Overview Home Ownership Policy

Version 1

Approved by: Executive Team
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1.0 Introduction

1.1 The objective of this Policy is to set the general parameters for how Optivo will interpret all its policies when applying them to home owners who receive some form of service from us.

1.2 This Policy is an overview statement, supported by policies, either particular to home ownership customers, or general policies for Optivo. Where there's any inconsistency between this Policy and any other Policy, the parameters of this Policy should be applied. The way forward must comply with:

Prevailing legislation, including binding tribunal cases or general case law
The lease or other contractual document
Regulatory guidance and good practice.

1.3 The Home Ownership Team's aim is to always provide a professional level of service which meets our customers' needs in the management of their homes.

1.4 The terms 'you' and 'your' in this Policy mean home owners (including leaseholders and shared owners). The terms 'we', 'our', and 'us' mean Optivo.

2.0 General

2.1 Optivo 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 to be as fair as possible to all and allow for the proper and sustainable management of the property/properties, block, estate and or area. Critically, wherever possible, this must include ensuring the services needed will cover the cost of their provision, oversight and ongoing management.

2.2 Your lease outlines the responsibilities you must comply with.

We will seek to manage our blocks and estates:

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

2.3 We will provide property management and related services in accordance with relevant legislation and good practice. We will take appropriate action to ensure the terms of the lease are complied with by all relevant parties and where appropriate, explain the grounds under which we may take legal action including to bring the lease to an end.

2.4 We will always seek to provide good value for money in all its services. Where these services are provided by third party contractors, they will be procured in a competitive way.

2.5 Our Customer Experience Statement outlines our targets for the delivery of a responsive and accessible service. The standards do not apply where they relate to services not provided to leaseholders, for example repairs within their home.

2.6 Where we are providing services, we'll seek, as a minimum, to cover the cost of the services we're providing. This could include requesting you make payments before we provide any services and/or requiring that an undertaking is provided that our costs will be covered. Where appropriate we will seek to ensure individuals will meet the cost of the services we are required to supply, this may include charging individual home owners.

2.7 There are some services which are provided to our rented tenants without direct payment which will require direct payment from home owners.

2.8 In dealing with home owners, particularly those suffering some hardship, we may adapt our approach on a case by case basis. This may include offering extended periods to repay any rent or other outstanding charges. The offer of such concessions will not extend to non-resident home owners or buy to let investors, unless there are very exceptional circumstances.

2.9 Where we need to take action to enforce leaseholders' or other property owners' covenants, we will seek to recover any and all costs of having to take such action. This may include charging an administration fee for the work required by Optivo. This could, for example, involve the cost of gaining access to a property and undertaking a necessary repair a leaseholder is either unwilling or unable to make. In exceptional circumstances we may agree to waive some of the costs we would seek to recover. This can only be done with the approval of the Director of Home Ownership.

2.10 When it comes to matters affecting the safety of the block or others, we'll take action based on our best assessment of the facts and the advice of relevant authorities and/or appropriate professionals and consultants. For example,

should a flat door not comply with the relevant fire regulations, we'll take the strongest action available to compel compliance and/or undertake the work directly if possible and appropriate. Any and all costs will be sought from the home owner.

3.0 Service charge, rent and administration charge collection

3.1 We will provide our home owners with a variety of payment options and encourage payment by direct debit.

3.2 We will request payment in accordance with relevant Landlord and Tenant legislation including sending:

'Service Charges - summary of tenants' rights and obligations' when seeking payment for service charges;
'*Administration Charges – summary of tenants' rights and obligations'* when seeking payment for administration charges; and
Notice under section 166 Commonhold and Leasehold Reform Act 2002 notices when seeking payment of the ground rent.

3.3 If an account goes into arrears, we'll take appropriate action to recover those arrears including personal contact by phone, letter or email, or by contacting the home owner's lender.

3.4 We will approach a lender for payment of outstanding sums, where:

The customer owns 100% of the equity in their property
There's a shared ownership property where the percentage owned is less than 100%.

3.5 Where there is a history of arrears and the where the lease allows, we may charge interest on the outstanding balance. The decision to charge interest will rest with the Director of Home Ownership.

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

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

3.7 In cases of hardship, we will agree to payment of the arrears by instalments, ideally where the regular payments are made by direct debit. Where a home owner fails to keep to the agreement, we may levy additional charges for our time and costs incurred, as well as charge interest in accordance with the lease terms.

3.8 In limited circumstances, shared owners in significant arrears will be offered a downward staircasing of their property. Any request for us to buy back shares

must be approved by Procurement Appraisal Group in line with our Shared Owners Buy Back Policy. On downward staircasing, it is preferable the shared owner is left with a minimum of a 25% share of the property. However, this may be varied at the discretion of the Director of Home Ownership.

4.0 Possession

4.1 Taking possession action (whether forfeiture or under the Housing Act 1988) will always be a last resort and will only be applied where all other avenues have been exhausted.

4.2 In every case, we will first serve notice on the leaseholder, requiring further information regarding the alleged breach. Once we have confirmation the breach has occurred and no remedial action is taken by the tenant, we'll take legal action, which may lead to possession of the property.

4.3 Possession action will be authorised by the Director of Home Ownership (DHO) or the Chief Operating Officer (COO) or such other senior officer as the COO may authorise to act in the DHO absence.

4.4 Where a possession order has been obtained, peaceable possession may be taken. Where eviction action will be needed, this can only be taken once authorised by the Director of Home Ownership DHO or the Chief Operating officer (COO) or such other senior officer as the COO may authorise to act in the DHO absence.

4.5 To gain authority to evict, a report must be compiled to demonstrate we've:

Made every reasonable effort to avoid the need to evict
Liaised with mortgage lenders (if applicable) and the local authority as a minimum.

5.0 Major works

5.1 Where necessary, we'll consult or notify home owners before carrying out major works including the formal consultation as required by landlord and tenant legislation. We will always aim to ensure works are reasonable, required and provide value for money.

5.2 Although you cannot usually opt out of works, we may adjust the sum you are required to contribute to reflect works you have undertaken yourself with our permission. However, you will still be required to contribute to the rest of the works as appropriate. For example where a leaseholder has replaced their own windows and they are in good order and in keeping with the building generally.

5.3 Where appropriate, costs associated with major works shall be recovered from the reserve or sinking fund. Where there is no reserve or sinking fund or an insufficient sum is held to cover total costs, we will recover the balance due or look to increase the charges in order to ensure the necessary funds are held.

Where a home owner is unable to pay immediately and lives in the property, we'll offer a range of payment options.

6.0 Leaseholder alterations

6.1 You must obtain permission from us before making changes to your home, including adaptations completed by the Local Authority (Disability Facilities Grants). We will charge you an administration fee to consider your application. The non-refundable fee is payable whether or not permission is granted.

6.2 We will not normally grant permission in the following or similar circumstances, where:

- The proposed changes are structural in nature
- They would involve the blocking of light or would cause a blockage to a right of way
- The works would reduce the value of the building
- The works would cause unnecessary and enduring disturbance to neighbours
- The works impact an area of the building or estate owned by Optivo. For example a request to insert a skylight may affect our maintenance of a roof; or request for a ground floor extension may affect our ability to access, maintain, clean, repair and make replacements at the block
- The works would impact on the safety of your home, for example replacing a fire door with a non-fire door.

6.3 You must get planning permission and building control consents for any works where legally required, prior to works starting. Any costs associated with the changes, including costs incurred by Optivo (whether legal, surveyor, administrative or other e.g. revised risk assessments such as Fire Safety Risk Assessments) must be borne by the leaseholder.

7.0 Buildings Insurance

7.1 We will provide block buildings insurance cover for all of its leasehold blocks of flats and shared ownership houses, unless there are contractual terms in place which require otherwise. For example the lease requires the leaseholder to insure the building. Leaseholders can access details of the insurance on request as provided for by the Landlord and Tenant Act 1985.

7.2 Where we do not own the freehold for a block, the freeholder or their agent will arrange the buildings Policy. In the event you need to make a claim, you will need to contact the freeholder, the freeholder agent, the building insurer or the broker or such other person as needed in accordance with the particular arrangements in place. Where a claim needs to be made for the common areas, this will be overseen by us, working with the freeholder or other appropriate party as appropriate.

7.3 Insurance cover will be determined in accordance with the Optivo's assessment of the appropriate level of cover required. In making this assessment many factors will be taken into consideration including balancing the premium against the cost of the cover.

7.4 We will seek to ensure our varying obligations as a landlord when required to arrange buildings insurance are complied with and policies are in keeping with good practice for both the insurance and property industries.

8.0 Subletting

8.1 Whether or not subletting is permitted shall be dependent on the terms of the relevant lease. Generally, shared ownership leases do not permit leaseholders to sublet before staircasing to 100% ownership of the property. In accordance with the Homes and Communities Agency's Capital Funding Guide, there shall be exceptional circumstances where permission for a limited period of time may be given.

8.2 Where possible, we will charge for dealing with applications from leaseholders to sublet their properties.

8.3 If you sublet without our permission, and in breach of your lease, we will take appropriate action. This could include legal steps to take possession.

8.4 Short term letting such as 'Air BnB' are also likely to be considered to be a potential breach of other covenants such as running a business, so these should be considered as special cases and reviewed more extensively. In particular, where it's clear that shared owners are looking to exploit the shared ownership, we will take the strongest action available.

9.0 Anti-social behaviour

9.1 We will take appropriate action where anti-social behaviour is caused by a leaseholder or shared owner (or if sublet, their tenant) and there is sufficient evidence to support successful action. This may include working in partnership with the police and relevant local authority departments, and/or legal action for breach of the lease.

9.2 In cases where a homeowner is complaining about the actions or behaviour of an Optivo tenant and there is sufficient evidence, we'll take action against the tenant in line with our Anti-Social Behaviour Policy.

9.3 In all other cases, we'll advise the affected person to contact the police and/or local authority. Where appropriate and sufficient evidence exists, Optivo shall support reports made.

9.4 Where the evidence is inconclusive and unlikely to result in successful legal action, we'll signpost leaseholders to other options e.g. mediation, independent legal advice. If we are being compelled to act by a party (e.g. a leaseholder looking to enforce a covenant), we will aim to recover any costs we incur. We'll

recover any costs not recovered or recoverable from the person causing the anti-social behaviour, from complainants. This will be a condition precedent for action in such circumstances, including collecting payment up front before commencing any action.

10.0 Collective enfranchisement and lease extension

10.1 We will comply with relevant legislation in respect of applications for:

- Lease extensions of flats (under the Leasehold Reform Housing and Urban Development Act 1993 (as amended) (LRHUDA)
- Lease extensions of houses (under the Leasehold Reform Act 1967)
- Collective enfranchisement of blocks of flats (under LRHURDA))
- Collective enfranchisement of a leasehold house (under the terms of the lease or the Leasehold Reform Act 1967).

10.2 In certain circumstances, we will consider lease extensions outside of the statutory provisions mentioned above. Please refer to the Lease Extension Policy.

10.3 We will also consider the sale of freehold in circumstances that we are not compelled to sell. Usually we will consider this where the blocks are small or outside of core areas of operation or other special factors. Any sale outside of those required by law will need prior approval of the DHO or the COO. Procurement Appraisal Group (PAG) approval may also be required.

10.4 Leaseholders are usually liable for all costs associated with an application for a lease extension or freehold purchase, whether or not the transaction is concluded.

10.5 Leaseholders will be provided with information as to their options, but must not be provided with advice (legal or otherwise) as to whether or how to proceed.

11.0 Lease variation

11.1 We will carry out lease variations when appropriate, in particular when a lease fails to make satisfactory provision for a matter outlined in section 35 of the Landlord and Tenant Act 1985.

11.2 Where you request a variation, if we agree to the variation, all costs will be covered by you.

11.3 Where appropriate and possible, we shall seek to vary lease terms by mutual consent; otherwise, applications to the First-tier Tribunal (Property Chamber) shall be made.

11.4 Any variation requested by a leaseholder that diminishes a right of Optivo reserved in the lease will only be granted on payment of a premium. Payment of any premium will be in addition to costs and charges made to process a request to vary.

12.0 Shared ownership staircasing

12.1 We will process applications for the purchase of additional shares by shared owners in an efficient manner. The process followed will be the one provided for in their lease. Shared owners will be responsible for their associated costs in completing the purchase.

12.2 An approved 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.

13.0 Shared ownership resale

13.1 We will assist in the sale of shared ownership properties where the percentage owned by the 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. Where there is no nomination period, we will market the share with the agreement of the shared owner, in accordance with our standard terms.

13.2 You will be required to pay us a fee to cover our marketing and administrative costs in accordance with our standard terms and conditions. This may be different from the provisions of the lease. In most cases, the standard terms and conditions will apply unless there are special circumstances that must prevail.

14.0 Right to Buy / Right to Acquire

14.1 We will comply with all legislative requirements in processing applications for the Right to Buy, Preserved Right to Buy, or Right to Acquire. All applications will be processed in an efficient manner.

15.0 Recovery of legal costs

15.1 Where we incur legal costs owing to litigation whether via the courts or tribunals (whether in house or via external advisors), we will seek to recover costs from the applicants making the application or the respondent, where the law and/or the lease provides for this. Where appropriate, concessions will be made.

16.0 Leaseholder involvement and participation

16.1 We will provide opportunities for residential leaseholders to formally scrutinise and influence our services, via groups within our resident governance structure. Leaseholders can apply for resident member vacancies on our Board and Customer Experience Committee. We will also provide informal opportunities for leaseholders to influence our services, with less commitment.

17.0 Recognised Tenants' Association (RTAs)

17.1 We will acknowledge RTAs which have sought our recognition and meet published guidance on recognition of RTAs.

17.2 An RTA shall be recognised where the paid up membership represents not less than 60% of those paying a variable service charge. Recognition shall be granted for a period of four years.

17.3 We will look to work with formally constituted groups for a block or estate which cannot be recognised under the relevant legislation; where:

- The group has a formal constitution
- The group has a formal procedure for membership
- The officers of the group have been democratically elected
- Group membership is significant in number for the size of the block/estate it has been set up for.

17.4 Only the Director of Home Ownership or Head of Home Ownership will be authorised to recognise a RTA.

17.5 Regardless of whether a residents group is recognised or not, we will seek to work co-operatively with the group where:

- It's clear the group is representative of the leaseholders
- There is a desire to have mutually beneficial engagement.

17.6 We expect all groups to be inclusive, respect diversity and act reasonable in their contact with us.

18.0 Leaseholder Consultation

18.1 Where necessary, we will undertake necessary consultation in accordance with section 20 of the Landlord and Tenant Act 1985 (as amended). This is where we will be the body undertaking the works.

18.2 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 leaseholders who will ultimately be meeting the costs. Where such arrangements exists, We will assist the relevant party with details of the leaseholders as needed. For example, this will involve sharing your name and the address of your leasehold property.

18.3 Should we be undertaking works and there is another party with an intermediate relationship between Optivo and the leaseholder ultimately meeting the costs, we will undertake the consultation directly with those leaseholders.

18.4 None of the above will prevent us from making our own direct observation where entitled to do so or accept comments where undertaking such works.

19.0 Site Inspections

19.1 We will make regular visits to its blocks and estates we manage directly. The frequency of the visits will depend on a number of factors including proximity to its offices and the size of the development. These inspections will principally be to make sure the block and estate are properly maintained in accordance with the service contracts in place.

19.2 As part of these inspections, property managers should pick up obvious breaches of covenants, (particularly if there is any health and safety implications) or other obvious issues together with checks to make sure any repair matters are picked up and addressed.

19.3 General inspections of blocks will be done by property managers. Whilst they should pick up and deal with any obvious risks and/or hazards, this is supplementary to Optivo's more formal Health and Safety inspections in accordance with the Health and Safety Management Plan.

20.0 Rents and Ground Rents

20.1 Shared ownership rents will be increased in accordance with the requirements of the lease, unless there is other overriding rules or regulations which specifically require something different and compels Optivo to comply.

20.2 Where a shared owner completes their purchase on or before 30 September, they will have a rent increase in line with the lease the following April. If the completion is after 30 September the rent will not be increased the following April, but it will increase in line with the lease the subsequent April.

20.3 Unless otherwise varied by historical arrangement or other contractual conditions, we will look to recover any ground rent we are charged in the provision of shared ownership properties by a superior landlord from the shared owner.

20.4 We will not look to charge a ground rent to shared owners on new developments from the adoption of this Policy whilst they are shared owners. If you staircase to the maximum share, you will need to pay a ground rent where the lease conditions allow. Historical variations may exist and these arrangements will not be varied by the adoption of this Policy unless there is significant determent to residents. In such cases the Chief Operating Officer may vary the arrangements.

20.5 Any ground rent charges will be in keeping with the acceptable levels for the type and location of the property and/or comply with any law, rules or regulations in force.

21.0 Alternative Accommodation

21.1 Our Replacement Homes Policy does not apply to home owners.

21.2 If a home owner needs to vacate their property (most likely to allow for works to be done), the home owner is responsible for finding and funding their own alternative accommodation.

21.3 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. If you have difficulties dealing with such matters, we may assist if agreed by the Head of Home Ownership.

21.4 Particularly in the case of shared owners (but in all cases) the lease needs to be consulted to determine what the requirements of the respective parties are, especially in relation to ongoing charges whilst the property is empty.

22.0 Combined Heat and Power (CHP), Central Energy Plant (CEP) and/or district/regional heating systems

22.1 Our newer developments, blocks or estates may have CHP or CEP which provides services to residents. In such cases from the adoption of this Policy we will always look to have the consumption of services billed by a specialist service provider.

22.2 Wherever possible the cost of servicing and replacing the plant should be included into the 'standing charge' levied by the provider. Any funds accumulated for this should be ring-fenced for that purpose only.

22.3 In all cases where it is possible to vary the way services are billed, we will look to convert the way the services are charged in accordance with this Policy. Where historical arrangement dictate other arrangements the relevant contractual arrangement should continue.

22.4 The requirement to have a specialist service provider (as for CHP/CEP) does not apply to district or regional heating systems. These should be billed in the way that is provided for in the lease.

23.0 Eligibility for Shared Ownership Homes

23.1 The eligibility criteria for shared ownership homes is set out in the Housing Options and Lettings Policy.

24.0 Associated Documents

Relevant and appropriate parts of the following policies shall complement certain elements of property management by leasehold services:

- Recoverable Service Charge Policy
- Pets Policy
- Complaints Resolution Policy
- Responsive Repairs Policy
- Anti-Social Behaviour Policy

- Equality, Diversity & Inclusion Statement
- Service Charge Dispute Resolution Policy
- Safeguarding Policy
- Housing Options & Lettings Policy
- Health & Safety Management plans.

This list is not exhaustive and is subject to alteration.

25.0 Equality, Diversity & Inclusion

25.1 Optivo, staff, partners, stakeholders and contractors are committed to providing services, which are relevant and appropriate to the needs of people. We will treat others fairly and without discrimination. Refer to our Equality, Diversity and Inclusion (EDI) Statement for more details.

26.0 Monitoring and Review

26.1 The Director of Home Ownership and management team are responsible for delivering this Policy in conjunction with other relevant departments such as Asset Management, Procurement, Customer Services and Estate Services.

26.2 We will review this Policy to address legislative, regulatory, best practice or operational issues.