



## **Homeowner Policy (Shared Ownership, Freeholder and Leaseholder)**

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## 1. Introduction

- 1.1 This Policy sets the general parameters for how Ekaya Housing Association (Ekaya) will interpret its policies when applying them to homeowners who receive some form of service from us. This policy does not apply for social tenant (General needs residents)
- 1.2 This Policy is predominantly intended for shared owners and leaseholders, but where we provide some services to freeholders, relevant parts will apply.
- 1.3 This Policy is an overview statement, supported by policies either specific to homeowners or general policies for Ekaya residents.
- 1.4 The terms 'you' and 'your' in this Policy mean homeowners (including leaseholders, shared owners and freeholders). The terms 'we', 'our', and 'us' mean Ekaya Housing.

## 2. Policy Statement

- 2.1 Ekaya provides services to residents who are shared owners, freeholders and leaseholders that have exercised their Right to Acquire.
- 2.2 The objectives of the policy are:
  - To comply with legislation, regulatory guidance, Codes of Practice and good practice in leasehold management.
  - To ensure neither we nor our leaseholders act outside the terms of each party's contractual agreement with one another.
  - To provide an excellent service to leaseholders within the terms of the relevant lease.
- 2.3 Ekaya will 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.
- 2.4 Your lease and transfer document outlines the responsibilities you must comply with. It is critical you are aware of your obligations as a homeowner, particularly in relation to health and safety. Failing to meet these obligations can have very serious consequences including being evicted and losing your home. Obligations can include something you are required to do, e.g. keep your home in good condition and repair, paying your ground rent and service charge or clarified something you are not allowed to do, e.g. sublet your home out on an 'Airbnb' type arrangement.

We expect you to provide us with access promptly when needed and work with us to minimise the effort and costs involved in addressing necessary actions.

## 3. Scope of Policy

- 3.1 This policy explains how Ekaya manages its homeownership stock. By homeownership stock we are referring to both shared ownership and 100% freehold and leasehold properties (who have exercised their Right

to Acquire).

The overall aim of this Homeownership Policy is to ensure fairness, transparency and regulatory compliance in all key areas of management.

This policy takes into consideration the wide variety of lease types across our leasehold portfolio, and this is reflective of the diversity of our stock.

- 3.2 This policy sets out the broad framework for an efficient, resident focussed service to homeowners which offers value for money. This policy operates within the wider framework of Ekaya policies affecting management and service delivery including *Service Charges; Complaints, Anti-social behaviour; Equality and Diversity*.

## **4.0 Service Delivery and Provision of information**

- 4.1 We will seek to manage our blocks and estates:

- In line with leases and/or other contractual requirements for the benefit of residents
- In line with legal/regulatory requirements and Government policies, including health and safety requirements
- Providing value for money

- 4.2 Ekaya will provide management and related services in accordance with relevant legislation and good practice. We will take appropriate and proportionate action to ensure all relevant parties comply with the terms of the lease.

- 4.3 Where we are providing services, Ekaya housing will seek, as a minimum, to cover the cost of those services by charging individual homeowners.

- 4.4 When it comes to matters affecting the safety of the block or others, Ekaya will act based on our best assessment of the facts and the advice of relevant authorities and/or appropriate professionals and consultants. We will take the strongest action available to make the homeowner comply, and/or undertake the work directly where appropriate. Ekaya will seek all costs incurred from the homeowner.

## **5.0 Repairs Responsibility**

- 5.1 Generally, homeowners are required to maintain the interior of their homes, and to contribute towards the costs of repairing the structure, exterior and internal communal areas of their buildings. The exact description between the homeowner's and Ekaya's responsibilities are be set out in the lease and transfer of deed.

- 5.2 We will recharge all homeowners, shared ownership leaseholders and freeholders on an estate the cost of repairs and maintenance to their communal areas and buildings. Charges are collected through the service charge and will be calculated as specified in the lease and deed to reflect relevant factors such as the number of residences in the building.

### **5.3 Reserve / sinking fund**

**5.4** Where the lease allows, sinking funds will be established to contribute towards major repair and improvement works required to the building/scheme.

### **5.5 Major Works (including Structural Works)**

**5.6** Ekaya will aim to ensure that the costs of any major works which may be required represent value for money and comply with relevant legislation.

**5.7** Ekaya will recover from homeowners all monies due from them towards costs of major works in accordance with lease terms and legislation.

**5.8** Ekaya is not obliged to explore with the homeowner's alternative repayment mechanisms for meeting the costs of major works for which they are liable.

**5.9** We will observe statutory requirements for consultation under *Section 20 Landlord and Tenant Act (as amended)*. This requires Ekaya to consult leaseholders on:

- Proposed major repairs or improvements for which they will be required to pay
- Proposed changes to contracts for long term maintenance services

## **6.0 Staircasing and Resales**

**6.1** The provisions relating to staircasing will be contained in the lease. All shared owners have the option to increase their share in their home, called "staircasing" once they have made their initial purchase. Shared owners will be able to staircase over time to 100% ownership except where specific restrictions apply, such as in rural and older persons schemes.

**6.2** Shared owners will be responsible for their associated costs in completing the purchase.

**6.3** An approved independent valuer will determine the cost of additional shares, the cost of which shall be borne by the shared owner before the valuation is carried out.

**6.4** The valuer will value the property in accordance with the terms in the lease. We will ask the valuer to disregard the added value of any of your home improvements we have given permission for.

### **6.5 Shared Owner Resales**

**6.6** When a shared owner has not staircased to 100% and they wish to sell their share of the lease, we will assist where possible within the nomination period as set out in the lease. Where Ekaya does not nominate within the nomination period, the shared owner can, subject to Ekaya's consent, market and sell their lease.

**6.7** Ekaya does not manage a waiting list of prospective purchasers nor buy back shared ownership properties.

**6.8** Ekaya will ensure that the price for the property is not higher than the open market value, determined by an independent RICS valuation.

**6.9** Upon sale there will be an administration fee payable to Ekaya to recover our costs associated with the sale process. The resale fee to cover our marketing and administrative costs is in accordance with our standard terms and conditions. This may be different from the provisions within the lease.

### **6.10 Lease Variation**

**6.11** Ekaya will consider lease variation requests from homeowners wishing to vary clauses and conditions of their lease. We will charge a fee to consider a variation request and will usually base our decision on the equivalent terms offered by our modern leases, potential detriment to ourselves, and other relevant factors. We will conduct any agreed variations by way of a formal Deed of Variation.

**6.12** Where you request a variation, if we agree to the variation, you will cover all costs including administrative and legal.

### **7.0 Right to Acquire**

**7.1** Ekaya tenants may have the statutory Right to Acquire depending on their current rented home at a discount, providing that both tenant and home meet prescribed criteria. The discount can be up to £16,000, a portion of which must be repaid if the home is sold within five years. 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.

**7.2** Ekaya will advise interested tenants of their eligibility, key considerations, the statutory process, and any other relevant information.

### **8.0 Rents and Service Charges**

**8.1** Rent is set at the initial purchase point based on the percentage of the property that remains in the ownership of Ekaya. Ekaya will set rent levels at the initial market valuation.

**8.2** Upon resale, the rent level charged to the new owner stays the same level that we charged to the previous owner until the rent increase period. It is not recalculated according to the value that is achieved at resale.

**8.3** Rent increases each year are based in accordance with the lease agreement. The annual rent increase will apply from the first date of April each year. Rents will not decrease, even if there is a negative rate of RPI.

**8.4** The rent charged to the owner will be adjusted at each staircasing event to reflect the additional percentage purchased.

**8.5** Service charges will be made where applicable and these will be set out in individual leases or transfer of deed. Irrespective of the equity percentage of the shared owner and leaseholder, they are liable for 100% of the applicable service charges.

**8.6** Freeholders living on an estate are liable for service charges in accordance with the clauses contained within the Transfer of Deed. Ekaya will always endeavour to recover 100% of the service charges.

## 8.7 Ground Rent

8.8 Ground rent may be payable and if it is, it is payable in accordance with the terms of the lease.

## 9.0 Breaches of the Lease

9.1 We will take appropriate action whenever we become aware that a homeowner is in breach of the terms of their lease. Such breaches may include the following:

- Non-payments of rent, ground rent or service charges
- Unapproved works
- Harassment, subletting or anti-social behaviour.
- Improper use of the property
- Failure to maintain, or damage caused to premises
- Refusal of access to Ekaya's officers or contractors

9.2 In all such cases, unless the terms of the lease require an alternative form of action or remedy, Ekaya will first serve notice on the homeowner requiring them to remedy the breach. If the breach continues, further action will be taken, which may include seeking an injunction, or as a last resort, taking action against the homeowner for the forfeiture of their lease.

9.3 Ekaya will request payment in accordance with relevant landlord and tenant legislation and approach the lender for payment of outstanding sums for the homeowner.

9.4 Arrears will be managed in accordance with our arrears procedure and the requirements set out in the lease agreement.

9.5 Where a shared owner is regularly in arrears and lender payments reach an unreasonable level, we will take legal action to:

- Enforce payment in future
- Recover possession of the property (only as a last resort)

9.6 Where a freeholder or leaseholder are unable to meet the terms of the lease, the remedies for the arrears of ground rent and service charge against freeholder and leaseholder is:-

- We will seek **Money Claims through CCJ** in the County Court (which may lead to an Attachment of Earnings Order, Charging Order or Third Party Debt Order – formerly known as Garnishee Order) or - Forfeiture of the lease.
- We will use the Money Claim procedure for arrears of service charge and ground rent. Applying for Forfeiture of the lease will only be a last resort.

## 10.0 Homeowner Involvement

10.1 We will provide homeowners with opportunities for involvement on the same basis to those offered to other residents of Ekaya.

## **11.0 Homeowner consultation**

**11.1** Ekaya will undertake necessary consultation in accordance with the Landlord and Tenant Act 1985 (as amended).

**11.2** Where there is a superior landlord or another such better qualified party (usually this will be the party undertaking the works or their agent) they will undertake the consultation with the homeowners. Ekaya will assist the relevant party with details of the freeholders and leaseholders as needed. For example, this will involve sharing your name and the address of any property where you hold a lease from us. If you have given us a correspondence address, we will also provide that.

## **12.0 Re-mortgaging**

**12.1** Any shared owner wishing to re-mortgage their home must acquire our approval in accordance with their lease. We may refuse an application if the proposed lender is not recognised as an approved lender or if there are restrictions on the scheme, or if they have insufficient equity to secure the proposed advance. Where a shared owner wishes to re-mortgage to release equity, we will consider each case before approving the request.

**12.2** In cases where the leaseholder or freeholder owns 100% of their property, we will not be involved in the re-mortgaging transaction.

## **13.0 Managing Agents**

**13.1** In cases where we pay service charges to a superior landlord, we will devise the service charges to our leaseholders and tenants from these bills. Where we are the superior landlord or managing agent, we will charge for our services in accordance with the lease.

**13.2** Ekaya will work with our superior landlord management agents and those appointed by third-party building owners to ensure they adhere to the management agreement and leases in respect of the upkeep of estates and/or buildings that they are responsible for.

## **14.0 Alternative accommodation**

**14.1** If you need to vacate your property (most likely to allow for works to be done), you are responsible for finding and funding your own alternative accommodation.

**14.2** Should the need to vacate a property be as a result of an insured peril, the building insurance may cover the cost of alternative accommodation. You should deal with all matters directly through your own insurance.

## **15.0 Administration fees**

**15.1** Administration fees are separate to our yearly management/administration charge which form part of the annual service charge bill. They will be charged where they are provided for in the lease. Ekaya will charge administration fees for some services provided to homeowners that are not specified in the lease, for example the cost incurred to Ekaya due to re-mortgaging and selling of your property.

**15.2** We will set our administration fees at market rates complying with any

statutory and contractual requirements. The fees we charge will be regularly reviewed and benchmarked with other social housing providers to ensure they are both reasonable and affordable.

## **16.0 EQUALITY AND DIVERSITY**

**16.1** Ekaya recognises the needs of a diverse population and always acts within the scope of its own Equality and Diversity Policy and the Equality Act 2010. Ekaya will always take into account vulnerability when managing a decant.

## **17.0 Links to other policies**

- Arrears management
- Anti social behaviour policy
- Complaint policy
- Repairs and Maintenance policy
- Equality and Diversity Policy

## **18.0 Relevant Legislation (this list is not exhaustive)**

This policy is informed by the following regulation and statute:

- Landlord and Tenant Act 1985
- Landlord and Tenant Act 1987
- Leasehold Reform, Housing and Urban Development Act 1993
- Commonhold and Leasehold Reform Act 2002
- Housing Act 1985, 1988, 1996 as amended
- Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017

## **19.0 POLICY APPROVAL**

This policy will be reviewed once every three years except where there is a need to take account of any changes to legislation, regulation, or good practice.

**Approved by:** Policy & Performance Committee

**Policy Author:** Housing Services Manager

**Policy Owner:** Head of Service

**Consultation completed July 2024**

**Review gateway:** Policy & Performance Committee

**Next review date:** *July 2027*