

TRAFFORD HOUSING TRUST LEASEHOLD SERVICE HANDBOOK

What is Leasehold?

Leasehold ownership is simply a long tenancy - the right to the use and occupation of a flat for the remaining period of the lease.

The flat can be brought and sold throughout the term of the lease.

The value of a flat is likely to diminish significantly as the term of the lease nears expiry.

Leasing of the flat relates to everything internal within the four walls of the property, including floorboards and plaster to the walls and ceilings, but does not include the external or any internal load-bearing walls (nor beams and joists, window and doorframes).

The structure and common parts of the building, and the land that it stands on, are owned by Trafford Housing Trust who, as landlord, are responsible for the maintenance, repair and improvements to the building and land.

What is a Lease?

A lease is a contract between the leaseholder (lessee) and the landlord giving ownership of the flat for a fixed period of time. Trafford Housing Trust's (head) leases are generally for a period of 125 years.

The lease is an important document and leaseholders should have discussed the terms and conditions of the lease with their solicitor when they bought the flat. Some former Council/Trust tenants will have taken the advice and opportunity given

during their Right to Buy application to discuss the terms and conditions of the lease with the Leasehold Properties Administrator.

The lease sets out the obligations of the two parties: what the leaseholder has agreed to do, and what the landlord is bound to do.

Your lease will specify

- Lessee (leaseholder or tenant). This will be the name of the original purchaser of the flat – and future purchasers are/will be taking over the remainder of the lifetime of the original lease.
- Landlord. This will be either Trafford Borough Council or Trafford Housing Trust (who have taken over the landlord ownership and responsibility from 15th March 2005).
- Flat/Demised, a description and/or plan of the flat and curtilage (land).
- Building, a description of the building and grounds in which the flat is situated. This is the basic unit for all service charge costs.

The leaseholder will have to pay ground rent, insurance and a contribution towards the costs of maintaining and managing the building (service charge). The leaseholder will also have to keep to a number of conditions on the use and occupation of the flat.

It is difficult to change the conditions of the lease after you buy, so make sure you understand your lease before you purchase.

What are leaseholder's rights ...

Leaseholders have the right to peaceable occupation of the flat for the term of the lease, this is also known as 'quiet enjoyment'.

Leaseholders have the right to expect the landlord to maintain, improve and repair the structure of the building, and to manage the common parts on his behalf.

and responsibilities?

Primarily, to keep the inside of your flat in good order including: any service pipes or cables that only serve your flat, internal plumbing, internal electrics, window panes and door furniture, water tanks, and internal decorative finishes.

It is your responsibility to have an annual gas safety check (where applicable) for appliances connected to the mains gas supply. You will be asked to provide an up to date gas safety certificate.

To behave in a neighbourly manner, and not to do certain things without the landlord's consent e.g. make alterations.

To allow the Housing Trust access to your flat, for example to trace a fault or effect a repair, usually upon reasonable notice, but immediately in an emergency situation.

To pay ground rent, block insurance and a proportionate contribution to the costs of maintaining, improving and managing the building.

Housing Act 1985 (as amended)

The Sixth Schedule of the Act contains details of the rights and responsibilities for both the Leaseholder and the Landlord

And the Trust's responsibilities?

The landlord is responsible for managing and maintaining the structure of the building, the exterior and common areas (entrance halls & staircases, etc.), and for collecting the contributions towards the costs from leaseholders.

Services will include (where applicable) grounds/garden maintenance, communal lighting, caretaking, window cleaning, communal aerial, communal door and entryphone, fire safety equipment (high-rise).

Repairs will include work to roof structures, gutters and drainpipes, drains and damp-proofings, brickwork, windows and doors, joists and beams, utility cables and pipes, landscaping, paths and passages.

The landlord is also responsible for the insurance of the building and common parts, and has the right to recover a contribution towards the premium through a service charge.

An administration charge of 15% is levied against all charges invoiced to cover the cost of providing specific leaseholder services such as banking and billing, records, consultation procedures and estate management.

What is Ground Rent?

Because leasehold is a tenancy - it is subject to payment of rent. Trafford Housing Trust's ground rent is a nominal £10 paid annually in advance on 24th June.

Ground rent is a specific requirement of the lease and must be paid on the due date.

It may be possible for a group of leaseholders to purchase the freehold to the block in which their dwellings are situated to become the landlord themselves. This however, is a specialised subject and you should seek proper legal advice if you wish to pursue this option (you will take over the management of the block).

What is Block Insurance?

This is to provide indemnity against specified risks of accidental loss, destruction or damage to the block (fire, flood, earthquake). This is an annual charge based on the rebuild value of your property.

You must let Trafford Housing Trust know immediately if you sub-let your property. Sub-letting could affect your insurance.

What are Service Charges?

Service charge are a proportionate payment by the leaseholder for all the services the landlord provides to the block in which a particular flat is situated..

The services include maintenance and repairs, insurance of the building, lifts, lighting and cleaning of communal ways, etc. and the cost of management.

The landlord arranges provision of the services and the leaseholder pays for them.

Details of what can (and cannot) be charged by the landlord - and the proportion of the charge to be paid by the leaseholder, will be set out in the lease.

Usually, the total expenditure spent on the block is divided by the number of dwellings in that unit to determine the proportion due from each leaseholder.

Service charge accounts are issued in July/August of each year. They are based on the actual cost of the services/maintenance for the previous financial year i.e. from the 1st April through to the following 31st March.

Service charges can vary from year to year, they can go up or down without any limit other than that they are reasonable.

In some instances, your service charge invoice may differ from that of your neighbour. There may be a number of reasons for this

- Their flat may have been purchased (or further assigned) part-way through the relevant accounting period.
- The leaseholder may have certain costs restricted during the first five-years following the purchase of the flat.
- Specific works may be individual to one (or more) flat.

Landlords can only recover costs that are reasonable. Leaseholders have rights to challenge any service charges they feel are unreasonable at the Leasehold Valuation Tribunal (LVT).

Items of major work/expenditure are not included as a contribution towards a sinking fund on the service charge account, but are billed in the year of completion of the work.

When considering the purchase of a leasehold flat it is important to find out what the current and future service charges are likely to be. The Leasehold Administration Service can provide this information on request.

Instalment facilities can be arranged for any invoice issued for service charges or major works. The Leasehold Administration Service can provide detail of the terms that can be arranged for the settlement of invoices.

What happens if a leaseholder doesn't pay?

It is the leaseholder's obligation to pay service charges, Insurance and ground rent demands promptly under the terms of the lease.

If they are not paid and the landlord is able to show that the charges are reasonable, he can contact your mortgage lender directly or he can begin a legal action to repossess the flat. This will incur additional administration costs to the leaseholder. Starting legal proceedings of this nature would be a last resort after all other options have failed.

If you are having problems paying service charges please don't ignore the problem but contact the Leasehold Administration Service. Generally appropriate arrangements can be made for settlement of outstanding invoices.

What other rights do leaseholders have?

Information :

the landlord must provide its name and address within the UK which must be stated on every demand for service charges. Leaseholders can request summaries of service charges, details of the insurance cover and have the right to inspect accounts and other documents.

Consultation on major works :

the landlord cannot carry out major works to the building (costing in excess of £250

per flat) without first consulting the leaseholders in the proper fashion. If the landlord fails to consult he may not be able recover all costs.

Consultation on long-term agreements :

the landlord cannot enter into agreements or contracts over 12 months whereby any leaseholder will have to pay more than £100 without first consulting the leaseholders. If the landlord fails to consult he may not be able recover all costs.

Challenging service charges :

leaseholders can apply to the Leasehold Valuation Tribunal to seek a determination of the reasonableness of the charges, whether already paid or not.

Challenging administration charges :

leaseholders can apply to the Leasehold Valuation Tribunal to seek a determination of the reasonableness of other charges arising from the lease in addition to the service charge. For example, fees for providing information on resale.

Extending a lease :

an individual leaseholder who satisfies certain conditions can demand a new lease from the landlord, with a price to be agreed between the parties, or set by the Leasehold Valuation Tribunal.

Buying the freehold :

groups of leaseholders who satisfy certain conditions can get together and enforce the purchase of the freehold, again with the price being agreed between the parties, or set by the Leasehold Valuation Tribunal.

Leasehold Service Charges

Why do I have to pay service charges on my flat or maisonette?

If you buy a house, you will purchase the freehold and will own the property outright. You become responsible for all the costs relating to its upkeep.

But if you buy a flat or maisonette, Trafford Housing Trust owns the block freehold. The Trust is responsible for the upkeep of the building as a whole and for any communal areas and facilities.

Because of this, leaseholders have to pay service charges (see below). These can be quite high, perhaps several hundred pounds each year, or even more if the block needs major repairs or maintenance, such as a new roof or new windows and other improvements.

Under your lease:

- The Trust will be responsible for repairing the structure and outside of your flat and the rest of the building. This includes routine repairs and maintenance, and also major maintenance and improvement work (for example, repairing the roof or replacing a lift), which can be very expensive.
- The Trust may also provide services like lighting, cleaning staircases and passageways and perhaps grounds maintenance.
- You will have to pay a reasonable share of the costs for all these works and services.
- You will also have to pay a charge towards the Trust's costs of managing the block.
- VAT is applicable to services, repairs, improvements and administration fees.
- You will be responsible for keeping the inside of your flat in good repair.

Service charges

Your share of the landlord's costs is known as a service charge. These vary considerably. Service charges for flats in high-rise blocks can be quite high, especially when a particular block needs a lot of improvements.

If you decide you want to buy under the Right to Buy (preserved) or the Right to Acquire, we will tell you how much the property will cost and give you an estimate of any service charge you will have to pay.

If the lease says you must pay some of the costs of improvement, the estimate must cover these too. Once you have received this estimate, we cannot charge you more

than that figure during the first five years of your lease, except to take account of inflation.

There is no special limit on charges for repairs done after the first five years.

Some freeholders may also have to pay service charges for repairing and maintaining shared communal areas on an estate, such as pathways, play areas and gardens.

Other points on service charges

The estimate of service charges (provided before you buy) will also cover charges for building services such as caretaking or lighting. But these charges can change, even during the first five years of a lease. We will also tell you about any known structural defects affecting the building. If we want you to pay for work to put them right in the first five years, the estimate of service charges for repairs must cover this. But you may also have to pay for some of the costs of work done after the first five years.

The law protects you from unreasonable service charges. Your rights are described in Housing Booklet 27, Long Leaseholders that you can get free from the Office of the Deputy Prime Minister (address below).

Leaseholder repair and improvement works within the lease limits

In order to permit greater flexibility for leaseholders, you may, with the Trust's permission, undertake individual works to your own flat that are strictly the responsibility of the Trust (i.e. replacing window frames, front and rear doors etc.).

Permission will be withheld where the lessee's proposals do not meet the Trust's specification for the works, conflict with overall building management objectives or where the works will not be completed within the Trust's established timetable.

In all cases, the full cost of the work will be borne by the lessee and on completion, the physical structure becomes the property of the Trust for all future repairs and maintenance.

There is a charge of £50.00 (plus VAT) granting permissions and for subsequent inspections..

Making a complaint (Service Charges)

Initially, you would address any complaint regarding the billing of charges to the Trust's Head of Finance. If you are still not satisfied, a member of the Trust's Board of Governors would investigate your complaint.

The Lease (Leasehold Advisory Service) is an independent advice agency, funded by Government grant. They provide free advice to leaseholders, landlords, professional advisers and others on the law affecting residential leasehold property

If your complaint cannot be resolved by any of the above means, you have a legal remedy in making an application to the Residential Property Tribunal Service (address below)

The Residential Property Tribunal Service (RPTS) is an independent body which aims to provide a high quality, cost effective, fair and accessible tribunal service to help landlords and tenants and leaseholders settle disputes about rents and about leasehold property.

Rent Assessment Panels do not have the power to deal with all types of dispute about rents and leasehold matters. They are quasi-judicial bodies, which means that housing legislation has given them the powers to settle some disputes which would otherwise have to be dealt with by the Courts. They provide an easier and generally cheaper alternative to the Court system. The Panel does not charge for dealing with disputes about rents. There is a scale of fees for some types of leasehold dispute. They have no legal powers to become involved in disputes about commercial property.

Sub-Letting Your Flat

You can sub-let your home. If you wish to do so you must ask the Trust for written permission before any renting takes place. Non-residence of the principle

leaseholder could affect risk assessment for insurance purposes. Currently, there is no excess on the policy for sub-letting – but if any action by your tenant leads to an increased premium, you would bear the full cost of the excess.

You will also be required to provide an address to which future correspondence will be sent. As the owner of the flat, it is your responsibility (not the tenant to whom you sub-let) to ensure payment of any insurance, ground rents and service charges.

Consultation for matters affecting major repairs, improvement works and the provision of services is a right you are entitled to. If correspondence sent to the flat remains unforwarded to you – work may be undertaken without your express knowledge. You would still be liable to pay for your share of any such cost.

It will be your responsibility to ensure that any tenant you rent your home to abides by the occupation covenants contained in your lease. In particular, excessive noise or nuisance by your nominated tenant could (in extreme cases) lead to forfeiture by you of your flat.

Selling your property (Assignment of Lease)

If you wish to sell or re-mortgage your property, the Trust will, on written request, provide you or your solicitor with any relevant factual information as requested. There is a charge for this service, which is presently £35.00 plus VAT (total £41.13).

When requesting information, you should give the Trust as much notice as possible (minimum two weeks). You may find it helpful if your solicitor has a copy of your lease, together with any five year binding estimates of service charges, details of routine and major service charges over recent years, and any consultation notices for work about to be carried out.

When your lease is assigned, all service charge arrears, including deferred repayment loans (and heating and hot water charges, where applicable) must be cleared on completion of sale. The Trust will not be party to the apportionment of outstanding service charges between a leaseholder and a purchaser.

It is your responsibility to ensure that your solicitor resolves this and having done so, retains sufficient monies for charges (if any) not yet billed.

You (or your solicitor) should contact the Housing Trust's Leasehold Services Section on (0161) 912-4616, by letter or by email at terence.roache@traffordhousingtrust.co.uk. Please provide your full name, the address and postcode of the leasehold property concerned, your address (if different) and your service charge account reference number to help us identify you as the leaseholder concerned. A daytime telephone number will also be helpful.

Right to a loan

You may be entitled to get a loan if:

- You have bought your flat from the Council/Trust within the past 10 years under the Right to Buy/Preserved Right to Buy.
- Your loan is for repairs (not maintenance or improvements)
- Your total service charge for the year is £1,500.00 or greater.

The smallest amount you can apply for is £500.00 and the largest £20,000.00.

For more information you should contact Trafford Trust's Leasehold Service on 968-0061.

Participation

At Trafford Housing Trust we want leaseholders to be represented, and to have a voice. Not only do we need your views and opinions we want Leaseholders to be actively involved, to the level you choose, in the decisions taken from start to finish. We want to work with leaseholders in an equal partnership to get things right.

If you would like to become involved, please contact Audra Brandy on 0161 912 5809

Contact Information

Trafford Housing Trust

Leasehold Services
Trafford House
Chester Road
Manchester
M32 0RS
Tel: 0161-968-0061

Northern Rent Assessment Panel

Residential Property Tribunal Service
20th Floor
Sunley Tower
Piccadilly Plaza
MANCHESTER
M1 4BE
Tel: 0845 100 2614

The Office of the Deputy Prime Minister

Right to Buy Branch
Floor 2/H10
Eland House
Bressenden Place
London SW1E 5DQ.
Tel: 020 7944 4400

Lease (Leasehold Advisory Service)

70-74 City Road,
London,
EC1Y 2BJ
Tel: 020 7490 9580