

Home Ownership Policy

1. Aim

- 1.1. This policy outlines Onward's approach to the management of its home ownership stock in a consistent, fair, reasonable way and in accordance with the relevant lease, transfer, and legislation.

2. Scope

- 2.1. This policy applies to all leaseholders including Leaseholders (who acquired the property under the Right to Buy / Acquire), Shared Owners, CPS leaseholders and any Freeholders who pay a service for shared estate services. This policy does not apply to commercial leaseholders or property.
- 2.2. This policy does not affect the terms of any lease, where there is an apparent conflict with lease terms and this policy, the lease terms will take precedence.
- 2.3. The terms “you” and “your” in this Policy means homeowners where applicable (including leaseholders, shared owners and Freeholders). The terms “we”, “our” and “us” mean Onward.

3. Legal & Regulatory Framework

- 3.1. We will always act in accordance with the lease, or in the case of freeholders, the transfer document / rent charge deed, or other such legal arrangement as applicable. Where the lease has any defects, we will seek to remedy these where possible in accordance with what the likely terms would have been if the defect was not present. Any rectification will be drafted as fair as possible to all and allow for the property and sustainable management of the property/ properties, block, estate and or area. Critically, where, possible, this must include ensuring the services needed cover the cost of their provision, oversight, and ongoing management.
- 3.2. A Lease is a contractual agreement between a landlord and a tenant (and any successor in title) for both parties) for the occupation of defined premises, with exclusive possession, for a term (fixed or periodic). The Lease sets out the obligations of both parties during the term, these obligations must be adhered to by both parties of the Lease.
- 3.3. A Transfer is a deed is used for the transfer of registered land (Freehold), it is a contractual agreement between a Seller (us) and a Purchaser (you) and any successor in title for both parties. The transfer also sets out obligations for both parties, these obligations must be adhered to by both parties to the Deed.

4. Policy Statement

- 4.1. We will treat homeowners as valued customers, offering high quality services which represent value for money. We will comply with all relevant legislation, regulatory standards and learn from good practice. We will publish our service standards and report on our performance against them.

5. Customer Engagement & Consultation

- 5.1. We may attend residents' meetings and the AGM of any recognised Tenants & Residents Association (TRA) or Residents' Management Company (RMC) when requested and where possible.
- 5.2. We may seek feedback from customers (inc, Leaseholders, Shared Owners, and freeholders) via surveys and through our Homeowners Forum.
- 5.3. Where necessary we will undertake any necessary consultation in accordance with the requirements of Section 20 of the Landlord and Tenant Act 1985 (As amended) when carrying out major or cyclical work or entering into long term agreements. We will always ensure works are reasonable, required, and provide value for money.
- 5.4. Where Section 20 does not apply and we are not required to formally consult homeowners, we will clearly communicate plans to carry out major or cyclical works or to enter contracts and will engage customers as early as possible in the process.
- 5.5. The exception to this is emergency situations where a decision may be made to prioritise safety or maintaining services. This may change the timing of communication or consultation, including statutory consultation.

6. Fees & Charges

6.1. Service Charges

- 6.1.1. We will apply variable service charges to all our home ownership customers and will issue an annual service charge demand (estimate) within one month of the new financial year starting.
- 6.1.2. We will provide end of year accounts no more than six months after the end of the financial year, detailing actual expenditure against the estimate. Deficits or surpluses will be applied in accordance with the lease. The way we will issue refunds or collect debits will be clearly communicated to customers
- 6.1.3. If there has been a right to buy application in the last five years, we will ensure that all service charges (including major works) do not exceed the amounts as quoted on the section 125 notice.
- 6.1.4. Service Charges are reviewed annually in accordance with the requirements of the Lease. Service charges are payable monthly on the 1st of the month or for leases that require payment to be made annually, payment is required within 14 days of the demand being issued.

6.2. Rent & Ground Rent

- 6.2.1. We will increase shared ownership rents in accordance with the requirements of the Lease unless there are other overriding rules or regulation which specifically require something different and compels us to comply. Rent is charged monthly and is payable in advance.
- 6.2.2. Any ground rent that is payable will also be demanded in accordance with the requirement of the Lease. If we are charged ground rent by a superior landlord, we will look to recover this from the Leaseholder, unless otherwise varied by historical arrangement or other contractual conditions.
- 6.2.3. Following the implementation of the Leasehold Reform (Ground Rent) Act 2022 which came into force on the 30th June 2022 no ground rents for new long residential leasehold properties will be charged. There is a transition

period that applies to regulated leases of retirement homes which means that the Act will not come into force for these leases any earlier than 1st April 2023. This act is not retrospective for any lease entered into prior to the 30th June 2022.

6.3. Management Fees

- 6.3.1. Our management fees cover a proportion of the staffing and office costs of teams who directly or indirectly facilitates the delivery of the services to homeowners, blocks, and estates. The fees are calculated based on the actual costs incurred in delivering our service and are varied annually in line with our costs as a landlord and the costs of managing home ownership properties.
- 6.3.2. We will appoint external accountants to provide service charge assurance, where required under the terms of the lease, and will recover these charges, both for our management costs and the external accountant's fees from homeowners.

6.4. Administration Fees

- 6.4.1. Administration fees are charged for ad-hoc services that are not covered by the Management Fee. We will confirm whether a fee applies when homeowners enquire about a service. A full list of our administration fees is published on our website, our fees are reviewed regularly to ensure that they remain reasonable
- 6.4.2. We will charge a project management fee for major and cyclical works to cover the cost of consulting, procuring, and overseeing the works. The fees are based on the complexity of the work required and are a fair representation of the time taken and expertise required to manage the major and cyclical works.
- 6.4.3. We may apply late or missed payments fees to homeowner accounts where payment is late or where a direct debit payment has been rejected. Legal fees and court costs may also be recovered. Any such charges will be made in line with the lease.
- 6.4.4. Onwards fees are reviewed regularly to ensure they remain reasonable and are published on our website.
- 6.4.5. We will issue a Summary of Rights & Obligations with demands for payment and will have a copy of these rights available on our website.

6.5. Payment Methods and Payment Options

- 6.5.1. We will provide our homeowners with a variety of payment options and encourage payment by direct debit. Payment by Direct Debit should be paid on the 1st of each month and one month in advance.

6.6. Sinking funds, Cyclical funds, and Reserve funds

- 6.6.1. We will collect and hold funds to cover the cost of major and cyclical works where the lease allows. Contributions will be calculated in accordance with our planned works programme and any other future anticipated expenditure.

Where appropriate we will recover costs associated with major works from the reserve or sinking fund.

- 6.6.2. Where the lease dictates a contribution on exit only, we may introduce a contribution to the service charge where prudent, in consultation with homeowners.
- 6.6.3. Where there is no reserve or sinking fund or an insufficient sum is held to cover leasehold costs, we will recover the balance due or may look to increase the charges in order to ensure the necessary funds are held. Where a homeowner is unable to pay immediately and lives in the property, we will offer a range of payment options.

6.7. Service Charge Setting & Monitoring

- 6.7.1. We will consider a variety of factors when preparing service charge estimates, including inflation, prior and current year actual expenditure and any anticipated increases or changes to service delivery.
- 6.7.2. We will review actual expenditure monthly against the estimate to ensure it remains largely to budget. We will communicate any large variances to recognised residents' associations as required and will share quarterly account positions with recognised residents' associations on request.

7. **Lease Extensions, Assignments and Variations**

7.1. Lease Extensions

- 7.1.1. We will consent to lease extensions in accordance with legislation and where the lease allows either via a formal or informal route. For homeowners that don't have the right to extend their lease under legislation, we will consider an extension on a discretionary case by case basis via the informal route. All costs associated with a lease extension will be met by the homeowner, whether or not the transaction is concluded

7.2. Lease Assignments

- 7.2.1. We will respond promptly to requests to assign a lease and will ensure any costs incurred are appropriate and reasonable.
- 7.2.2. Where a Homeowner requests an assignment of the Lease, they will be required to pay their own costs and any costs incurred by Onward (including administrative fees) whether or not the transaction is concluded

7.3. Deed of Variation

- 7.3.1. We will consider lease variations when appropriate where it is deemed necessary and is in the interest of both parties, in particular when a lease fails to make satisfactory provision for a matter outlined in Section 35 of the Landlord and Tenant Act 1987.
- 7.3.2. Where a Homeowner requests a variation to the lease, if we agree to the variation, they will be required to pay their own costs and any costs incurred by Onward (including administrative fees) whether or not the transaction is concluded

8. Homeowner Rights

8.1. Right to Manage

8.1.1. Where a group of homeowners choose to exercise their right to manage, we will provide the information and documents required to facilitate that. Where management of the Estate remains with us, we will work with the new managing agent to ensure that estate charge estimates, and final accounts are issued in line with our standard timescales. Where any Homeowners choose to proceed with the Right to Manage, they will be required to pay their own costs and any costs incurred by Onward (including administrative fees) whether or not the transaction is concluded.

8.2. Collective Enfranchisement

8.2.1. On receipt of an enfranchisement application, we will respond in accordance with the requirements of the Leasehold Reform Housing and Urban Development Act 1993 (as amended).

8.3. Right to Inspect

8.3.1. Where a formal request under section 22 of the Landlord & Tenant Act 1985 (as amended) is received, we will act promptly to ensure that documentation is made available. We will arrange for the inspection of documents to take place at an office closest to the development that has made the request and provide facilities for copies of documents to be taken.

8.4. Change of Managing Agent

8.4.1. Where a landlord opts to appoint a new managing agent, we will work with the new agent to ensure a smooth transition and ensure fund balances are properly accounted for and transferred.

9. Sales & Resales

9.1. Staircasing

9.1.1. We will process applications for the purchase of additional shares by Homeowners in an efficient and prompt manner. The process will be followed as per the terms of the Homeowners Lease, and they will be required to pay their own costs and any costs incurred by Onward (including administrative fees) whether or not the transaction is concluded

9.1.2. The value of the property will be determined by an accredited surveyor of the Royal Institute of Chartered Surveyors (RICS), appointed by us and the cost recovered from the homeowner. All fees associated with the staircasing transaction will be covered by the homeowner,

9.1.3. Where a homeowner is not permitted to staircase to 100%, we will explain this clearly and refer them to the relevant part of their lease.

9.2. Re-Sales

9.2.1. We will assist in the sale of shared ownership properties where the percentage owned by shared owner is less than 100%. We will attempt to find a buyer for the percentage share owned, within the nomination period (where one is provided) as set out in the lease or should this not be applicable, we will

let the homeowner know in writing to save delay in the property being marketed for sale.

- 9.2.2. We will provide initial guidance to homeowners wishing to sell their homes, we will be clear from the onset about our role in the re-sale and will communicate with the appropriate parties to the sale when required. We will provide information to solicitors when requested and will charge a reasonable fee where appropriate.
- 9.2.3. We will allow “back-to-back” staircasing for those shared owners who wish to sell 100% of the value of their property on the open market (if the lease allows it). In all cases of “back-to-back” staircasing the value of the property must be determined by an accredited surveyor of the Royal Institute of Chartered Surveyors (RICS) , the cost of the survey will be payable by the homeowner.
- 9.2.4. In addition to their own legal costs, all our costs associated with a re-sale will be met by the homeowner, whether or not the transaction is concluded

10. Death of a Homeowner

- 10.1. When we are notified of the death of a homeowner (s) we will act sensitively and allow the family a reasonable amount of time to deal with the estate or the transfer of the property. We will work with the executor of the estate or legal representative to ensure that account is kept up to date and that the resale or assignment process is a smooth and quick as possible.

11. Permissions

11.1. Subletting

- 11.1.1. Whether or not subletting is permitted is dependent on the terms of the relevant lease, Generally, shared ownership leases do not permit shared owners to sublet before staircasing to 100% ownership of the property. We will act in accordance with the lease in relation to requests to sublet. Where a lease allows sub-letting with prior consent, the homeowner will be required to make a formal request in writing, enter into an agreement, and pay an administration fee. If the property is mortgaged the homeowner may need the consent of their lender to sub-let.
- 11.1.2. Consent to use a property for short term lets or as Airbnb rentals will **not** be given.
- 11.1.3. Where a lease expressly prohibits sub-letting, and the homeowner sublets without our permission we will treat this as a breach of the lease and may take appropriate action if we discover sub-letting has taken place, which could lead to legal action to recover possession of the property

11.2. Alterations and Improvements

- 11.2.1. Where the Lease or Transfers states that the homeowner requires consent from the Landlord to obtain permission before carrying out any adaptations or improvements to their property, the homeowner must approach us in writing to make a request. We will not unreasonably withhold our consent, should consent be granted it will be in written form.

- 11.2.2. If a surveyor is required to attend the property for inspection prior to the works commencing, or post completion, further fees will be payable.
- 11.2.3. Where consent is granted and there is a need for a legal document to be drafted granting consent, the leaseholder will also be liable for the payment of an administration fee for the provision of the same.
- 11.2.4. If a Leaseholder makes alterations without our consent, they are likely to be in breach of the lease or transfer, which can have serious consequences. If we have not given consent or withhold our consent and the leaseholder proceeds with the alterations, we may seek a legal remedy to ensure the property is reinstated to its previous condition or do this ourselves and charge the leaseholder for the works.
- 11.2.5. If leaseholders seek retrospective consent for alterations and consent is subsequently given this will attract a higher administration fee.
- 11.2.6. We will not give permission for homeowners of flats to access, use for storage or any other purpose, adapt or improve any loft space. We will not grant permission for any alternations that are expressly prohibited by the lease.

11.3. Pets

- 11.3.1. Where the lease prohibits the keeping of any or specific types of pets, we will not grant permission for a pet to be kept and will require that any pet already in the home is removed. A reasonable amount of time will be allowed to allow the owner to re-home the pet.
- 11.3.2. Where the lease allows pets to be kept with permission, or where the lease is silent on the keeping of pets, the homeowner is required to complete a pet application form and pay an admin fee before a decision will be made. Decisions on whether to allow pets will be made in line with current procedures.

12. **Management Services**

12.1. Inspections and Estate Management

- 12.1.1. We will carry out a scheme inspection at each site where a management fee is charged. For properties with a shared internal communal area these inspections will take place monthly, for other properties inspections will be carried out every two months. These inspections will principally be to make sure the block and estate are properly maintained in accordance with the service contracts in place
- 12.1.2. During inspections, we will quality check gardening, cleaning, and window cleaning services, where provided, to ensure standards are met. Customers are encouraged to feedback on these services.

12.2. Repairs & Maintenance

- 12.2.1. Our repairs service is provided by a third-party repair contractor under a long-term agreement, which is managed and monitored by our Property Team.

12.2.2. We will undertake day-to-day repairs that we are responsible for under the terms of the Lease in a timely manner using a schedule of rates. Our repairs service standards are published on our website.

12.3. Major and Cyclical Work

12.3.1. We will aim to carry out a stock condition survey every 5 years to ensure that we have current and up to date knowledge on the condition of our properties. We will share the programme of repairs with homeowners so they know what major expenditure to expect and can plan accordingly.

12.3.2. All works undertaken will be in accordance with the terms of the lease and works which require Section 20 consultation will be dealt with in line with legislation.

12.4. Improvements

12.4.1. Where we are undertaking major or cyclical works, we will consider the need to improve existing systems and services and where the need can be justified, we will carry out improvements. Where a lease does not include an improvement clause, we will replace those items with like for like unless the item is obsolete.

12.5. Compliance

12.5.1. We will ensure compliance with our Landlord Obligations for Health and Safety by carrying out regular fire, emergency lighting, and electrical safety checks. We will comply with all current legislation including the Building Safety Act, Fire Safety Act, Health and Safety Act and any other legislation that will ensure we keep our customers safe.

13. **Insurance**

13.1. Where required under the terms of the lease, we will provide block building insurance cover for all of our leasehold blocks of flats and shared ownership houses, unless there are contractual terms in place that require otherwise. For example, the Lease requires the Leaseholder to insure the building. We will provide homeowners with details of the insurance on request.

13.2. We will insure the Building and Communal areas and recover the costs from homeowners. We do not provide contents insurance cover, and homeowners should ensure they have sufficient contents cover in place.

14. **Breaches of the lease**

14.1. It is the homeowners' responsibility to read and understand their lease to ensure they do not breach any of the terms. Where we identify a breach of lease, we will contact the homeowners in the first instance and request that they remedy the breach within a defined timeframe.

14.2. If the breach is not remedied within the specified timeframe, we reserve the right to take legal action which may include seeking an injunction and as a last resort applying for forfeiture of the lease. Should we decide to commence forfeiture proceedings we will also contact the Mortgage Lender (If applicable) and notify them of the pending court action.

- 14.3. Fees may be applied to cover the cost of staff time in addressing any breach of lease. We will always seek to recover any legal fees associated with addressing breaches of lease which are at the subject of the court's discretion.
- 14.4. We will take legal action to secure arrears where appropriate and in line with the Income Management Policy and Bad Debt Policy

15. Exceptional Circumstances / hardship

- 15.1. We understand that some homeowners may face financial hardship which may affect their ability to pay service charges or rent, to staircase or to afford mortgage repayments.
- 15.2. We are sympathetic to leaseholders who find themselves in financial hardship and will refer leaseholders to our Financial Inclusion Team and external services so they can obtain debt and financial management advice and support. In cases where homeowners cannot pay their rent or service charges; we will make reasonable repayment arrangements based on the individual circumstances of the customer.

16. Complaints

- 16.1. Onward will aim to address any dissatisfaction with services informally. However, where a customer makes a formal complaint, this will be addressed under the Complaints Resolution Policy.
- 16.2. Service Charge disputes, where a customer is querying the level of charges or any surplus or deficit, will be logged in the same way as a complaint but the customer will not be given the option of having their complaint reviewed by the Ombudsman. Customers who remain dissatisfied with the response to their service charge dispute at stage two, will be given the details of the First Tier Tribunal so that the reasonableness of charges can be determined.

17. Responsibility and monitoring

- 17.1. The Director of Housing and Home Ownership is accountable for ensuring this policy is legally compliant and reviewed and updated as required. The Head of Homeownership is responsible for producing the policy, ensuring it is implemented and work practises throughout the organisation are compliant with the policy.

18. Legislation/Regulations

- 18.1. This policy complies with the following relevant legislation:
 - Landlord and Tenant Act 1985 (as amended by S151 of the Commonhold and Leasehold Reform Act 2002)
 - Landlord and Tenant Act 1987
 - Leasehold Reform Housing and Urban Development Act 1993 (as amended)
 - Leasehold Reform Act 1993 (as amended by the Commonhold and Leasehold Reform Act 2002)

- Service Charges (Consultation Requirements) (England) Regulations 2003
- Fire Safety Act 2021
- Leasehold Reform (Ground Rent) Act 2022
- Building Safety Act 2022

Linked documents:	Bad Debt Policy Complaints Resolution Policy Income Management Policy Major Works – Payment Policy
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