

LEASEHOLD MANAGEMENT POLICY

Reference: MDHA/ EJ

Approved: 26.5.04

Revised:

1 Statement of Intent

- 1.1 Maidenhead and District Housing Association (the Association) is the freeholder/landlord of a few hundred properties sold on long leases including shared ownership. The Association undertakes to provide good quality leasehold management to all leaseholders.

2 Aims

- 2.1 The Association aims to ensure that the management of leasehold properties complies with relevant legislation and that all leaseholders understand their rights and responsibilities. The Association aims to provide services as stated in the lease, and will levy fair and reasonable charges for such services. The Association is committed to communicating regularly with all leaseholders.

3 Legal Definition of a Leaseholder

- 3.1 A 'leaseholder' is a tenant who has purchased a long lease (effectively paying his/her rent in advance for a long period) usually between 99 to 125 years. All Right to Buy Leases are for 125 years. Shared ownership leases vary according to the conditions of purchase.

4 Definition of Service Charges

- 4.1 Service charges are defined in each individual lease, however generally they cover the cost of all services the landlord/freeholder undertakes on behalf of the leaseholder. These cover the maintenance and repair of the structure of the property, internal and external maintenance and repair of communal areas and the cost of insuring and managing the property. The ground rent is also included in the service charge account.

5 Relevant Legislation

- 5.1 Leasehold management and the levying of charges covering the cost of supplying services are governed by the following legislation:

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- Law of Property Act 1925
- Landlord and Tenant Act (LTA) 1985
- Housing Act 1985
- Landlord and Tenant Act 1987
- Leasehold Reform, Housing and Urban Development Act 1993
- Housing Act 1996
- Commonhold and Leasehold Reform Act 2002

6 Housing Corporation Regulation

- 6.1 The Association will comply with the Housing Corporations Performance Standards. The Association issues a copy of the Corporation's *Charter for housing association applicants and residents* to all leaseholders.
- 6.2 It is the responsibility of the Leasehold Manager to ensure that leasehold management and the levying of service charges complies with the current legislation and the Housing Corporations guidelines.

7 Consultation, Participation and Information

- 7.1 The Association will consult with and invite participation with leaseholders in line with its Resident Involvement Policy.
- 7.2 The Association will consult with leaseholders on all qualifying works (£250 per leaseholder) under Section 20 of the Landlord and Tenant Act 1985 as amended by Section 151 of the 2002 Act.
- 7.3 The Association will consult with leaseholders on all long-term contracts (in excess of 12 months) where the cost to each individual leaseholder will be £100 per year or more (i.e. open space maintenance).
- 7.4 The Association recognises that failure to comply with statutory requirements will result in us not being able to recover charges beyond the statutory amount.
- 7.5 The Association will promote and facilitate the Leaseholder Forum. Leaseholders will be regularly kept informed of relevant issues via the Associations newsletter. Meetings will be held to cover particular issues as and when necessary.
- 7.6 The Association will provide leaseholders with a Leaseholders Handbook, to outline how flats are managed, the Associations responsibilities, individual leaseholders responsibilities, and how service charges are calculated and what they cover
- 7.7 The Association will undertake a leaseholder satisfaction survey once every few years – the findings will be used to improve services.

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- 7.8 The Association supports the on going training of leasehold management staff to ensure they are kept up to date on current legislation and good practice regarding the management of leaseholders.

8 Service Charges and Accounts

- 8.1 The Association will ensure that service charges are fair and reasonable and levied in accordance with current legislation and each individual lease.
- 8.2 Charges will only cover services included in the lease. The main items of the service charges are for maintenance of the structure and communal parts, buildings insurance, management fee and separately the ground rent. Service charges may also cover the communal area of the estate if defined in a lease.
- 8.3 The calculation of the service charge is based on a factoring system. Each flat has a factor i.e. 1 bed flat = 2.5, 2 bed flat = 3. By using this system leaseholders in different sized flats pay an apportioned part of the total cost of work relevant to the flat size.
- 8.4 When major works are necessary, relevant leaseholders will be consulted in accordance with Section 20 as amended by the 2002 Act, including selection of contractors, provision of estimated costs, and reasons for any decisions made.
- 8.5 The Association will provide each leaseholder with an estimate for their forthcoming years charges every April. Payment for the first six months will be due each April, and the second six month period will be invoiced each October. The actual expenditure for each year will be calculated during the following October. Any adjustment for actual expenditure will be shown in the October invoice -- if this adjustment results in a credit of more than £25, the Association will forward a cheque to the leaseholder. The Association will not normally issue cheques for service charge credits of less than £25.
- 8.6 Audited accounts for the previous financial year will be supplied to leaseholders every October. This information will include a summary of all charges incurred and the element payable by the individual leaseholder.
- 8.7 The Association can allow leaseholders (in accordance with their Lease) to pay over a six- month period, subject to agreement with the Leasehold Manager. In the case of bills over £1000, a longer period of repayment can be agreed. Any agreement over 3 years must be approved by the Finance Director.
- 8.8 In the case of bad debt the Association will contact the mortgagor in the first instance to see if payment will be made. If an amount remains outstanding, the Association will refer the debt to Solicitors for recovery. Debts in dispute by individual leaseholders may be referred to the Leasehold Valuation

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Tribunal for arbitration. If any debt remains outstanding following the Leasehold Valuation Tribunals determination, court action will be initiated.

9 Repairs and Improvements

- 9.1 The Association has a statutory duty to consult and inform leaseholders of any work it needs to undertake, unless emergency action is required, and prior consultation is not possible. Views of leaseholders will be taken into consideration.
- 9.2 Improvements must only be carried out with written consent from the leaseholders.
- 9.3 The Association will adhere to the requirements of Section 20, as amended by the 2002 Act, and statements of intent will be sent to leaseholders with an explanation of why the work is necessary.
- 9.4 The Association will take into consideration any active Section 125 notices when preparing consultations.
- 9.5 The Association has a planned maintenance programme which is updated on a regular basis. Information regarding planned maintenance will be sent out to leaseholders as and when it is updated.
- 9.6 Final accounts for work carried out must be collected within 18 months unless a Notice of delay is sent to the relevant leaseholders.

10 Equal Opportunities

- 10.1 The Association is committed to a policy of fair and equal treatment for all its members, tenants, leaseholder, employees and applicants, regardless of religion, sexual orientation, age, class, racial origin, sex, disability or marital status as determined in the Equal Opportunities Strategy.

11 Review

- 11.1 This policy will be reviewed on a 2 yearly basis or in response to changes in legislation, regulatory guidance, good practice or changes in other relevant Housing Solutions Group policy.