

Leaseholder handbook

(shared ownership properties)

Home Group is a leading provider of affordable housing in the UK. A wide range of homes for families and individuals is provided throughout England and Scotland.

Our commitment to Deliver Quality Services

We will:

- Provide clear information about the service we offer to the scheme where your property is situated and all the costs involved;
- Provide clear details for office hours and out-of-hours contact;
- Deal with your phone and correspondence enquiries in an efficient and helpful way;
- Arrive promptly if we agree to visit you;
- Provide maintenance services that meet lease requirements and cost constraints;
- Ensure that our maintenance operatives and contractors will: wear identification badges; be polite and friendly; maintain a safe environment whilst working as well as cleaning up afterwards;
- Agree bespoke services for leasehold-only schemes (where possible) to accommodate the schemes collectively agreed requirements (via the scheme service charge).

Your Lease

When you purchased your home you became a leaseholder. Home Group is the landlord or managing agent and the lease is the legal document that sets out the rights and responsibilities of both the leaseholder and the landlord. It also contains specific information relating to the property and the scheme as well as the surrounding estate (if any) that it is situated within.

If you have bought your home on a shared ownership basis your lease will be specific for that type of ownership. Most of the following details will apply to you (except where it is stated that this is not the case) but you can also go to page 14 to see details of the factors that are specific to shared ownership.

The structure of leases varies quite a lot from scheme to scheme depending on when your property was originally built but the main factor is that the lease is assignable.

This means the lease is assigned on sale with the un-expired period passing to the new owner. For example the owner of a 99-year lease transfers the lease after five years to a new buyer, who then acquires the remaining 94 years.

Your lease contains information on:

- The original purchase price;
- The boundaries of the property;
- Service Charge information;
- Details about Reserve Funds (for long-term repairs to the building and estate where your property is situated);
- Details about selling the property;

- The type and term of the lease;
- The commitments you have made as well as your responsibilities & Home Group's obligations as landlord.

Your responsibilities include:

- Paying the service charge on time;
- Paying utility bills (if not included in the service charge);
- Redecorating and maintaining your home and contributing to the cost of maintaining the common parts;
- Obtaining written permission before carrying out alterations and improvements within your property;
- Not altering the structure of the building;
- Adhering to the management arrangements for your scheme (sometimes called covenants).

Home Group's responsibilities include:

- Providing buildings and public liability insurance in accordance with the lease;
- Maintaining, repairing and redecorating the external structure and communal areas of the scheme under the terms of the lease, at the collective expense of all the leaseholders;
- Collecting the service charge and reserve fund contributions;
- Providing information on the service charge;
- Keeping accurate accounts and presenting them to leaseholders within six months of the end of the financial year.

If you do not comply with the terms of your lease, you could risk losing the right to live in your home.

We will offer advice where we can and suggest some external agencies that you can go to for help (see the list at the back of this handbook). We will make every effort to help you resolve issues that may arise so that you can find the best solution for your circumstances.

Lease extension

Under the Leasehold Reform Housing and Urban Development Act 1993, many leaseholders who own 100% of the value of their property have a right to extend the lease of a flat for 90 years longer than their existing lease or for 50 years in the case of a house.

This facility does not apply to shared ownership leases although it may be possible after full staircasing.

We will provide you with further details on how to arrange to extend your lease when you indicate you might be interested in arranging to do this but we also recommend you obtain independent legal advice.

A valuation (by a qualified, registered valuer) will determine how much you will need to pay to extend your lease and you will also need to pay all the legal costs involved including those incurred by Home Group.

Service charges

The service charge will be specific to the scheme where your property is situated and the details stated in your lease. You will have been provided with a breakdown of the service charge when you bought your property.

The following is an example list of the kinds of costs that might be included depending on your property type and lease terms:

Buildings and public liability insurance (including lifts where applicable);

- Day-to-day repairs to the exterior and communal areas and maintenance of scheme services (e.g. lift, entry phone, fire equipment, communal heating systems, alarm systems, pumping systems, parking areas, bin stores, playgrounds etc.);
- Health & safety contracts e.g. testing of communal gas & electrical supplies, alarm systems and appliances in communal areas; fire escape-route signage, risk assessments and associated works;
- Lighting and heating of communal areas;
- Gardening and maintenance of the communal grounds that is specific to your scheme as well as the wider estate (including access way, drives and car parking facilities);
- Window cleaning of all communal areas in blocks of flats;
- Cleaning internal and external communal areas;
- Water charges (where these are billed collectively instead of direct to leaseholders);
- Home Group's costs for managing the scheme, and for auditing and certification of the accounts (in some schemes this may be done by an independent auditor).

Your lease may allow for the collection of ground rent which is a payment made to the freeholder in respect of the land on which a leasehold property is built. It will be invoiced separately from your service charge according to the terms of your lease.

If your lease allows for the collection of reserve fund, sinking fund or building fund your contributions may be collected with your service charge or charged separately on an annual basis.

Financial planning for your scheme

The service charge year will be stated in your lease but often runs from April to March.

An estimate of expected costs for the coming year will be provided before the beginning of the relevant accounting year: you may be invited to comment in writing or to attend a meeting to discuss the expected costs of any major works that may be planned before the charge is finally confirmed.

Formal service charge demands will be issued in time for you to make your payments in accordance with the terms of your lease (this may be monthly, quarterly or annually).

We are committed to obtaining value for your money in all areas and will continually review service contract arrangements and costs so we can be confident that we offer a realistically priced service that has been competitively tendered.

Service charge accounts

Within six months of the end of the financial year you will be sent a copy of the service charge accounts. You are invited to respond, in writing or by phone, with any concerns or, on some occasions, to attend a meeting at which the accounts can be discussed.

End of year balances

If the actual expenditure varies from the estimated costs, there may be a surplus or deficit. According to the terms of your lease you may be invoiced for any deficit or, as with surpluses, the balance will be carried forward to the following year.

Reserve fund, building fund and sinking fund

Your lease will state if one or more of this type of fund can be collected and the way you are required to contribute. Some leases allow for a contribution from the value of a completed sale, some may require a regular payment each year whereas others use both these methods of payment.

The fund must be held on deposit and attract interest at current market rates.

Funds like this are created to build up sums to help cover the cost of large items of infrequent expenditure e.g. replacement or repair of lifts or door entry systems and structural elements like roof, brickwork repointing or renewal of render or timber cladding, rainwater equipment, windows or doors that are indicated as a communal responsibility in the terms of your lease.

The fund will also be designed to include the cost of redecoration of communal parts of blocks of flats which will usually happen on a regular basis. This type of work might include inside and outside painting of all previously painted surfaces in communal entrances and stairwells of blocks of flats or maisonettes for example.

Calculating the required amount to be contributed by leaseholders

We calculate how much is needed to be collected into the fund on the basis of a Stock Condition Survey of your scheme (as required) that details the work that is expected to be required and forecasts potential costings estimated over a 30 year period.

You can ask to see the stock condition survey and cash flow details for your specific scheme so that you know what work is expected and how the costs might affect you.

Leaseholder's involvement

Your views are important and we will involve you in decisions that are taken about your home and the scheme where you live. We will use a variety of methods, including meetings, formal and informal ballots or surveys. In addition we will seek to maintain good communication with you.

We will ask for feedback from you on our approach to managing your scheme and you are invited to respond to letters advising you about service charges, year-end accounts, redecoration works and other maintenance projects.

Consultation and the Law (“Section 20”)

Whenever work is planned (or required as an emergency) at your scheme that may cost £250, or more, per Leaseholder OR we want to arrange a service contract that will last for more than 1 year and may cost more than £100 per Leaseholder per year, the law requires us to go through a formal consultation process.

This consultation process is called “Section 20” as it relates to that numbered section of the Landlord and Tenant Act 1985. A series of formal notices are involved, allowing you time to comment on proposed work and receive formal responses from us.

In some cases, the first letter of consultation will invite you to nominate an appropriately qualified contractor to be included in the tendering process.

Sometimes this legal requirement may mean that works projects will take longer to arrange than you might expect. But it does allow us to make sure that you are fully involved, that your views are considered and you know the personal and financial implications when any work is being done at your scheme.

Residents’ associations

Residents’ associations can be a really useful way to enable leaseholders to have collective involvement in the management of their scheme.

The association can be formally recognised by Home Group provided there is a formal constitution, an elected committee and it has a representative membership of at least 51% of all leaseholders at the scheme.

Recognised status gives certain rights to the officers of the association in acting on behalf of its members (these rights already being available to all individual leaseholders) including:

- The right to nominate a contractor for qualifying works and long term agreements, and for the secretary to receive a copy of the proposals before going out to tender;
- The right to receive a summary of insurance cover on receipt of a written request;
- The right to have access to Service Charge costs and expenditure receipts.

Repairs & maintenance

Your lease gives you the details of repair and maintenance responsibilities for your property and the scheme where it is situated. Home Group arranges for the repair and maintenance of those parts of a block of flats that are structural and for the communal facilities within the building and the grounds of the scheme. If your property is not part of a block of flats the maintenance arrangements will be slightly different.

If you bought a new property you will have been provided with user manuals and guarantees for white goods and equipment (like heating, solar panel or rain water harvesting systems for example) that were included in the sale and also with a New build guarantee (a form of insurance) that protects your property against serious structural defects that are determined within 10-12 years of the original build completion date.

Leaseholders pay for the costs of all communal repairs and maintenance work through their service charge.

If you think that repairs are needed in your scheme you should contact your local management team. We aim to carry out repairs as soon as possible, having regard for the nature of the work, any emergency situations and the legal consultation requirements.

Buildings insurance

The cost of this is included in your service charge and the policy is reviewed annually to ensure there is appropriate cover. The policy is a bulk contract that covers all properties where Home Group has an insurance responsibility so it will not specifically detail your property address or scheme. You will have been provided with policy details when you bought your property and a summary of the current policy is available upon request (you may need this to prove insurance cover to your mortgage provider).

If a situation occurs that means you want to make a claim we can provide an application form for you to return to the insurer or you can contact the insurer direct. If the claim directly affects the communal areas of a block of flats we may be required to be involved in the claim process

Contents insurance

You will need to arrange your own contents insurance.

Living in your home

There are lots of different aspects to living in your home as part of a community. The following notes give some guidelines and suggestions about issues that may affect you.

Health & safety

You have the right to feel safe in your home and we take a range of health and safety precautions to ensure that properties are as safe as possible. Front doors to flats and doors within the communal areas of a block will all be fire retardant. Fire risks are regularly monitored with prompt repairs and reliable maintenance contracts for alarm systems and equipment.

Anti-social behaviour

You have the right to live peacefully in your home and have a responsibility to ensure that your own behaviour does not upset anyone else.

The Home Office defines anti-social behaviour as conduct capable of causing nuisance or annoyance and can include anything from minor disputes between neighbours, to severe nuisance, harassment and domestic violence.

We will work closely with you if you experience problems of anti-social behaviour and try to find a suitable solution. We will fully investigate serious situations, liaise with other agencies like the police and local authorities when needed and may consider involving an independent mediator. Home Group takes the matter of anti-social behaviour very seriously and in some cases it may be necessary for us to take legal action.

Alterations, adaptations and additions to your property

We recognise that you may want to update or make changes to your home in order to maintain value, allow for increased family numbers or to help with mobility or access issues. You will need to ask for written permission to make alterations or additions and your lease will indicate if there are some things that are not allowed. We will ask you to provide full details of the proposed work with proof of planning permission (where required) and we will be pleased to support you in deciding the best way to achieve your requirements in line with the terms of your lease. Please note that Home Group may make an administration charge for providing formal permission to carry out alterations or additions to your property.

Pets

Your lease will state if there are any restrictions to keeping pets in your home and how you to ask for written permission if pets may be allowed.

Generally we do not allow cats and dogs to be kept in blocks of flats although this restriction may not apply for properties with private gardens.

If you are given permission to keep a pet at your home we will ask you to sign a contract and will make clear that if the pet becomes a nuisance, or cannot be cared for due to the Leaseholder's ill health, alternative arrangements will need to be made.

Parking

Parking facilities may be offered at some schemes and spaces may be allocated specifically or be shared spaces for general use. Some schemes with private car parks may use a permit system with local rules and the details of these arrangements will be available from your local management team.

Use of communal facilities

Schemes vary in the way that they have been designed and some will have communal grounds & facilities for residents to use on a shared basis. Whatever these shared facilities are at your scheme they are intended to be enjoyed by all residents and their guests so we ask everyone to act respectfully and to comply with any guidelines that are produced locally.

Complaints

If you are unhappy with the service we are offering to you or you wish to complain about a particular aspect of our management of the scheme where you live you can use our formal complaints process. We always hope to resolve your complaint at your first point of contact with the local team, Customer Contact Centre or scheme manager (if applicable) but if this is not possible the Stage 1 complaint process is dealt with by Home Group's dedicated complaints team and allows 20 days to investigate your complaint before providing a formal response in writing.

If you are not happy with the response and contact the Complaint Solutions team within 8 weeks of receiving that formal response, the Stage 2 process will commence and 20 days is allowed for a further investigation by an appropriate manager before the formal response is provided to you. If you remain dissatisfied you can ask for a Customer Panel review or raise the matter with the Housing or Property Ombudsman (see 'Useful Contacts' at the back of this handbook).

Selling your home

We need to know when you want to sell your property and our in-house sales and legal teams will assist you with the process.

When you bought your property we provided you and your solicitor with all the information you requested in order to make informed decisions about your purchase.

When the time comes to sell your property you will need to let the local management team and our legal team know and they will liaise with you to facilitate your sale in the best possible way. Your lease may allow us a particular length of time to try and find a potential buyer for your property before the property can be marketed openly, either by us or by a private estate agent you employ.

Your legal rights

There are a number of specific legal rights that you enjoy as a leaseholder which include the following.

Information:

- Your landlord must clearly state their name and a contact address (within the UK) on every demand for Service Charges and a copy of the summary of 'Rights and Obligations' must also be included;
- Leaseholders can demand details of the service charges (including details of all types of insurance cover) and have the right to inspect accounts and other supporting documents

Consultation / 'Section 20':

- Your landlord cannot carry out major works to the building or estate where your property is situated without first consulting the leaseholders; if the landlord fails to do this, they may not be able to recover all the costs;
- Your landlord cannot enter into certain service agreements or contracts that will last for more than 12 months without first consulting the leaseholders.

Challenging charges:

- Leaseholders can apply to the First Tier Tribunal (Property Chamber) to seek a determination of the reasonableness of service charges and administration charges (for example, consents for alterations and sub-letting, or fees for providing information on resale), whether already paid or not.

Right to manage:

- Leaseholders can choose to (collectively) apply to the First Tier Tribunal (Property Chamber) to change the management of a building or scheme, whether it is deficient or not. This is a 'no fault, no compensation' process that allows leaseholders as a group to decide the management arrangements for their property.

Extending a lease:

- an individual leaseholder (but not a shared owner) who satisfies certain conditions can purchase a new lease from the Landlord and can apply to the First Tier Tribunal (Property Chamber) to enable this process if their Landlord does not agree a fair price.

Buying the freehold:

- This process is called 'enfranchisement'. Individuals or groups of leaseholders (but not shared owners) who satisfy certain conditions can purchase the freehold of their property and can apply to the First Tier Tribunal (Property Chamber) to enable this process if their Landlord does not agree a fair price.

Management fee

We charge you a management fee for the regular services we provide in maintaining the scheme where you live and include this fee within your service charges.

Your lease may indicate a maximum figure that can be charged and may also say what administration fees may also be charged for providing extra services in addition to the regular services. Details of fees for extra services, like the contract management of major works projects for example, can be provided upon request.

Services covered by your management fee:

- Management staff recruitment & employment; office provision & equipment costs;
- Management information provided to our home owner customers;
- Management of estate & property reviews (for contract monitoring purposes);
- Management of day-to-day communal repair requirements;
- Management of complaints (anti-social behaviour, equality & diversity etc.);
- Liaising with external management companies and freeholders;
- Management (but not procurement) of regular service contracts;
- Management of health & safety arrangements (e.g. arranging contracts to assess and address fire risk requirements);
- Maintaining records;
- Consultation with home owners on management matters, major works and long term agreements;
- Liaising with recognised residents' associations (significant involvement for major projects may result in an extra charge being levied);
- Managing requirements of local and statutory authorities regarding operation of or improvements to communal services as necessary;
- Liaising with First-tier Tribunal Property Chamber (leaseholders only): determination of reasonableness of charges & 3rd party management fees;
- Management, accounting & administration of rent and service charges (as applicable) in accordance with lease and statutory requirements;
- Preparation and distribution of service charge estimates, budgets & accounts;
- Consultation with leaseholders on scheme financial planning;
- Holding account meetings with residents as required following challenges by leaseholders (maximum one per annum);
- Collecting routine service charge arrears (but not legal action or First Tier Tribunal submissions);
- Management & administration of buildings and public liability insurances;
- Collecting and accounting for insurance fees & liaising on leaseholder claims;
- Liaising with insurers & managing insurance claims for communal areas.

Shared ownership

The shared ownership approach to property purchase is a model supported by government that enables you to buy a percentage of the value of a property when you are unable to afford to buy on the open market. You pay a reduced rent (called 'specified rent') on the un-purchased equity and can increase the percentage you own in the future when you are able to afford it (this is called 'staircasing').

When you buy your property you sign a lease: this is the contract which states all the terms and conditions of your ownership. It includes the formula that will be used to calculate future rent increases when the rent is reviewed annually.

You pay:

- Mortgage (direct to your lender);
- Specified rent based on the original value of the property x the percentage value you have not yet bought x 3% (or a percentage stated in your lease);
- All the costs of repairing and maintaining the property as if you owned it outright;
- Service charge (including buildings insurance and our management fee);
- Your council tax, utilities bills and contents insurance costs.

Shared ownership lease terms & conditions

Your lease includes some restrictions that may be removed once you purchase the maximum allowed value of the property (100% or a lower figure stated in some leases which have been designed to ensure the property remains an affordable housing asset). Your solicitor can advise you about the exact terms and conditions that are stated in your specific lease.

The following restrictions are an example of those that usually apply:

- You must live in the property yourself and use it as residential property for the benefit of yourself and family only;
- You cannot sublet to someone else;
- You cannot run a business from the property;
- You cannot make structural alterations or add to the property;
- If you wish to make alterations to the inside of your property that are of a non-structural nature you will need formal permission in writing from Home Group.

Remortgage

When you bought your property you had to register your mortgage details with Home Group. If you took out a mortgage with a fixed term you will have to negotiate a new mortgage rate and term before the expiry of your current mortgage and you must contact Home Group before you finalise these arrangements as your new mortgage will need to be registered.

Additional borrowing ('further advance')

If you want to increase the amount of your mortgage in order to fund improvements to your property or for financial management reasons, you must contact Home Group before you talk to your lender. This is because we can usually only agree to you increasing the amount of the mortgage by no more than 25% of the increase in the value of your property since your original purchase. We will help you understand restrictions that may affect your plans and then any new mortgage would need to be registered with us as before.

Buying more equity or shares in your property

When you think you would like to buy more of the equity or 'share' of your property you can contact our sales team for advice. It is generally best not to buy less than 15% at a time as you will be responsible for all the legal and financial assessment costs of the process.

Selling

You can sell your share of the value of your property but this usually has to be arranged through Home Group. You will pay for an open market valuation of your property and we will let you know if there are any other requirements. Usually there is a fixed period of time for Home Group to try and find a potential purchaser for you (there may be restrictions in your lease about who can purchase) and after that time you can advertise with an estate agent. Contact your local team and they will let you know what happens next.

Equality and diversity

Home Group is committed to ensuring that equality and diversity are at the heart of all we do as we understand the value that diversity brings to our organisation. We actively contribute to the elimination of discrimination and take steps to redress its negative effect.

We try to make sure that our services reflect the diversity of the communities we work in and are responsive to different peoples' needs.

Legal information

Home Group is a leading provider of affordable housing in the UK.

A wide range of homes for families and individuals is provided throughout England and Scotland.

Home Group Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014 (registered number 22981R). It has charitable status but is exempt from registration with the Charity Commission – it is a "charity" but not a "registered charity". Home Group Limited is a Registered Provider of Social Housing (Homes and Communities Agency registered number L 3076).

Home in Scotland Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014 (registered number 1935R(S)) and is a charity registered with the Office of the Scottish Charity Regulator (Scottish Charity No. SC005247). Its registration number with the Scottish Housing Regulator is HAL90. The legal relationship between Home Group Limited as 'parent' and Home in Scotland Limited as 'subsidiary' is documented principally within the rules of Home in Scotland Limited and within a Joint Arrangement Deed.

Contact us

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www.homegroup.org.uk

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Belmont Business Park,
Durham DH1 1TW
Tel: 0191 3324930

Home Group (South):

PO Box 1173
Harrow
Middlesex
HA1 9NJ
Tel: 0208 8619045

Useful contacts

Leasehold Advisory Service (LEASE)

Fleetbank House
2-6 Salisbury Square,
London
EC4Y 8JX

Tel: 0207 8322500

Email: info@lease-advice.org

www.lease-advice.org

This is an organisation funded by Government to provide free legal advice on the law affecting residential leasehold and commonhold property.

Their web site offers a valuable selection of advice guides for leaseholders and you can also contact them by phone to discuss concerns about the management of your leasehold property.

The LEASE mediation service provides a way to settle a dispute without the need to go to court or Tribunal by enabling the parties to discuss the problem in an informal setting with a LEASE mediator who helps them to clarify the issues and to reach an agreement.

Resident Property Tribunal Service

HM Courts & Tribunal service website

www.gov.uk/residential-property-tribunal-offices-and-venues

Northern region

HM Courts and Tribunals Service

1st Floor, Piccadilly Exchange

2 Piccadilly Plaza

Manchester

M1 4AH

Email: rpnorthern@hmcts.gsi.gov.uk

Telephone: 0161 237 9491

London

HM Courts and Tribunals Service

10 Alfred Place

London

WC1E 7LR

Email: rplondon@hmcts.gsi.gov.uk

Tel: 0207 446 7700

Southern region

HM Courts and Tribunals Service

Ground Floor

Magistrates' Court and Tribunals Centre

6 Market Avenue, Chichester

West Sussex

PO19 1YE

Email: rpcsouthern@hmcts.gsi.gov.uk

Tel: 01243 779 394

The Homes & Communities Agency (Regulator of registered providers of affordable housing)

www.gov.uk/government/organisations/homes-and-communities-agency

Housing Ombudsman Service

81 Aldwych

London

WC2B 4HN

Tel: 0300 111 3000

E-mail: info@housing-ombudsman.org.uk

www.ihos.org.uk

ARHM (Association of Retirement Housing Managers)

C/o EAC, 3rd Floor

89 Albert Embankment

London

SE1 7TP

Tel: 020 7463 0660

E-mail: enquiries@arhm.org

www.arhm.org

Age UK

Tavis House

1-6 Tavistock Square,

London

WC1H 9NA

Tel: 0800 1696565

www.ageuk.org.uk

Citizens Advice Bureau

Your phone book will show local numbers and addresses

www.citizensadvice.org.uk

Elderly Accommodation Counsel

3rd Floor, 89 Albert Embankment

London

SE1 7TP

Tel: 0800 3777070

www.firststopadvice.co.uk

www.housingcare.org.uk

The Property Ombudsman Limited

Milford House, 43-55 Milford Street

Salisbury

Wiltshire

SP1 2BP

Tel: 01722 333306