

## **MAIDSTONE HOUSING TRUST**

### **LEASEHOLD MANAGEMENT**

#### **POLICY STATEMENT**

##### **Our Mission**

Maidstone Housing Trust exists to provide affordable homes and to improve the quality of life in the communities we serve.

##### **Our Values mean we are committed to being:**

**Customer Focused**

**Performance Driven**

**Creative and Enabling**

**Open and Positive**

#### **1. *Introduction***

- 1.1 The purpose of this document is to present the general policy on leasehold matters, setting out the aims, principles and values that will be followed by MHT in its dealings with its leaseholders.
- 1.2 The policy has been drafted having regard to MHT's agreed mission and values and to reference material from the Housing Corporation (HC), the HC's Regulatory Code, National Housing Federation guidance and relevant legislation. The policy will be underpinned by detailed operational procedures, proposals for specific actions and plans to implement them. These will be formulated and developed in full consultation with both leaseholders and staff as appropriate.

#### **2. *Statement of Intent***

- 2.1 ***"MHT is committed to meeting its responsibilities to leaseholders under the terms of their lease and to providing them with high***

***quality services in the management and maintenance of their homes.***

- 2.2 ***MHT will be bound by the terms of the existing leases, issued to leaseholders by itself or by Maidstone Borough Council and by relevant statute”***

**3. General Policy - Leasehold Matters**

**3.1 Terms of the Lease**

- 3.1.1 All leases issued by MHT to tenants purchasing under the Preserved Right To Buy will include information about:
- the items included in the service charge, how it is calculated and when payment is due
  - the procedures for assigning the lease
  - how the lease can be ended
  - details of the responsibilities of both the leaseholder and MHT
- 3.1.2 MHT will produce a Leaseholders’ Handbook summarising their rights and responsibilities.

**3.2 Consultation**

- 3.2.1 MHT is committed to full consultation with all residents, including leaseholders, about the development of policies and practices which affect them. The main consultative body will be the Leaseholder Forum.
- 3.2.2 MHT will comply with the Commonhold and Leasehold Reform Act 2002 and the Landlord and Tenant Act 1985 in consulting with leaseholders about their liability for the cost of repairs and improvements to their block and estate if the proposed work will cost over the prescribed amount and in accordance with the terms of individual leases.

**3.3 Service Charges**

- 3.3.1 Unless the terms of any existing leases require otherwise (when the terms of the lease will take precedence), MHT will provide leaseholders with an estimated annual service charge bill at the beginning of each financial year. Every effort will be made to assess a reasonably accurate estimate. Payment may be made:
- in advance for the whole year
  - in regular payments during the year
- 3.3.2 Actual service charges will continue to reflect the cost for each block and estate (subject to the terms of individual leases and any estimates

provided to leaseholders under Section 125 of the Housing Act 1985). Bills will be sent within six months of the end of the financial year.

3.3.3 If the actual charge results in a substantial credit on the account and there are no other outstanding charges to the leaseholder, MHT will invite the leaseholder to apply for a refund of the credit.

3.3.4 MHT undertakes to review the management charge made to leaseholders in line with the Housing Corporation's requirements, unless the terms of any existing leases require otherwise (when the terms of the lease will take precedence). Bills for major repairs and improvements, where statutory consultation has been carried out, will be sent separately from the annual service charge bills.

They will be sent as soon as the final account for the work is received.

#### 3.4 **Service Charge Collection**

3.4.1 MHT will continue to offer a variety of methods of payment for service charges, and will develop new methods as technology advances. The methods currently available are:

- by cheque or postal order
- by Standing Order/Direct Debit from a Bank or Building Society account
- by post

The Trust intends to introduce a system which relies on plastic cards to identify each account rather than printed payment books. We would also aim to introduce payment by credit card and on the internet.

3.4.3 Leaseholders will receive a statement of their annual service charge account each year. They will also be advised of any outstanding amount or credit on their account when the estimated annual service charges are sent out.

3.4.4 MHT's policy for the recovery of service charge arrears will be firm but fair. MHT aims to recover from leaseholders all money due from them. No leaseholder debt will be written off.

3.4.5 Any leaseholder who falls behind with payments will be informed accordingly and appropriate action taken to recover the arrears. This will include seeking a payment to clear the arrears or making a reasonable arrangement for repayment of the debt over a period of time. Advice on

welfare benefits will be made available via the Trust's Welfare Benefits Advisor.

- 3.4.6 If other methods of recovery have failed legal action will be taken to recover arrears. Legal action may include money judgment orders or action for forfeiture.
- 3.4.7 In the case of bills for major works, MHT recognises that some leaseholders may have difficulty in paying a large sum in one payment. In such cases and where the bill is over £1,000, MHT will arrange to spread the sum owed over more than 12 months, up to a maximum of 5 years, with a minimum of £1,000 to be repaid per annum. This will include interest charges based on prevailing rates, subject to Housing Corporation guidance and individual lease terms. However, it is a general principle that leaseholders should budget for their own necessary costs so this facility will not be offered routinely and must be authorised by the Director of Housing before being offered. Where possible, sinking funds will be built up to meet these liabilities.
- 3.4.8 The Housing Corporation offers loans to leaseholders to cover major works charges. To qualify the flat must have been originally purchased under the Right To Buy less than 10 years from the date of the major works invoice. There are limits to the amount of the loan and the leaseholder must pay the first part of the bill (£2,140 in 2006/07). The loan is secured by a charge on the property. The leaseholder has six weeks from the date of the invoice to apply for the loan. MHT will send details of the loan scheme with major works invoices to eligible leaseholders.
- 3.4.9 **Sinking Fund**  
Maidstone Housing Trust operates a sinking fund for its leaseholders. It is set up to enable leaseholders to spread the cost of major repairs and refurbishments and larger items, such as external painting, over a period of years. Forecasts are based on the Trust's programme of works and contributions are based on the estimated cost to leaseholders over the programme. The sinking funds are kept in a separate bank account and interest earned on this account is apportioned to individual sinking funds according to the balance held. The sinking fund belongs to the property and on transfer of ownership should be treated as an asset of the property. Contribution to the sinking fund is a requirement of the lease with the exception of a small number of older leases. MHT does not commit that the sinking fund held will be adequate to carry out all work required at any one time and further charges may be necessary.

### 3.5 Breaches of the Lease

3.5.1 MHT will aim to ensure that leaseholders keep to the covenants within their leases. Breaches could include:

- failure to grant access
- improper use or using the property for illegal purposes
- unapproved work
- failure to maintain or causing damage to the property

3.5.2 In such cases MHT would draw the breach to the leaseholder's attention by writing and requesting that they remedy it. If this fails a notice will be served on the leaseholder requiring them to remedy the breach. If the breach then continues legal action may be taken. Legal action could take the form of forfeiture of the lease, an injunction or in the case of nuisance an Anti Social Behaviour Order or injunction.

### 3.6 Home Improvements

3.6.1 MHT is supportive of leaseholders wishing to improve their homes. Leaseholders are required under the terms of their leases to obtain MHT's consent to make alterations or improvements. Permission to do so will be given unless there is good reason for not doing so.

3.6.2 MHT will offer leaseholders the option of opting into its home improvement schemes subject to appropriate arrangements for payment and individual status.

### 3.7 Repurchase of Sold Properties

3.7.1 The Trust's policy on the Right of First Refusal under Section 188 of the Housing Act 2004, and an individual's request to buy-back a property previously sold under Right to Buy, will be dealt with on a case by case basis, following guidance from the DCLG.

During the period of 10 years from the date of the conveyance, the tenant purchaser (or any successor in title) must make an offer of first refusal to Maidstone Housing Trust in writing before any re-sale can take place. The Home Sales and Relocation Manager will obtain the views of the Director of Regeneration and Asset Management as to whether the Trust intends to buy-back the property or offer it to another person, i.e, an alternative social housing provider as prescribed by The Secretary of State.

### 3.8.1 Leaseholder Enfranchisement

Leaseholders have the statutory right to collective enfranchisement under the Leasehold Reform, Housing and Urban Development Act 1993 providing they meet the qualifying criteria. The building qualifies if not less than two thirds of the flats are held on qualifying leases. Participating

leaseholders must between them have not less one half of the flats in the building. Where some flats in the block are owned and let by the Trust they are automatically leased back to the Trust.

**3.9 Redress**

- 3.9.1 Any leaseholder who has a complaint about the services provided by MHT will have the right to follow the Complaints Procedure as detailed in the Customer Care, Complaints, Compensation and Payments Policy.
- 3.9.2 The right to apply to the Leasehold Valuation Tribunal for a declaration of the 'reasonableness' of service charges will also remain.