

## **Policy Name: Leaseholder Assistance Policy**

### **1. Policy Summary...**

The policy defines the advice and support we will provide to leaseholders in dealing with unforeseen financial/emotional or physiological difficulties or circumstances.

### **2. Policy Principles**

- 2.1. We recognise that Leaseholders are homeowners. We also understand there may be exceptional circumstances where a Leaseholder may need support.
- 2.2. We understand that our legal relationship with Leaseholders may be impacted by external factors such as, whether we are the freeholder, funding arrangements, legal charges, covenants and other obligations. These will be considered in our decision making.
- 2.3. This policy sets out our approach to what support or signposting we may be able to offer depending on the individual circumstances of the Leaseholder.

### **3. It applies to ....**

- 3.1. The policy applies to all Midland Heart Leasehold (excluding Leasehold under Retirement Living Plus and Mutuals)/Right to Buy/Right to Acquire customers, and describes the processes under which we may assess their needs.

### **4. Definitions**

- 4.1. **Leaseholder:** This will be the individual (or joint individuals) who are named on the lease/legal papers as owners.
- 4.2. **Shared Owner:** An individual (or joint individuals) who own their property on a part ownership/part rental arrangement.
- 4.3. **Covenants:** The clause in a lease that defines responsibility or confirms what can or can't be done by the Landlord or Leaseholder
- 4.4. **Buy Back Clause:** The purchase of all the Leasehold interest held by the Leaseholder in their home.
- 4.5. **Downward Staircasing:** Reducing the shares owned by the Leaseholder to a share above 0%.

### **5. Rent and Service Charge Payment Holiday (Deferral)**

- 5.1. Leaseholders may own their own home outright (as a Leaseholder) or as a Shared Owner (where a certain percentage is owned, and the remainder is rented from us). We understand that Shared Owners will pay a rent and mortgage payment on their home and that rent is payable until they own their home outright.
- 5.2. A rent and service charge payment holiday (deferral) may be given up to a maximum of 6 months. This will only be applied where the Shared Owner or Leaseholder can evidence exceptional circumstances and/or severe financial hardship. In deciding we would need to consider all relevant factors and would set out the terms to the Shared Owners/Leaseholder if agreed.

- 5.3. Any period of a rent and service charge payment holiday (deferral) would be recovered in the subsequent payments.
- 5.4. Before a rent and service charge payment holiday (deferral) can be considered, the Shared Owners/Leaseholder must seek advice from our Money Advice Service. Details of the Money Advice Service can be obtained from our website.
- 5.5. In reaching our decision, we will also consider the impact on wider residents (for example with respect to service charge payments).

## **6. Subletting for Shared Owners**

- 6.1. Subletting for Shared Owners is not permitted under the terms of their lease.
- 6.2. Although a lease may prohibit a Shared Owner subletting, we recognise that there may be some circumstances, such as financial hardship or severe impact on health, where it is reasonable to grant permission for a sublet, where we are able to.
- 6.3. Before this can be considered, the Shared Owner must seek advice from our Money Advice Service. Subletting cannot be treated as a long-term solution and alternative options will need to be sought.
- 6.4. In deciding whether to allow subletting, we will consider what our status is (i.e. freeholder or not).
- 6.5. We will also consider the Government's proposed changes to tenures under the Renters Reform Bill. This may prevent us from being able to consent to sub-letting. Where, in exceptional circumstances, we consent to any subletting the Shared Owner must sign a letter agreeing to the terms and conditions of a sublet. The letting must be arranged through a reputable agent and their tenant will be subject to the same conditions under the lease as the Shared Owner.
- 6.6. Consent to sublet will not be given just because the property is taking a long time to sell on the open market.

## **7. Buy-Back / Downward Staircasing**

- 7.1. As a general principal, Midland Heart do not purchase back shares or properties. However, in exceptional circumstances that are not of the Shared Owners/Leaseholders own making (or where they can control/influence), and where the Shared Owner/Leaseholder can evidence that they cannot sell on the open market, we may consider buying the property back.
- 7.2. We will only consider a buy-back (purchasing the whole Leasehold interest) or 'downward staircasing' (reducing the percentage term owned by the Shared Owned) request in exceptional circumstances. Those exceptional circumstances may include those of exceptional hardship (financial) or severe impact on health and wellbeing.
- 7.3. We would expect the Shared Owner or Leaseholder to have exhausted all other options including the marketing of the property on the open market. Midland Heart will signpost to other agencies and organisations to be exhausted before a buy back will be considered.

- 7.4. Consideration for a buy-back will not be made if the Shared Owner or Leaseholder is in arrears at the time of application or has been in the last 12 months (unless the arrears are connected to the exceptional circumstances for seeking buyback/downward staircasing)
- 7.5. Any buy-back is subject to governance approval based on individual circumstance. A decision on whether to proceed with a buy-back can take up to 3 months. A further 3 to 4 months may then be taken for any transaction to conclude. The decision from our governance process will be final with no right of appeal (not subject to our Appeals Policy).
- 7.6. Where we re-purchase the property (buy all shares), we then own the property outright. Any request by a resident to remain in the property thereafter would be subject to our Allocations Policy and any rent payable.
- 7.7. For downward staircasing the Shared Owners continues to pay a mortgage on their remaining share and we will review/apply an increased rent on our share.
- 7.8. Any offer for a buy-back will be subject to the Shared Owner/Leaseholder agreeing to pay;
  - Our legal fees
  - Any valuation fee(s)
  - An administration charge
  - 6 months rent and/or Service Charge (from the point of completion); and
  - Any other reasonable fee required (this may include the cost of permissions from stakeholders).
- 7.9. For the Right to Buy/Right to Acquire there is a repayment clause for the discount for a period of 5 years. This discount is payable within that period if the property is sold or sublet.
- 7.10. At no stage would Midland Heart agree to market a property acting as an 'Estate Agent'.

## 8. Major Works

- 8.1. Major works is defined as works which would trigger a Section 20 Consultation for qualifying works which is over £250 per leaseholder. It is the responsibility of the Leaseholders to fund and finance Major Works. We understand that there may be exceptional circumstances where Shared Owners or Leaseholders do not have the funds in place to commence major works before they are absolutely necessary.
- 8.2. In those exceptional circumstances (exceptional hardship (financial) or severe impact on health and wellbeing) we will consider what support, if any, we are able to offer. We may consider any of the below examples, or other proportionate assistance.
- 8.3. N.B Midland Heart is not authorised by the Financial Conduct Authority (FCA) in granting loans or interest bearing payment options. To adhere with FCA requirements we cannot extend repayments beyond 12 months.
- 8.4. If a Shared Owner/Leaseholder advises that they would struggle to repay we will direct Shared Owners/Leaseholders to our own in-house money advice team.
- 8.5. Further assistance under this policy could be considered where this would cause severe financial difficulty - evidence will be required for example, from their bank or other financial organisations/institutions.

8.6. For Shared Owners, we may consider offering downward staircasing (as per 5.2.3) in order to provide support to fund Major Works.

## 9. Reasonable Adjustment and Support

9.1. There may be occasions where there is good reason to apply discretion when reviewing deciding when or how we may be able to support a Leaseholder in need of assistance. We will always consider the individual circumstances of the Leaseholder and the individual involved when making our decisions.

9.2. Any decision would take the personal circumstances of the Shared Owners/Leaseholder into consideration along with;

- our strategic aims which will consider whether the property meets those aims; and
- Our financial performance at that time.

## 10. This policy links to

### Internal:

- Income Policy
- Forfeiture/Repossession for Arrears, Disrepair or subletting – Shared Ownership Properties
- Money Advice Procedure
- Safeguarding Policy
- Recharge Policy
- Anti-Money Laundering Policy
- Anti-Fraud Policy
- Data Protection Policy and Procedure
- Rent and Service Charge Policy
- Leasehold Handbook
- Subletting and Lodgers Policy

### External:

- Social Housing Regulator Code and Guidance and Capital Funding Guide
- Financial Conduct Authority and Consumer Credit
- Social Housing Regulator Consumer Standards

## 11. Legal Framework

- Homes England Capital Funding Guide
- Housing Act 1988, 2004
- Commonhold and Leasehold Reform Act 1967, 1993, 2002, 2022
- The Housing (Right to Acquire) Regulations 1997, (Discount) Order 2002
- Housing Act 1980 (Right to Buy), 1985 (Discount) 2004
- Consumer Credit Act 1974
- Data Protection Act 2018
- Equality Act 2010
- Housing and Regeneration Act 2008
- Social Housing Act 2023

## **Policy Document Control**

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Tenancy Services

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1.1

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Leaseholder Focus Group Feedback – September 2024

Shared Ownership Survey – January 2024

Tenant Satisfaction Measures (2023/24)

**Approved By/Date Approved:**

Joel Pickersgill – September 2024

**Next Review Date:**

31 August 2027 (or sooner if required)