

FAREHAM

BOROUGH COUNCIL

Report to Housing Tenancy Board

Date **21 April 2015**

Report of: **Director of Finance and Resources**

Subject: **NEW LEASE FOR LEASEHOLDERS**

SUMMARY

This report advises the Board regarding an additional charge being levied on Leaseholders.

RECOMMENDATION

That the Board note the contents of the report.

INTRODUCTION

1. When tenants acquire their property, being a flat or maisonette, under the Right to Buy Regulation, they will then be liable to pay on-going Ground Rent and Service Charges associated with the property.
2. Leaseholders have to abide by the terms of the lease that was drawn up at the time the property was first sold under Right to Buy.
3. Currently, there are two types of leases.
 - (a) One where the leaseholder is not liable to pay for their share of improvements to their block &
 - (b) Another where the leaseholder is liable to pay of such improvements.
4. The change in leases provided occurred in the late 1980s following a change in regulations which enabled all lease to be able to be charged for improvements.
5. Following a recent review of costs being charged to the Housing Revenue Account, it became apparent that the account is paying the costs of providing a Leasehold Management Service to leaseholders without those leaseholders making a contribution to those costs.
6. It is falling upon our own tenants to cover those costs from their rents.
7. We have taken advice from our Legal Service team who have recommended a new lease is to be used for all new flat & maisonette acquisitions under Right to Buy. This will give the Authority the ability to recharge leaseholders a service charge that will contribute towards the costs of providing the Leasehold Management Service.

RISK ASSESSMENT

8. There are no significant risk considerations in relation to this report

CONCLUSION

9. This report has provided board members with an update on the types of leases being granted to Leaseholders and the Authority's ability to levy service charges to recoup costs in providing a Leasehold Management Service.

Background Papers: None

Reference Papers: [Revised Lease](#)

Enquiries:

For further information on this report please contact Kevin Gollodge. (Ext 4331)