced to GCH for the works.

The cost of major works will be deducted from the sinking fund in the first instance, which is charged annually through the Service Charge. Where the sinking fund balance is unable to cover the full cost of the works, Leaseholders will receive an invoice for the outstanding balance.

Whilst Leaseholders should pay the full balance upon receipt of their individual invoice, GCH are aware that this is not always possible due to the potentially large costs and individual circumstances. GCH provide the following three options for payment, subject to assessment of an individual's specific circumstances:

1) Payment in full is made within 28 days of the invoice being issued to a leaseholder.

2) An interest-free payment plan is agreed with the leaseholder. This is dependent on individual circumstances and will be assessed on a case-by-case basis. The preference is for the balance to be paid within 24 months of the leaseholder being invoiced. If a longer payment plan is agreeable, then GCH may include an interest-free payment plan (determined by an individual's lease and circumstances) up to 36 months.

3) In exceptional circumstances, such as where payment would lead to financial hardship or the need to sell the property, a charge on the title can be considered where the Leaseholder is actively looking to sell the property. This would result in the agreement that as and when the property is next sold, any monies owing would be payable upon sale. Any costs associated with the process of adding the charge, including legal and administrative, would be added to the costs of the works involved in doing this, as well as the charge on the title. This option is not available for an absentee landlord.

Consultation

GCH will consult leaseholders (or recognised Associations) on any proposed changes to arrangements for maintenance, management or service provision, which could have a substantial effect on them.

Leaseholder Improvements

Any leaseholder wishing to carry out improvement works to their home must secure GCH's consent by contacting the Leasehold Team, providing full details of the proposed work (including proof of planning permission and building control consent where applicable), along with any plans and specifications of the works.

The decision to grant or refuse permission will be provided in writing with a clear rationale. Approval for works will not unreasonably be withheld.

Breaches of the Lease

GCH considers any breach of a lease as a serious matter, and appropriate action will be taken wherever a breach is identified by the Leasehold Team, working with other Teams where required.

Breaches may include, but are not limited to:

- Arrears
- Breach of covenants.
- Unapproved works.
- Failure to maintain, or deliberate damage to premises.
- Anti-Social Behaviour (see Anti-Social Behaviour Policy).

Transfer of Leasehold Interest

GCH will respect leaseholders' entitlement to sell their leasehold interests to third parties and will deal with enquiries relating to such transfers in a prompt and efficient manner. Where it is necessary to respond to enquiries or provide documentation, GCH will levy an appropriate fee to cover costs (See Appendix A).

GCH should be notified appropriately upon completion of transfers by the leaseholder or the solicitor acting on their behalf.

Leaseholder Enfranchisement

Should Leaseholders request to acquire the freehold of the block of flats that they are living in, GCH will comply as required by the Leasehold Reform, Housing and Urban Development Act 1993 ("the 1993 Act"), as amended by the Commonhold and Leasehold Reform Act 2002.

Buy Back

GCH will consider buying back leasehold properties under certain circumstances. Refer to the property Purchase Policy for more information.

Sub-letting

Leaseholders are permitted to sub-let their premises, provided that the tenancy granted is an assured tenancy of no less than 6 months duration and that any deed of covenant required by their lease is provided to GCH. The leaseholder must provide a correspondence address for themselves and will remain responsible for the conduct of the tenant and adherence with the conditions of the lease.

Shared owners are generally not permitted to sublet under the terms of the lease. However, there may be exceptions, where cases will be considered by the Leasehold Team on a case-by-case basis.

Lease Extensions

GCH recognises that Leaseholders have a statutory right to extend their lease under the 1993 Act as amended, subject to certain criteria set out by the Act and the payment of a premium which is to be determined following a valuation.

Shared owners do not have the statutory right to extend their lease under the Leasehold Reform, Housing and Urban Development Act 1993; they may be able to negotiate an informal lease extension at GCH's discretion.

The following guidelines will apply to all requests when processing a request for a lease extension. GCH will:

- Enable qualifying leaseholders to extend their leases in accordance with current legislation.
- At our discretion, we may grant lease extensions to Shared Owners.

- Ensure all lease extensions are to be subject to an independent RICS valuation and regulatory and funders' consent being available.
- Ensure Leaseholders and Shared Owners have a clear understanding of the procedure and costs involved.
- Ensure that its reasonable costs are recovered in accordance with the statutory provision (for example, legal and valuation costs).
- Set an administration fee (see Appendix A) payable in advance by the Leaseholder/Shared Owner.
- Calculate the premium payable by a Leaseholder in accordance with the requirements of the 1993 Act so far as possible.
- Consider whether any terms of the original lease need to be varied, deleted or added to.

APPENDIX A – SCHEDULE OF FEES

GCH shall recover the cost of providing specific services through charging a reasonable administration fee. All prices are inclusive of VAT:

Providing a copy of the Lease	£50
Deed of Covenant	£120
Certificate of Compliance	£95
Receipt of Notice of Transfer or Charge	£100
Providing consent to an assignment or charge in legal ownership of property	£80
Providing consent to the removal of Land Registry Restrictions, including charges	£150
Providing an LPE1	£250
Providing an FME1	£150
Consent to subletting	£100
Postponement of charge on RTB- 1st Mortgage only	£250
Consent to remortgage	£150
Consent to Wayleave	£250
Consent to Alter	£500
Retrospective Consent to Alter	£700
Deed of Release	£250
Land Disposal	£500
Easement	£350
Licence	£250 (and then £100 per annum)
Boundary enquiry	£150
Ownership enquiry	£100
Deed of Variation	£500
Deed of Postponement	£160
Lease Extension	£200

Staircasing	£130
Sale/Assignment of Shared Ownership (subject to the terms of the lease)	1% of share value

REVIEW

This policy will normally be reviewed annually to ensure that it remains fit for purpose, unless an earlier review is required due to regulatory, statutory or other requirements.