

# Shared Owner Charges Policy

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This policy will apply to the following entities:

- Legal & General Affordable Homes Limited
- Legal & General Affordable Homes (AR) LLP
- Legal & General Affordable Homes (SO) LLP
- Legal & General Affordable Homes (Capital) Limited
- Legal & General Affordable Homes (Development 3) Limited
- Legal & General Affordable Homes (Operations) Limited

### **Policy Introduction**

We have a responsibility to administer a number of services to shared owner residents. These services are rechargeable to the customer through the lease agreement.

This policy covers the following services;

- Service charge management fees
- Service administration charges
- Resale administration charges

### **Policy Aims**

The objectives of this policy are to:

- Clearly set out the services offered and charges to be passed on to shared ownership customers
- Establish a review mechanism for those charges
- To levy charges that are reasonable in the context of the wider market
- Allow recovery of the management costs incurred by PropCo

This policy applies to customers living in accommodation owned by Legal and General Affordable Homes (LGAH) under a lease agreement, including where properties are managed by another housing provider.

### **Legal Framework**

This policy is designed with consideration of the following legal and statutory instruments.

- Commonhold and Leasehold Reform Bill 2002
- S18 to 30 Landlord and Tenant act 1985

### **Contractual framework**

The Shared ownership lease agreements allow for recovery of service charge management and administration charges and form the contractual basis of recovery.

## Definitions

Service charge management fee;

A charge to cover the costs associated with the management of communal areas, including the calculation and administration of service charges and the collection of charges reserved as rent.

Administration charges;

Charges levied to individual shared owners at the point they choose to access a particular service.

Resale Administration charges;

A charge to cover the resale service offered to shared owners by the landlord.

Shared Owner;

A part buy part rent tenure with a Lease agreement.

FTT (First Tier Tribunal);

The body where a customer subject to a lease agreement can ask for a determination on the reasonableness of charges, requirement to pay charges and other legal matters that impact leasehold tenures.

## Legal background

The FTT (First Tier Tribunal) are tasked with determining if a service charge is reasonable when requested to do so. The statutory test for this is held within Section 19 of the Landlord & Tenant Act.

The Commonhold & Leasehold Reform Act 2002, extended the reasonableness test to include administration charges. There is also the requirement for any administration charges demanded to be accompanied by a summary of the rights and obligations document for administration charges to be properly due.

It is therefore a requirement that all administration and management fees are reasonable, are properly demanded and that these are subject to those tests at the FTT.

### **Fee Calculation Methodologies**

Management fee;

Calculated with reference to the cost incurred by PropCo from the panel of management providers.

Administration Charges;

Calculated with reference to the broad market service offer and Housing Quality Network benchmarking data.

Resale Administration Charges;

Calculated with reference to the broad market service offer and benchmarked against a number of registered providers.

### **Service Charge Management Fee**

A tender process to provide management services to shared owner tenures has been completed and a panel of providers appointed. PropCo pays these providers a unit fee per annum for the management of shared ownership properties.

The basis for the Management Fee is the elements of this unit this fee relating to services that are provided in connection with the management of common parts, including the collection of rent.

The fee level incurred by PropCo that can be recharged to Shared Owner customers represents the costs for management of common parts, including the collection of charges reserved as rent.

Service charge management fees may increase annually by RPI or in line with the cost of delivering services.

Levying this annual charge will allow for the costs of management to be recovered from the shared ownership customer group.

### **Administration Charges**

An Administration charge is any money demanded from the shared owner for granting approvals under the lease, for the provision of information or documents, for dealing with a failure by the leaseholder to pay ground rent or service charges, or in connection with a breach of the lease.

An extensive list of these charges and the fee levels to be recharged are listed in appendix A, and these form the fee levels to be charged.

### Resale Administration charges

It is normal in the affordable housing sector for resales to be handled by the landlord initially for a period of time, typically anything from 8 to 12 weeks. If a sale is not achieved through the landlord, then the shared owner can, after a set period of time has elapsed, advertise the property via the traditional means.

The fee structure for this service, is as follows;

Service	Service Outline	Fee Level
Sales Service	Includes marketing on appropriate media, financial assessment of applicants, issuing Memorandum of Sale	1% of property sale price + VAT, capped at £3,000.00 + VAT

### Fee Revisions

The fees will be subject to revision.

Where the fees are derived from management providers costs, they will rise in line with those incurred charges.

The resale and administration charges will be reviewed every two years and adjusted in line with the market and benchmarking data.

## Equality and Diversity

LGAH will treat all customers and staff with fairness and respect. We value diversity and work to promote equality and tackle unlawful discrimination.

We are committed to helping customers to access information about their homes and services in a way that suits individual needs.

Accountable Director	Shaun Holdcroft
Approval Date	December 2022
Review Date	December 2024

## Appendix A- Administration Charges

<b>Service</b>	<b>Fee Level</b>
Solicitors Pack Flat Lease - 10 Days	£ 150.00
Solicitors Pack Flat Lease - 5 Days	£ 175.00
Solicitors Pack House Lease - 10 Days	£ 100.00
Solicitors Pack House Lease - 5 Days	£ 125.00
Additional enquires	£ 50.00
Re-mortgage Enquiries	£ 100.00
Re-mortgage Consent	£ 80.00
Lease extension valuation fee	£ 300.00
Lease extension administration	£ 250.00
Lease Variation administration	£ 190.00
Mortgage valuation	£ 90.00
Further Advance	£ 80.00
Staircasing	£ 200.00
Notice of charge receipt	£ 60.00
Notice of transfer receipt	£ 60.00
Deed of covenant receipt	£ 60.00
Notice of assignment	£ 60.00
Certificate of compliance	£ 120.00
Deed of postponement	£ 100.00
Copy lease	£ 30.00
Copy Insurance (hard copy)	£ 20.00
Sublet approval	£ 100.00
Pet consent	£ 50.00
Alteration approval - basic changes	£ 120.00
Alteration approval- complex changes	£ 50.00
Alteration inspections (where required)	£ 50.00
Retrospective requests	As above plus 25%
S20 Consultation	Nil
Enforcement of tenant covenants	Nil
Admin charge for court application	£ 50.00
PM Meetings after 7:30 pm	Nil
Senior officer requested at meetings	Nil
Director requested at meeting	Nil