

Leasehold Management

Responsible Officer	Executive Director of Customer Services
This policy is applicable to	Karbon Homes
Approved by	KMT
Date approved	December 2022
Frequency of review	Every 3 years
Date of next review	December 2025
Implementation date	December 2025
Key related documents (policy, procedure, customer literature)	Karbon Homes Leaseholders Handbook Karbon Homes Rent Setting & Service Charge Policies Karbon Homes Income Management Policy
Sources of best practice or guidance used in developing this policy	<ul style="list-style-type: none"> • The Landlord and Tenant Acts of 1985 and 1987 (as amended) • The Leasehold Reform, Housing and Urban Development Act 1993 • The Housing Act 1996 (as amended) • The Commonhold and Leasehold Reform Act 2002 • The Housing Act 1985 (as it affects the RTB, Preserved RTB and Right to Acquire) • The Property Misdescriptions Act 1991 • The Consumer Protection Act 1987 • The Law of Property Act 1925 • The Unfair Terms in Contracts Regulations 1999

Version control

Version number	V2	Author of Policy	Rob Jeffreys, Head of Income
Equality Impact Analysis	Initial	Equality Analysis Date	March 2019

Document change history

Version	Date	Changed sections
V2	June 2022	Formatting changes throughout document Sections 5-7 updated to new policy format

2.1	April 2024	New section 'Our Approach to Vulnerability' added
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Consultation	
Consultation Group (if applicable)	Date of Consultation (if applicable)
Staff	June 2022
Union(s)	Not applicable
Customers	Not applicable
Human Resources / Organisation Development	Not applicable
Health and Safety Working Group	Not applicable
Other stakeholder (please state)	Not applicable

Policy statement

Karbon Homes is committed to providing excellent standards of service to its customers. Leasehold management covers the range of services provided by Karbon Homes to those who occupy a property on a leasehold basis, where Karbon Homes is the freeholder or managing agent. Karbon Homes recognises that it shares long term interests with its leaseholders for the upkeep of properties and the surrounding environment.

Risk policy is designed to control

This policy is designed to ensure that Karbon Homes complies with all relevant legislation, regulatory guidance, Codes of Practice and the use of best practice in leasehold management.

Definitions

Leasehold Management – covers the range of services provided by Karbon Homes to those who occupy property on a leasehold basis, where Karbon Homes is the freeholder or Managing Agent.

Shared Ownership – is a scheme to help people become home owners who cannot afford to buy a home on the open market. Through Shared Ownership people can buy a share in the property and pay rent on the remaining share.

New Model Shared Ownership – is the same type of scheme as defined above however only applies to schemes funded by the Affordable Housing Programme 2021-2026. A new form of lease applies to these properties and the detailed requirements of managing these leases is detailed in the New Model Shared Ownership Policy.

Do it Yourself Shared Ownership (DIYSO) – is based on the standard Shared Ownership Scheme, the main difference being that it was available for purchase of properties (within certain financial limits) available on the open market.

Leasehold for the Elderly – is a Government funded scheme designed for those who are retired or nearing retirement.

Subsidised Ownership for the Elderly – is based on the standard Leasehold for the Elderly Scheme, the main difference being that the schemes did not receive Government funding.

Shared Ownership for the Elderly – is based on the standard Leasehold for the Elderly Scheme, the main difference being that the owner can choose the size of the share they purchase.

Subsidised Ownership – is similar to Shared Ownership, the main difference being that the “owner” can never own the property outright. Briefly, 65% of the full market value of the property is purchased and the remaining 35% is rented from Karbon Homes. Though the scheme is designed primarily for first time buyers, others in genuine housing difficulties may also be eligible.

Improvement for Sale – is a scheme introduced in the 1980s at a time when there was a slow down in investment in social housing. The scheme has been discontinued.

Right to Buy – is a right attached to secure tenancies and enables those tenants to buy their homes at a price lower than that of the full market value.

Right to Acquire – is the right for assured tenants to buy the home that they rent. The Right to Acquire only applies to properties built or purchased with public funds, or transferred by a local authority after 1 April 1997. The scheme is subject to certain exemptions.

Home Ownership for People with Long Term Disabilities (HOLD) – is not a separate housing product but a route into shared ownership. Applicants should apply for affordable home ownership assistance in the standard way, through their Local HomeBuy Agent (LHBA), and must meet the Agency’s general eligibility criteria (that is, they should be first time buyers (or be defined as being in housing need) with a household income of less than £60,000 per year).

Agency Management – Leasehold properties managed, but not owned by Karbon Homes.

1.0 Purpose of policy

- 1.1 Karbon Homes' Leasehold Management Policy sets out a framework for an efficient, customer-focused service which offers value for money. This service will comply with the law and with standards of good practice as they apply to the management of leasehold properties in the social housing sector.
- 1.2 Karbon Homes provides services for several types of leasehold property, including:
- Shared Ownership (assured)
 - Do it Yourself Shared Ownership
 - Leasehold for the Elderly
 - Subsidised Ownership for the Elderly
 - Shared Ownership for the Elderly
 - Subsidised Ownership
 - Improvement for Sale
 - Commercial Units
- 1.3 For New Model Shared Ownership properties, this policy should be read in conjunction with the New Model Shared Ownership Policy.

2.0 Objectives

- 2.1 This policy ensures that Karbon Homes:
- 2.1.1 Treats leaseholders as customers, offering high quality services which represent value for money. Karbon Homes recognises that it shares long term interests with its leaseholders for the upkeep of properties and the surrounding environment. We will offer opportunities for leaseholder involvement and feedback for services provided to them by Karbon Homes.
- 2.1.2 Complies with all relevant legislation, regulatory guidance, and Codes of Practice, and learns from examples of good practice.
- 2.1.3 Communicates clearly with leaseholders by providing accurate, timely information and advice.
- 2.1.4 Complies with requirements to consult with leaseholders over the provision of services and in advance of any improvement or major repairs programmes.
- 2.1.5 Takes an association-wide approach to leasehold management.

3.0 Policy detail

- 3.1 Leasehold law and accompanying regulations and codes of practice are complex and subject to frequent change. Karbon Homes will engage legal advisers with the

appropriate expertise to ensure that Karbon Homes complies fully with the legislation and is able to advise leaseholders accordingly.

- 3.2 Karbon Homes will comply with all relevant legislation and the terms of individual leases, noting that that statutory obligations may sometimes take precedence over the terms in individual leases.
- 3.3 Where leases permit advance payments of service charges to fund future major repairs, these will be held in trust in a separate sinking fund. The leasehold and finance teams within Karbon Homes will work closely together to ensure proper management of these funds.
- 3.4 Karbon Homes will make reasonable management and administration charges in accordance with the provisions of leases in an Administration Fee. We aim to recoup actual costs wherever possible, and will give leaseholders information on what the costs cover. A summary of services covered by the Administration Fee will be made available to all leaseholders.
- 3.5 Section 20 of the Landlord and Tenant Act 1985 (as amended) imposes a requirement on Karbon Homes to consult with Leaseholders in respect of qualifying works (e.g. where leaseholder's contribution is in excess of £250 p.a.) or a qualifying long term agreements (ones entered into by the landlord for a period in excess of 12 months which result in a contribution of a leaseholder in a year is in excess of £100).
- 3.6 We will only charge for any works set out in a consultation notice, plus inflation. Leaseholders will not be required to pay for the works until work is completed and the cost including within a service charge or invoice. Further detail on Section 20 can be found in the Section 20 Consultation Policy.
- 3.7 Karbon Homes aims to provide its leaseholders with value for money from all its services. Karbon Homes will make every effort to ensure that charges for works are reasonable and the works are to a good standard.
- 3.8 Leaseholders will be informed that if they are not satisfied with the 'reasonableness' of the works or charges, they have the right to complain using the Karbon Homes' complaints procedures. Leaseholders will also be informed that they have the right to apply to the First Tier Tribunal Property Chamber at any point during the complaints process (or without having used the complaints process at all).
- 3.9 Karbon Homes will offer leaseholders the opportunity to get involved in decisions about how services are run and the standards of those services.

4.0 Arrears management

- 4.1 Karbon Homes aims to minimise the amount of arrears owed by leaseholders, and ensure leaseholders have the information and support they need to maximise their income and prevent or minimise their debt.
- 4.2 In addition to the measures outlines in the Karbon Homes Income Management Policy, pertaining to Leaseholder arrears recovery, Karbon Homes will:

- ensure that all service charges are calculated correctly in accordance with the law and all leaseholders are provided an annual Management Statement.
- make it easy for leaseholders to pay their charges by having a wide variety of payment methods.
- offer leaseholders affordable payment plans to enable them to pay arrears (in addition to their service charge payable) in stages over a period of time.
- refer leaseholders as appropriate to debt advice agencies for financial advice and assistance.
- treat all leaseholders fairly, and to act lawfully.
- expect leaseholders to meet their obligation to pay the current service charge and to work with others to assist them to pay their charges or obtain welfare benefits.
- make early personal contact with every leaseholder in arrears and make regular personal contact if arrears persist.
- work in partnership with organisations that can assist leaseholders with financial advice.
- ensure that leasehold service charge disputes are resolved speedily and that the leaseholder agrees the charges due.
- start legal action whether for money claim or to forfeit the lease promptly and when appropriate to protect the landlord against further debt and seek to minimise individual debt.

4.3 Commercial Rent Arrears Recovery

4.4 Commercial properties are rented under lease and the tenancies are primarily managed by the Leasehold Team. We aim to prevent arrears arising on commercial accounts and to reduce the level of any existing arrears. We will make it clear to all commercial tenants that non-payment of rent and/or charges is unacceptable and that recovery action will be taken if their obligations are not met.

4.5 We will ensure that all reasonable attempts to recover debts are made and will encourage regular payments.

4.6 We will ask customers for payment in full to clear outstanding balances. However, customers will be given an opportunity to negotiate an agreed repayment plan before action is taken where full payment cannot be made.

5.0 Monitoring and Review

5.1 The Executive Director of Customer Services is responsible for delegating the monitoring, review and implementation of this policy.

5.2 This policy will be reviewed at least every 3 years, with the next expected review date being December 2025. The review will be brought forward if there are significant changes to good practice, regulatory or legislative requirements.

6.0 Our Approach to Vulnerability

- 6.1 This policy is applied in line with Our Approach To Vulnerability Policy. Everyone matters. We want people to be treated fairly, have equality of opportunities, freedom, respect, and access to our services. We will offer support, reasonable adjustments, and adaptations to remove barriers. We will discuss with our customers what is reasonable and appropriate. In delivering this service we may need to escalate a particular case – if we do then customer vulnerabilities will be considered as part of the decision-making process.
- 6.2 We will support people with vulnerabilities to deliver this service. We will work alongside external agencies such as social services, the police and fire services and other appropriate agencies to help and support people with vulnerabilities in the delivery of our services but also to ensure we meet our statutory and regulatory requirements as a social landlord.
- 6.3 Details are provided in the appropriate areas in this policy.
- 6.4 All our customer policies are available on the website.

7.0 Equality and Diversity

- 7.1 This policy is applied in line with Karbon’s Equality and Diversity Policy and the associated legislation including the Public Sector Equality Duty and Equality Act 2010. At Karbon we aim to eliminate discrimination, promote equality of opportunity, foster good relations and define the nine protected characteristics of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.
- 7.2 However, we like to go even further. Beyond these protected characteristics we also take into consideration additional factors such as socio-economic status and language barriers which may also play a part. Our vision is for everyone to be treated fairly, have equality of opportunities, freedom, respect and access to our services.
- 7.3 To help us achieve this, we will work to improve accessibility for all, offering reasonable adjustments, adaptations and discussing ways that we can work to remove any barriers. A reasonable adjustment involves making a change to the way that we usually do things.
- 7.4 All of our customer policies and key information are made available on the Karbon Homes website. Reasonable adjustments that can help for example to make our information and services more accessible are sign language and language interpreters. We will work to improve accessibility for everybody that we deal with offering reasonable adjustments, adaptations and discussing ways that we can work to remove barriers that you may experience. A reasonable adjustment involves making a change to the way that we usually do things.

7.5 We work together to look at options and agree what adjustments would be reasonable in your individual circumstances. If you would like to find out more please get in touch with the team.

7.0 Data Protection and Privacy

7.1 We have a clear policy on data protection and sharing data with other partners/third parties under the requirements of the General Data Protection Regulation. This is clearly set out in the Data Protection Policy for the Karbon Homes Group which in association with the Data Protection Procedures must be followed throughout the operation of this policy.