

Policy Name:	Leasehold & Shared Ownership Charging & Forfeiture
Lead Directorate:	Housing
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Reason for change:	Review
Date:	April 2022

1. Introduction

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

Non-resident leaseholders will be required to pay in accordance with the terms of the lease.

Resident leaseholders may be given additional time to pay above their obligations under the lease but Poplar HARCA may revert to the lease at any time at its absolute discretion.

Any discretion allowed for by this policy:

- can be exercised only by the Director of Housing and Corporate Services or Assistant Director of Housing Services
- applies only if everyone named on the lease currently, and for at least the twelve preceding months from the date of an invoice, lives at the property as their only or principal home (resident leaseholders)

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 is obtained.

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

4. Payment incentive

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

- £30 from an invoiced estimate less than £2,500
- 2.5% of an invoice where the amount of the invoice is greater than £2,500

5. Payment options

Poplar HARCA may withdraw any option at its discretion.

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

Subject to Poplar HARCA being licensed by the Financial Conduct Authority (or other required permissions), and an affordability assessment, resident leaseholders may be eligible for one of the following options:

- d. Invoiced amount greater than £5,000: 36 consecutive interest free equal instalments by direct debit
- e. Invoiced amount greater than £10,000: 60 consecutive interest free equal instalments by direct debit.
- f. A charge on the property.

Resident leaseholders should take independent advice before entering into any payment agreement.

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.

The criteria are:

	Exceptional Hardship	Cap
Cost of registering and setting-up agreement	Added to any voluntary legal charge	
Everyone named on lease from the date of the lease has always lived in the property as their 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 cap	Full original amount falls due	
Invoice amount	>£10,000	
Lease not sold, assigned, or altered at any time following the original Right-to-Buy or Right-to-Acquire	✓	
No service charge or other arrears	✓	
Repayment terms	Equal monthly payments by direct debit	
Insufficient equity in the property to cover the amount	✓	

Works not specified on a s125 notice	✓
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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. If there is one, contact the lender
- 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.

10. Policy review

Policies are reviewed every 5 years or sooner if they no longer reflect best practice or the law/regulation has changed.

11. Impact assessment

How does the policy contribute to Poplar HARCA's aims?	Protecting Poplar HARCA's income is vital to ensure it can achieve all 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.