



# Shared Owner Charges Policy

## Shared Owner Charges Policy



## 1. 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 (Investment 1) Limited  
 Legal & General Affordable Homes (Investment 2) Limited  
 Legal & General Affordable Homes (Investment 3) Limited  
 Legal & General Affordable Homes (Development 4) Limited

## 2. Policy Introduction

As a landlord, we have a responsibility to oversee a number of services to shared owner customers and typically delivering these services comes at a cost. These services are rechargeable to the customer and are always detailed within lease agreements to ensure they are clear and transparent for shared owners.

This policy covers the following:

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

## 3. 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 process for those charges
- To set charges that are reasonable and comparable to the wider market
- Ensure we can recover relevant management costs incurred by all Legal & General Affordable Homes entities

This policy does not cover service charge costs for delivering localised services, such as communal cleaning or garden maintenance. Those are covered by our Service Charges – Shared Ownership Policy.

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 one of our management providers.

## 4. 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



## 5. Contractual Framework

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

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## 7. 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.
- Management Provider – a partner of Legal & General Affordable Homes who deliver localised services to shared owners and who are the main point of contact for all general queries, including providing service charge statements to all shared owners.

## 8. Services provided and cost calculations

### Service Charge Management Fee

Each of our Management Providers sets a fee for providing services to shared owners. This is typically in relation to the management of communal areas, collection of rent and providing service charge statements.

This fee was part of a tender process completed by LGAH where we pay the Management providers a unit fee per year for the management of shared ownership properties and this unit fee is then recharged to shared owners. This forms part of shared owners wider service charge costs and will be recouped through monthly service charge costs.

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

### Administration Charges

An Administration charge is any money demanded from the shared owner for granting approvals under the lease. This can be for items such as requests for information or documents, for dealing with a failure to pay rent, ground rent or service charges, or in connection with a breach of the lease.

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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. These charges have been benchmarked against other housing providers to ensure they do align to the wider market. These charges are levied by the Landlord and not the management provider.

### Resale Administration charges

When a shared owner wants to sell their home, typically there is a requirement for the landlord to initially advertise the property for a period of time before the shared owner can advertise on the open market. There is a cost for providing this service, and also a cost for information requests as part of the sale which is covered through our Administration Charges.

The fee structure for this sales 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 full market value + VAT, capped at £3,000.00 + VAT

Staircasing is not covered within this cost, and is factored in as an Administration Charge as outlined in Appendix A

### Fee Revisions

The fees outlined in this Policy will be subject to review. The Management Fee does increase annually with inflation, or in line with the cost of delivering services, and the resale and administration charges are reviewed every two years and adjusted in line with the market and benchmarking data.

### Challenging the costs

If a shared owner wants to challenge the costs covered by this Policy they can do so through an application to the First Tier Tribunal (FTT). They are tasked with determining if a service charge is reasonable and in line with what is detailed in legislation (Section 19 of the Landlord and Tenancy Act).

The Commonhold & Leasehold Reform Act 2002, extended this reasonableness test for charges 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.

## 9. Related Policies

- Service Charge Policy – Shared Ownership
- Staircasing and Resale Policy
- Pet Policy

## 10. Equality & Diversity

LGAH considers the diverse needs of its customers when delivering landlord services. We expect all employees, and partners working on behalf of LGAH, to treat all customers with fairness and respect.

The specific needs of customers are considered when delivering services against this policy and at times this may require taking a different approach to ensure customers are not disadvantaged due to their diverse needs. This

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will include utilising information LGAH holds about its customers and tailoring how customers are to communicate and engage with LGAH services to eliminate any barriers for access and reporting.

Accountable Director	Karen Heaney, Director of Customer, Property and Platform
Approval Date	December 2024
Review Date	December 2026  (or more frequently subject to any changes in regulatory, legislative and/or areas of best practise where a review is required sooner than the planned review date)

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## Appendix A- Administration Charges

Service	Fee Level (incl VAT)
Solicitor Pack Flat Lease - 10 Days	£175.00
Solicitor Pack Flat Lease - 5 Days	£204.00
Solicitor Pack House Lease - 10 Days	£116.00
Solicitor Pack House Lease - 5 Days	£146.00
Additional Enquiries	£58.00
Re-Mortgage Enquiries	£100.00
Re-Mortgage Consent	£80.00
Lease Extension Valuation Fee	£300.00
Lease Extension Administration Fee	£300.00
Lease Variation Administration Fee	£210.00
Mortgage Valuation	£105.00
Further Advance	£92.00
Staircasing	£205.00
Notice of Charge Receipt	£70.00
Notice of Transfer Receipt	£70.00
Deed of Covenant Receipt	£70.00
Notice of Assignment	£70.00
Certificate of Compliance	£120.00
Deed of Postponement	£116.00
Copy Lease	£35.00
Copy Insurance (hard copy)	£23.00
Sublet Approval	£100.00
Pet Consent	£55.00
Alteration Approval - basic changes	£58.00
Alteration Approval - complex changes	£140.00
Alteration Inspections (where required)	£58.00
Retrospective Consent	As Above plus 25%
S20 Consultation	Nil
Enforcement of tenant covenants	Nil
Admin charge for court application	£58.00
PM meetings after 7.30 pm	Nil
Senior Officer requested at meetings	Nil
Director requested at meetings	Nil

These charges are levied by the Landlord and not the management provider.