

Policy Name:	Leasehold & Shared Ownership Charging & Forfeiture
Lead Directorate:	Housing
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Reason for change:	Review
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Approval process for current version:

Presented to:	Poplar Board
Date:	June 2020
Decision:	Approved

1. Introduction

This policy supersedes all other policies related to charging and forfeiture.

Poplar HARCA may revert to the lease at any time at its absolute discretion.

The discretion allowed under this policy:

- can be exercised only by the Director of Housing or Assistant Director of Housing
- applies only if everyone named on the lease currently and for at least the twelve preceding months lives at the property as their only or principal home.

2. Apportionment

Service charges will be apportioned based on the floor area of the demised property.

3. Works

Leaseholders cannot normally opt out of works that are defined by the lease as the freeholder's responsibility.

Permission will be considered only if equivalent works have been done to a satisfactory standard; with a similar anticipated lifetime and prior written permission was obtained.

If permission is given, the leaseholder remains liable for all costs as allowed for in the lease.

4. Payment incentive

Leaseholders that pay in full within 28 days of an invoice will benefit from a credit to their account:

- £30 invoiced estimate
- 2.5% if invoiced amount is greater than £2,500

5. Payment options

Leaseholders should take independent advice before entering into any payment agreement.

Poplar HARCA may withdraw any of these options at its discretion.

All options are interest free.

- a. Payment in full
- b. 10 consecutive instalments by direct debit
- c. Invoiced amount greater than £2,000: 12 consecutive instalments by direct debit
- d. Invoiced amount greater than £5,000: 36 consecutive instalments by direct debit
- e. Invoiced amount greater than £10,000: 60 consecutive instalments by direct debit

Extended terms may be agreed if charges are demanded outside the usual billing cycle.

6. Cap

Original Right-to-Buy leaseholders whose lease transferred from the London Borough of Tower Hamlets, and any leaseholder whose exceptional financial hardship puts the lease at risk of forfeiture, may be eligible for a cap of £10,000 on any one service charge invoice. Eligibility criteria is:

	Exceptional Hardship	Cap
Cost of registering and setting-up agreement	Added to any voluntary legal charge	
Everyone named on lease has always lived in the property as only or principal home	✓	
Everyone named on the lease is in receipt of a means-tested state benefit	-	✓
Everyone named on the lease when transferred from Tower Hamlets Council	-	✓
Evidence no one named on the lease can access support from a mainstream lender	✓	
Evidence of exceptional hardship	✓	
Evidence payments can be maintained	✓	
Lease sold, assigned or altered within 10 years of decision	Full original amount falls due	
Invoice amount	>£10,000	
Lease not sold, assigned or altered subsequent to original Right-to-Buy or Right-to-Acquire	✓	
No service charge or other arrears	✓	
Repayment terms	Equal monthly payments by direct debit	
Sufficient equity in the property	✓	
Works not specified on the s125 notice	✓	

7. Arrears

Other than when Poplar HARCA has acknowledged a formal dispute, the full amount owing will fall due as set out in the lease if arrears accrue or an agreed payment is missed.

When arrears accrue, Poplar HARCA will:

- a. contact the lender, if there is one
- b. seek a money judgment order
- c. seek forfeiture

8. Disputes

For a formal dispute to be acknowledged, the leaseholder must set out the detail of the matters in dispute.

Poplar HARCA will not consider disputed service charges as a complaint.

9. Forfeiture

Re-entry following forfeiture will not normally be agreed.

Unless a Court orders otherwise, no payment will be made for the value of the lease.

Debts related to the property remain the liability of the former leaseholder.

Fixtures, fittings, goods and anything else left in the property becomes the sole property of Poplar HARCA.

10. Policy review

Policies are reviewed every 5 years or sooner if they no longer reflect best practice.

11. Impact assessment

How does the policy contribute to Poplar HARCA's aims?	Protecting Poplar HARCA's income is vital in order to ensure it can achieve all of its aims.
Which group(s) of people will benefit from the policy? If any group could be disadvantaged, what is the mitigation or justification?	There is discretion allowed for where exceptional hardship could occur.
How have residents been involved in developing the policy?	Through Poplar HARCA's governance structure.
How will the policy be monitored and measured? (e.g. performance indicators?)	Income performance reported quarterly to FGP, and monthly through management accounts.
If any, what are the Value for Money implications?	Protecting income through minimising bureaucracy, and being clear as to how Poplar HARCA will exercise its discretion.