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# Update on Right to Buy & Leasehold Management

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Leasehold Manager



# What this update will cover

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- Recent changes to the Right to Buy
- Imminent government department marketing activity
- Major works and implications for leaseholders
- Working with leaseholders when major works are proposed or carried out
- Payment options

# Context

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- The council owns & manages around 4,500 houses
- It manages 10,000 flats in over 1,400 buildings where it is freeholder
- 2,500 of the flats are leasehold (now including Seaside Homes leases)
- Around 35-40% are being sub-let

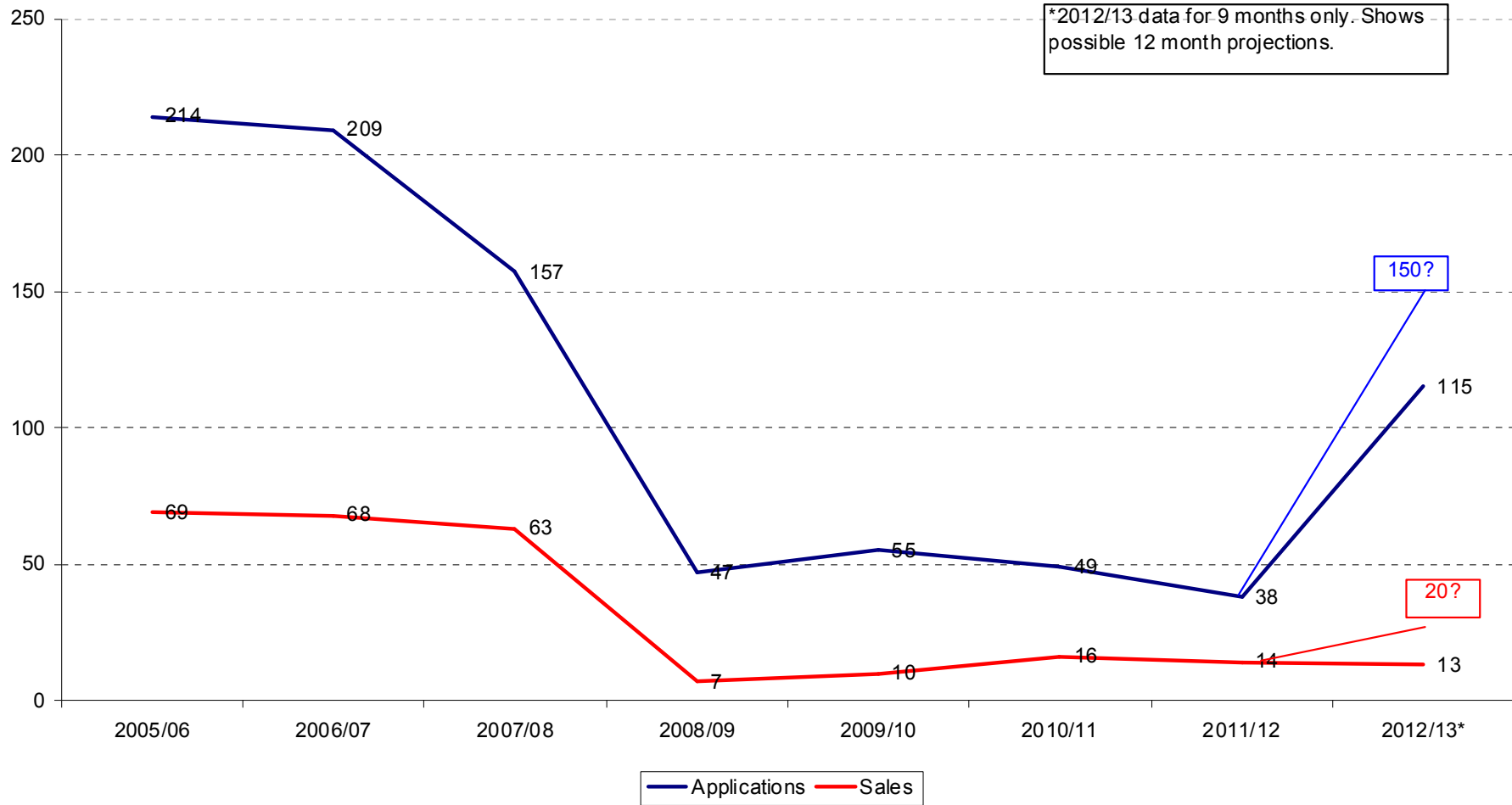


# Right to Buy

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- From 1 April 2012 the maximum discount was increased nationwide to £75,000
- For Brighton & Hove the previous level was £38,000
- In the first 6 months applications increased around 5-fold
- From October – uptake has reverted back

# RTB Applications & Sales 2005-2013



# Right to Buy

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- A number of economic & social factors why tenants are not buying
- Council tenant home ownership drive (DCLG)
- Promoting in Brighton & Hove in February
- Letters/leaflets to estates
- Advertising/web & mobile pop-ups
- Link to DCLG phone advice line



# Right to Buy

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- Roadshow event – BHCC invited to co-promote
- DCLG advise the lessons learned – many ‘low quality’ applications arise
- Currently, BHCC rely on tenants to apply at a time they are ready
- Detailed information on RTB to all tenants so they are aware

# Leaseholders and major works

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- The council has an obligation under the leases to keep the building in repair, and the ability to carry out improvement works
- In general terms, leaseholders have to contribute their share of the costs the council incurs



# Leaseholders' protections

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- Leaseholders are protected on service charges
- Costs have to be allowed in the lease
- Costs must be reasonably incurred
- Works carried out to reasonable standard
- Consultation requirements complied with (or dispensed with by LVT)

# Consultation on works

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- In some cases leaseholders will know about works before a notice is issued
- High cost works are normally carried out under a long-term agreement – Mears, Liftec
- For these works, a notice is issued giving 30 days for written observations
- Major works information leaflet sets out payment options (offer of confidential visits)
- Higher cost works a meeting is held as well

## If the work goes ahead...

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- Unlike many other landlords, BHCC does not make a demand for service charge on major works until the works are finished
- September following completion a demand is made in annual Certificate of Expenditure
- The time between the consultation and the demand can be 12 months to 24 months

# Payment options

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- Once the demand is made, payment is due within 28 days
- Where someone has difficulty with payment they may be able to get help from an outside body (lender, Pension Service, etc)
- BHCC offers to spread the payment over 12 months
- Council loan at interest (currently 5.07%) up to 10 years
- Interest-only loans for pension age



# Resident leaseholders

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- For works costing £5,000 or more there are further options for resident leaseholders
- Spread the payment up to 5 years (depending on amount)
- Equity loan – amount converted to % of property repaid on transfer (no repayments)
- Maturity loan – no repayments (amount + interest repaid on transfer)
- Longer-term loan – with interest up to 25 years

# Other options

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- Subject to funding and eligibility common parts loans or assistance are sometimes available
- In cases of extreme hardship for resident leaseholders – a voluntary legal charge may be agreed
- A government directive gives discretion to limit charges to £10,000 in a 5 year period in individual cases of hardship (on application)

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