

# Homeowners Recharge Policy

## 1 Purpose

This policy sets out Metropolitan Thames Valley Housing (MTVH) approach to recharging homeowners for works and services.

This policy must be read in conjunction with:

- Individual leases and transfer documents
- Service Charge Policy
- Flexible Tenure Guidance

## 2 Scope

This policy sets out our approach to how we recharge costs and the deferred payment options available to charitable beneficiaries.

The policy and accompanying procedures apply to:

- All homeowners as defined in this policy

Our primary objective is to make sure our customers are safe. We will do this while satisfying our other duties:

As a landlord, following legal and regulatory requirements to keep homes we manage well maintained and safe, including:

- Working with customers, actively listening and responding to their concerns about works and services
- Achieving value for money when investing in fire safety improvements
- Working effectively and in partnership with contractors and other third parties

As a charity, we undertake our duties as a landlord in pursuance of our charitable objectives, to provide and manage housing to charitable beneficiaries and other appropriate recipients.

In particular, we aim to achieve best value for money for works and services. We also aim to make sure we achieve best value when selling assets, so that we can reinvest these funds into delivering our charitable objectives.

This policy follows these principles:

- We recover all costs from leaseholders and shared owners where they are liable to pay for works, maintenance and management according to lease provisions
- We seek to minimise these costs to leaseholders and shared owners and make every effort to reduce costs by implementing initiatives where possible.

### 3 Our Approach

#### 3.1 Definitions

Term	Definition
<b>Homeowner</b>	For the purpose of this policy, a homeowner is a person who has purchased a home in one of the following tenures: <ul style="list-style-type: none"> <li>• Shared ownership</li> <li>• Leasehold property</li> <li>• Freeholder</li> </ul>
<b>Charitable Beneficiary</b>	People that the law regards as being entitled to assistance by a charity and who we are permitted to assist under its constitution. For the purpose of this policy, we define a charitable beneficiary as: <ul style="list-style-type: none"> <li>• Those that are in financial need, who can demonstrate that the debts cannot be repaid in a 12-month period</li> <li>• Those that are of legal pension age</li> <li>• Registered disabled</li> <li>• Those that are recognised by a medical professional as being chronically sick.</li> </ul>
<b>Freeholder</b>	A person or company who is the owner of a property-and the land it stands on.
<b>Leaseholder</b>	A person who is registered or entitled to be registered as having a leasehold interest in the property at the Land Registry.
<b>Shared Owner</b>	A person who owns a percentage of their property. Shared owners pay rent on the share they do not own and have a lease agreement with MTVH.
<b>Maintenance</b>	The process of ensuring buildings and their immediate environments are in optimum condition. Maintenance activities include but aren't limited to; safety checks, cleaning, pest control, garbage disposal, gardening, landscaping, and asset repairs.
<b>Management</b>	The management of land and buildings as a business, including keeping buildings in good condition and renting property.
<b>Variable Service Charge</b>	This is a charge that the landlord can alter depending on costs incurred (day to day management costs), but it must give the homeowner notice of the variation. The lease or agreement may specify what, if any, service charge the leaseholder/shared owner pays.
<b>First-Tier Tribunal</b>	The tribunal handles disputes over property and land, such as rent, leasehold, land registration, agricultural and drainage issues.
<b>Major Works</b>	These works can include maintenance and repair, and sometimes improvement, of the exterior and structure of the building and common parts. Major works will not include maintenance and repair of the 'demised premises', which will normally be the interior parts of the property.
<b>Improvement Works</b>	These are planned works that enhance the block or where a like for like repair cannot be undertaken. These works are permanent, whereby the leaseholder will benefit from this enhancement to the block, e.g., installing an integrated fire alarm system with heat detectors to each leasehold unit.

<b>Remediation Works</b>	These are planned works that are identified to a defective block for it to become compliant with new or existing regulatory or legislative requirements; fire safety regulations or other health and safety requirements, e.g., ensuring compartmentation of the block is sufficient and fire breaks are in place within the structure of that block.
<b>Retrospective Regulatory Requirement Works</b>	These are planned works necessitating priority changes to the block to become compliant with safety requirements, e.g., removal of ACM cladding or other combustible materials surrounding the block.
<b>Works in Default</b>	These are works undertaken by MTVH to a homeowner's property where the homeowner has failed to carry out required works as per the terms of their lease.
<b>Recharge Repairs</b>	Recharge repair work is work we are not obliged to undertake. However, we may choose to undertake work on the homeowner's request at their cost.
<b>Service Charge</b>	These are the costs for undertaking and providing works, maintenance, management and services to buildings as recoverable under the lease.
<b>Section 20 Consultation</b>	This refers to Section 20 of the Landlord and Tenant Act 1985. This requires landlords to consult at required stages of the procurement process.
<b>Voluntary Charging Order</b>	This is a court order which secures a debt on the property of the person who is liable to pay it (the debtor). The charge is registered with the Land Registry.

### 3.2 Management and maintenance

We deliver services in accordance with the lease and our obligations as a landlord, in line with regulatory and legislative requirements. The cost of this will be covered from homeowners via service charges.

We aim to achieve value for money with service charges by ensuring high standards and quality of the services we deliver.

This policy also refers to and details how service charges, including variable service charges, are calculated and charged back. All variable service charges are subject to first-tier tribunal (property chamber).

### 3.3 Recharges

Our approach to charging will depend on the type of work undertaken:

#### Major Works

We may charge leaseholders and shared owners for major works, the charges are defined as a 'service charge' but will, usually, be an additional payment on top of the annual service charge. The homeowner's lease should have a definition of what is included within the demised premises and what is, therefore, the homeowner's responsibility.

We may carry out cyclical decoration and repairs to buildings every 7 years as well as carry out large renewal, repair and maintenance jobs as they are required. This may include work to external brickwork, the roof, communal windows and internal decorations. Under the terms of the homeowner's lease, the homeowner may have an obligation to contribute towards the cost of this work as a service charge.

#### Improvement works

We charge leaseholders and shared owners for improvement works to buildings only if their leases provide for these charges, subject to statutory consultation where required.

#### Building Safety related recharges

The Building Safety Act 2022 outlines comprehensive protections for leaseholders preventing them from being recharged for any 'relevant defects'. However, there is still an option for us to recharge for certain

elements of fire safety remediation. Our position throughout this process is to look to mitigate and protect leaseholders from costs in relation to remediation of relevant building safety defects.

**We will not pass on any cost for building safety remediation works to our leaseholders in buildings above 11 metres or 5 stories in height. This includes any historic costs and costs for interim measures (such as temporary alarm installations and waking watch).**

This decision has not changed our approach or commitment to hold developers or contractors to account by having them remediate buildings at their costs and/or recover costs from original contractors and developers. We will continue to pursue any responsible party to recover costs if we have a legal basis to do so.

Where we are not the freeholder of a building, we will urge the responsible freeholder to do the same as well as challenging any claims for costs associated with building safety.

We will continue to provide specific updates directly to homeowners about their buildings and progress being made.

Works that are improvements will be dealt with through normal processes contained in the lease.

### **Works in default**

Where a homeowner is obliged to undertake repairing responsibilities (including critical repairs) in their agreement and fails to do so, we will undertake the works in default. This is subject to the homeowner's lease containing a suitable clause allowing for us to carry out these works. Where we do this, we recharge the homeowner the full cost of undertaking the works, including administration and any legal costs if there are breaches of the lease or transfer agreement.

There may be works required to the leaseholder's premises that are relating to aspects of fire safety obligations for MTVH as a landlord. Where essential fire safety works are required on flat fire doors, each lease must be scrutinised individually to establish where responsibility lies. It is common for a lease to include a clause requiring a leaseholder to comply with statutory and legislative requirements, this means the leaseholder would be obliged to follow any recommendations in a fire risk assessment regarding flat entrance doors. Where the leaseholder is responsible for the flat entrance door and fails to make the repair/replacement, MTVH will endeavour to carry out the repair or replacement and recharge the leaseholder for the full amount.

We may offer deferred payment options for these works, subject to the **Deferred payment options** sections of this policy.

In some cases, we will be required to recharge for works even without permission, we reserve our right to carry out enforcement action if necessary.

### **Smoke and Heat Detection**

Leaseholders are responsible for the smoke and heat detection within their property, MTVH will not routinely upgrade or carry out repairs on BS5839 Part 6 systems. MTVH will however attempt to fit/repair detection where the building has a Simultaneous Evacuation Policy and the BS5839 Part 1 System extends in to flats. Where access is not granted, a Sounder Beacon will be fitted in the corridor, outside the Leasehold flat door.

### **Deliberate Damage**

Where we find a homeowner has deliberately damaged our property, we will recharge them the cost undertaking any works, as well as any legal and administration fees.

### **Consultation and information**

We follow legislative and regulatory requirements to consult with leaseholders and shared owners whenever we procure works or services that may be recharged in line with the lease. We consult homeowners in compliance with section 20 of the Landlord and Tenant Act 1985 where required.

We understand that some works covered by this policy may require additional information and consultation and we will be sensitive to the homeowner's concerns whenever we undertake works.

We may hold a meeting with homeowners to discuss intended work or services to answer homeowners' queries collectively. As the cost of these meetings are rechargeable and may affect our ability to effectively conduct our normal duties, we limit these meetings to the minimum that will allow effective communication.

### **Other parties undertaking works to buildings**

Where we do not manage where our homeowners live and qualifying work is being undertaken by another person or agent interested in the building, e.g., a managing agent, homeowners will be consulted by the person/agent undertaking the work where required in line with the current requirements of section 20 consultation and case law.

Where we are charged for works, we will pass the charges on to homeowners in line with leases. In relation to fire safety remedial works to fix relevant defects, we will not pass these costs on to leaseholders.

### **Recovering costs from external sources**

To minimise the cost to homeowners:

- Where we have been able to source grant funding from the Government, we will apply the grant funding to the cost of the works and recharge any deficit to homeowners as a service charge.
- Where we discover relevant grants for homeowners to apply for, we will inform leaseholders and shared owners about them.
- We will hold contractors to account when we identify construction defects that we can prove are their responsibility and where we are reasonably likely to succeed in getting them to do the work again or pay for it.

### **Administration fees**

In line with regulatory requirements, our administration fees cover the cost for providing required approvals, consents and other services under the terms of agreements.

In addition, our administration costs include costs incurred for services outside of our requirements as a landlord such as recharge repairs as defined above.

Our administration fees are reviewed annually to ensure they remain fair and competitive. The Executive Team will authorise any changes to administration fees resulting from the annual review.

### **Other charges**

We will recharge for any other works or services undertaken to the building that has not been captured in this policy but only where the lease or agreement allows.

MTVH offers a 2.5% discount for all balances over £1000 paid within 28 days of receipt of invoice.

## **3.3 Payment Arrangements**

### **Criteria for approval of a deferred payment option**

To comply with our obligations as a charity, we are only able to offer repayment agreements to charitable beneficiaries, who are unable to get further borrowing through a re-mortgage or loan and demonstrate that the debt and/or existing arrears are unaffordable to repay in a 12-month period.

Where homeowners fulfil the criteria above, we require a signed declaration and an income, savings and expenditure balance sheet with supporting evidence to support their application.

As part of the application process, we require homeowners to accept that:

- Homeowners are responsible for the upkeep of their repayments
- Homeowners accept that if they default on their repayment option the repayment option will be void and the remaining balance will be due in full
- All deferred payment options must be cleared before they sell their home or paid on completion of any sale
- We reserve the right to review repayment options at any time
- Any false information provided on the repayment application may result in repayment options being withdrawn
- Homeowners acknowledge that all other payments due outside of the repayment option must be met in compliance with their lease.

### **Support for those having difficulty to pay**

We understand that in some cases homeowners may struggle to afford to pay for works if there is a shortfall in the sinking fund and it does not wholly cover their costs. Homeowners who want a repayment option outside the terms of their lease must apply to us to do so. We consider every application on a case-by-case basis in line with the criteria set out in this policy.

### **Deferred payment options for Homeowners**

- a. Leaseholders who sublet are not eligible for payment plans outside the terms of their lease. Shared owners who are subletting with our agreement will be eligible to apply.
- b. We must approve a deferred payment option in writing before they take effect.
- c. We recharge our costs for administering deferred payment options.
- d. Homeowners must keep to any reasonable conditions that we set as part of our approval.
- e. To ensure we are compliant with FCA requirements, we will register all payment plans longer than 12 months as a charge against the homeowner's property at 0% interest. We will remove the charge when the debt is repaid.
- f. In the event the homeowner does not adhere to the agreed payment options, any outstanding amount will be treated as arrears and we will follow our arrears process.
- g. We require homeowners to clear their debt to us when they are:
  - i. Assigning the lease to someone else
  - ii. Transferring Equity
  - iii. Selling their home
  - iv. Remortgaging with a further advance
  - v. Staircasing
- h. We offer deferred payment options based on the total cost of the works and administration fees set out below:
  - i. The minimum repayment amount is £100 per month payable by direct debit only. In exceptional circumstances, we may reduce the minimum repayment to an amount which we deem more affordable for the homeowner.
  - j. We automatically withdraw repayment options where two consecutive payments are missed and are not repaid within 6 months of the last payment due. Where this happens, we require homeowners to clear the outstanding balance in full and will commence recovery of the debt where the homeowner fails to do this.

- k. Homeowners must tell us of all changes in their circumstances. Where a homeowner's circumstances change, we will review the repayment option.
- l. We review repayment options periodically.
- m. We only offer deferred payment options where there is enough equity in the property.

### Repayment periods

The below table sets out the repayment options and specifies the repayment amount and the duration the customer must pay this amount by.

**For compliance, we will secure the costs of any works, agreed in the repayment option longer than 12 months, as a Voluntary Charging Order.**

Max Repayment Period	Repayment amount range (Minimum and Maximum values)
1 year (12 months)	£0 - £1,200
2 year (24 months)	£1,201 - £2,400
3 year (36 months)	£2,401 - £3,600
4 year (48 months)	£3,601 - £4,800
5 year (60 months)	£4,801 - £6,000 and over

### 3.4 Exceptional circumstances - Individual

In exceptional circumstances, where a homeowner cannot afford the minimum repayments and has exhausted all other avenues for repayment, we will consider securing a charge against the property with no regular repayments or a lower monthly repayment amount until one of the property transactions listed in 3.3. takes place.

Homeowners must make any requests in writing and provide any supporting evidence.

The Executive Director of Customer Services will authorise applications for repayment terms and charges for any exceptional circumstances. Where the cost is in excess of £20,000 per leaseholder, then this will also be escalated for a decision as to the appropriate way in which the cost must be dealt with.

### 3.5 Exceptional circumstances – Specific Scheme / Building

There may be situations which arise where the cost of works to a building is prohibitively high even when the repayment calculations are applied.

In these circumstances the matter will be referred to the Executive Team for a decision on how the costs of the works will be recouped from homeowners in a way that is fair and equitable.

### 3.6 Our Responsibilities

Team	Responsibilities
Customer Accounts Team & Homeownership Team	Review, process and authorise repayment agreements in line with this policy.
Central Customer Services Director	Authorise any changes to administration fees.
Executive Director	Implement this policy and agree exceptional circumstances for individual homeowners (up to the value of £20,000 per any one leaseholder).

<b>Executive Team</b>	<p>Agree alternative repayment agreements in exceptional circumstances on a scheme-by-scheme basis.</p> <p>Agree alternative repayment agreements in exceptional circumstances where a recharge under this policy will exceed £20,000 per leaseholder in any one year.</p>
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#### 4 Background Legislation

This policy has been developed to deliver compliance with the following legislation:

- Law of Property Act 1925
- Commonhold and Leasehold Reform Act 2002
- Consumer Credit Act 1974
- The Financial Services and Markets Act 2000 (Regulated Activities Order) 2001
- The Social Landlords Mandatory Reduction of Service Charges (England) Directions 2014
- The Landlord and Tenant Act 1985
- Regulatory Reform (Fire Safety) Order 2005 (FSO)
- Building Safety Act 2023

#### 5 Our commitment to Equality, Diversity, and Inclusion

In implementing this policy MTVH will not discriminate against any colleague, customer, or stakeholder on the grounds of their sex, sexual orientation, gender reassignment status, ethnic origin, age, religious belief, disability, marital status, and pregnancy/maternity.

An Equality Impact Assessment has been completed for this Policy and is retained by the Policy Team.

#### 6 Key Policy Information

Policy Owner	Director of Homeownership
Author	Assistant Director of Home Ownership
Approved by	Customer Services SLT
Effective from	September 2024
Approach to review	This Policy & associated Procedures will be reviewed as required by the owner for changes in legislation, regulation, and operational need. Any amendments will be appropriately consulted on and signed off before being clearly communicated to customers and colleagues. Next expected review is 5 years from the 'Effective date' of this document.
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