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# Affordable Home Ownership Housing Management Accreditation Scheme

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# Background

## Provision and management of affordable home ownership products

Affordable home ownership is delivered by registered social landlords (RSLs), non-RSL developers, local authorities and arms length management organisations (ALMOs).

Funding for the provision of affordable home ownership products is provided through Housing Corporation grant, planning gain as part of private sector-led developments (usually called Section 106 Agreements), English Partnerships land schemes, regeneration funding, funding from private lending and landlords' own resources.

Affordable home ownership has some distinct features, which makes the ongoing management of the homes different to the management of social rented housing. For example, the legal terms of occupation are different as are the characteristics of the customer groups.

## Equity loan products

### Expanded Open Market HomeBuy

Purchasers buy 100% of a home on the open market. They raise finance from an approved private lender to purchase around 75% of the value of the home.

The remaining 25% is provided equally by government, through the HomeBuy Agent, and by approved private lenders. There is no charge on the publicly subsidised share of the equity, but interest will be charged by the private lenders on their share of the equity loan, after five years. Interest will be capped at 3% for another five years.

## Shared ownership products

### Home ownership for people with long-term disabilities

This is a variant of New Build HomeBuy (see below) where the purchaser identifies a suitable home on the open market, which is then bought by a landlord and sold to the purchaser on shared ownership terms. The purchaser pays rent and service charges and can buy further shares in the home.

### New Build HomeBuy

The purchaser buys a minimum initial purchase, usually of 25%, of a newly provided home. This will generally be new build, but might also be a newly converted or rehabilitated home. The landlord retains the remainder of the equity and usually charges a rent, which is set in relation to the proportion which the purchaser owns.

The purchaser will usually have a full repairing lease and pay service charges. The landlord will provide a range of management services. Purchasers have a right to purchase further shares in their home (known as staircasing), usually up to a maximum of 100% ownership. On each staircasing, the rent will be adjusted to reflect that the purchaser now owns more of their home. When the final equity has been bought, the purchaser will become a full leaseholder if in a flat, or will usually receive the freehold of their home, if in a house. In commonholds, where long leases are not permitted, purchasers will buy using a trust mechanism which largely mirrors the leasehold relationship.

### Social HomeBuy

The purchaser buys a minimum initial purchase, usually of 25%, of the rented home where they are living. The purchaser receives a discount on this initial purchase. From April 2008, tenants purchasing through Social HomeBuy will be entitled to a discount on any further shares they buy. The purchaser pays rent, service charges and can buy further shares in their home, as in New Build HomeBuy (see above). It is also possible to exercise Social HomeBuy by buying the home outright. In this case, buyers receive a discount on the total purchase price.

## Statutory sales schemes

### Right to Acquire

A statutory right of some RSL tenants to buy the property where they live. Tenants must meet eligibility criteria and homes must qualify for the right to be exercised. Purchasers are entitled to a discount. Some property types are excluded and the right cannot be exercised in some rural areas.

### Right to Buy

A statutory right of secure tenants of local authorities and non-charitable RSLs. Purchasers are entitled to a discount. Some property types are excluded. Where a local authority transfers its homes to a social landlord, tenants who were eligible retain this right, subject to certain conditions. This is known as the Preserved Right to Buy.

## Open market sales

Some sales by landlords and developers will be open market sales where the purchaser acquires the freehold or leasehold interest outright. Where these are sales of freehold houses, the landlord's involvement will cease at the point of transfer, except, potentially, for the management of covenants, such as the repayment of any discount or the option to buy back the property at some future date.

# Accreditation scheme

## Introduction

This document is the Housing Corporation's Affordable Home Ownership Housing Management Accreditation Scheme and should be read in conjunction with the overarching Housing Management Accreditation Scheme.

## Scope of the scheme

Accreditation under the scheme is a requirement where organisations other than RSLs are managing grant funded affordable home ownership, and non-grant funded homes for sale which are provided alongside or in connection with grant funded schemes. For example, in a mixed-funded development, where some homes are provided through Corporation grant and other homes are delivered as part of a s106 agreement or through developer contributions, then accreditation is a requirement across the social housing part of the development.

Accreditation may also be useful where organisations other than RSLs are delivering or managing affordable housing for sale

that has been provided entirely outside of the grant programme, but subject to local authority requirements around, for example, control of access to housing on sale or resale. In these settings, accreditation may provide assurance to local authorities that housing for sale will be managed to certain standards.

To reflect the diverse nature of the affordable home ownership sector, we will consider applications for accreditation from all organisations managing homes for sale on shared ownership, subsidised or sub-market terms, where there is a clear intention to work with local authorities or key worker employers to meet identified need.

The Minimum Specifications for affordable home ownership management service standards set out below cover a wide range of provisions, settings and activities. These standards are consistent for all accredited bodies. However, we recognise that, given the diversity of provision, not all standards will be relevant in every circumstance. We will look flexibly at applications for accreditation, to ensure that standards are consistent but not onerous.

## Applying for accreditation

There will be a process of one-step accreditation for existing social landlords. 'Social landlords' in this context, means RSLs, local authorities and ALMOs. If social landlords wish to undertake housing management functions for unregistered bodies in receipt of grant, they will receive in principle, one-step accreditation if they have three green lights for viability, governance and management in their Housing Corporation Assessment (HCA) or two stars in their Audit Commission inspection. Unless performance deteriorates so as to necessitate a performance review, the social landlord will not need to participate in the performance reviews required of unregistered bodies in the first year.

If the grant recipient landlord is proposing to undertake the housing management function, or delegate it to an unregistered body, then no later than six months prior to the Start on Site date (as described in the Grant Agreement entered into with the Housing Corporation), the landlord must submit to the Housing Corporation certain Method Statements relating to service provision.

## Method statements

The method statements must detail how the landlord, or their manager, will deliver housing management, repairs, maintenance and other services appropriate to the management of home ownership, referred to in the Specifications sent out as part of the documentation provided to bidders for grant funding (the Specifications). The method statements should clearly demonstrate how the services will meet – and exceed – the minimum standards outlined by the Housing Corporation in the Specifications, reflect good industry practice within the social sector and more widely, and satisfy the requirements of the Regulatory Code. The Housing Corporation (or its Agent) will then assess the method statements against these criteria.

## Capacity plan

The landlord, or their manager, will also be required to submit a capacity plan, at the same time as submission of the method statements. The capacity plan will contain details of the proposed manager's:

- financial capacity to deliver the management of home ownership social housing, including a statement of financial health;

- experience of delivering housing management (including references), particularly in relation to managing leasehold and owner-occupied homes, and mixed tenure settings;
- proposed staffing arrangements, including proposals to ensure sufficient capacity building (where appropriate) and arrangements for on-site staff (where appropriate); and
- office locations, with details of opening hours, access and contact arrangements, including out-of-hours arrangements (where appropriate).

The Housing Corporation (or its Agent), will advise the landlord of their initial assessment. The application will either be deemed to be satisfactory, or to contain material or minor weaknesses. Details of the weaknesses will be provided.

For the purposes of accreditation, material weaknesses would involve, for example, a failure to meet minimum statutory requirements; insufficient experience of delivering management services (or capacity to deliver such services or develop such experience) especially in the context of housing for sale; the risk of loss of life or the risk of loss of assets. Minor weaknesses would, for example, involve a failure to meet

the standards set out in the Specifications (and which are not material weaknesses).

## Achieving accreditation

If the application is deemed to be satisfactory, the Housing Corporation (or its Agent) will carry out a site visit to assess current capacity to manage home ownership social housing. If the site visit does not indicate any evidence of major or minor weaknesses in how the services will be delivered, then the accreditation will be deemed to be successful.

The landlord will also be obliged to observe the relevant covenants in the Grant Agreement in relation to the provision of documentation to the Housing Corporation (including, where appropriate, indicative service charge levels). The landlord will provide specimen forms of occupancy agreements (for approval by the Housing Corporation). Where appropriate, the landlord will also certify that they have entered into the following:

- agreements with HomeBuy Agents, who market homes and assess the eligibility of applicants, as detailed in the Capital Funding Guide and Grant Agreement Specifications; and

- a Nomination Agreement (or Agreements), or some equivalent information-sharing mechanism (including Choice Based Lettings schemes or service level agreements) to identify potential purchasers, with local authorities that meet the standards set out in the Specifications.
- the Audit Commission's Key Lines of Enquiry for Home Ownership (currently KLOE 12 and 14); and
- guidance and good practice produced by trade and professional bodies, for example: Asset Skills, the Sector Skills Council for the Property, Facilities Management, Housing and Cleaning industries; Association of Residential Managing Agents (ARMA); Institute of Residential Property Management (IRPM).

The landlord must certify that the Management Agreement with the manager meets industry good practice, for the social sector and for leasehold housing and home ownership more widely. Good practice may include, but is not limited to:

- CIH/NHF/Housing Corporation Leasehold Management Good Practice Guide (Peter Robinson, CIH, 2003);
- NHF Service Charge Guide (Derek Rawson, NHF, 2005);
- ARHM Code of Practice for Private Retirement Housing (ARHM, 2005);
- Principles of Council Leasehold Management (Steve Michaux, ALG [Now London Councils], 2003);
- S20 Consultation for Council and Other Public Sector Landlords (LEASE/ALG [Now London Councils]);
- RICS Service Charge Residential Management Code (RICS, 1997 [Revision Due]);

The Housing Corporation (or its Agent) will issue the manager with an accreditation certificate.

If the application contained weaknesses, the landlord will be allowed two months to make further amendments to the method statement and return it to the Housing Corporation (or its Agent) for reassessment. If the Housing Corporation (or its Agent) finds any material weakness in the application, the landlord will be advised that the application for accreditation has failed and that alternative management arrangements will have to be proposed. If minor weakness is identified, then the landlord will have one further opportunity to revise their method statement and resubmit it to the Housing Corporation (or its Agent)

for assessment. The Housing Corporation will carry out the final assessment within a two-month timescale.

Managers (excluding RSLs, local authorities and ALMOs with the necessary performance rating) will be subject to one performance assessment during the first year of taking commencement of management of home ownership social housing. Further reviews will generally be carried out on a three-yearly basis. The three year reviews will not include RSLs, local authorities and ALMOs, as long as they maintain their three green light/two star performance assessment. However, the Corporation reserves the right to require an unregistered landlord to instruct their manager to submit an earlier performance re-assessment where there are management concerns, as required in the Grant Agreement and rent charge. Where the manager fails to qualify for re-accreditation, the landlord must as soon as possible put in place interim management arrangements (approved by the Housing Corporation), so that suitable housing management services continue to be provided to residents. Landlords are reminded that, in some circumstances, leaseholders have statutory rights to take on management of their homes.

If a landlord fails to take appropriate remedial action then in the event of a serious performance failure by a manager, the Housing Corporation will advise the landlord that they are in breach of contract and the Housing Corporation will put interim management arrangements in place. In the event of a serious default, coupled with a lack of landlord co-operation, the Housing Corporation has the right to take enforcement action. This right is expected to be exercised in exceptional cases only.

Fees will be payable to the Housing Corporation for processing applications for accreditation and the conduct of the initial assessment exercise (this does not include one-step accreditation applications), plus performance assessments. We anticipate that the fees will not be in excess of £4,000 (plus any applicable VAT) per accreditation application (this does not include performance assessments).

# Minimum specifications for LCHO housing management service standards

## Introduction

These specifications cover six areas of service, not all of which will be relevant to every sales type.

For all sales:

- sales and marketing;
- equality and diversity;
- dealing with anti-social behaviour; and
- residents' rights and obligations.

For sales on shared ownership terms and leasehold flats, including those sold through statutory sales schemes:

- repairs and maintenance; and
- home ownership management

Throughout, we have referred to the organisation entering into a contract with the Housing Corporation as the landlord.

However, the landlord may use other contractors to carry out services.

Within these specifications, certain legal requirements are highlighted as especially significant. Sales and housing management services should conform to all relevant legal and good practice requirements.

This document is not a definitive statement of the law.

## Definition of terms

### Administration charge

A separate charge payable by residents on an individual basis, in addition to the service charge, for or in connection with the grant of approvals, provision of information, recovery of debts, or in connection with a breach (proven or alleged) of the lease.

These are distinct from management charges (see below).

### Affordable home ownership

Homes built for sale under a range of initiatives designed to assist buyers who satisfy particular criteria. A detailed explanation of affordable products is given at the start of this document.

### Assured tenancy

A periodic tenancy, issued usually by a housing association, on a continuing basis. Under present law, most shared owners of housing associations are simultaneously leaseholders and assured tenants, the periodic tenancy reflecting that part of the home is retained by the landlord.

## Choice-Based Lettings (CBL)

A system that allows applicants for social housing (and tenants who want to transfer) to apply for advertised vacancies. Some landlords place sales or resales in CBL schemes. CBL schemes can be a source of data on potential purchasers.

## CORE

A national system which records information on lettings and sales by housing associations, and on lettings by local authorities. It collects a range of data, including household characteristics, economic status, ethnicity, reason for housing and previous tenure.

## Eligibility criteria

Each of the products detailed at the start of this document has its own rules, known as eligibility criteria, about who will be assisted and how. Some of these rules are statutory. In addition, eligibility criteria can also mean the tests applied by HomeBuy Agents, Regional Housing Boards and landlords, to determine who should be helped into home ownership.

## Forfeiture

Ending of a lease and repossession by the landlord because terms of the lease have been breached.

## Freehold

Outright ownership of property for an undefined period of time.

## HomeBuy Agent

England is served by a network of HomeBuy Agents. These are housing associations who register applicants, assess eligibility and hold details of affordable home ownership opportunities in their area. They work closely with local authorities and with landlords and developers, who are expected to co-operate fully with HomeBuy Agents. Applicants to a landlord or local authority will be directed to the appropriate HomeBuy Agent for that area.

## The Housing Corporation

The non-departmental public body that regulates and funds housing associations and other organisations to build new social housing. It is usually referred to in this document as the Corporation.

## Key workers

Workers in specified employment, usually but not necessarily in the public sector, who are treated as a priority group for eligibility for affordable home ownership. Government sets the direction for key worker policy, and Regional Housing Boards have discretion to prioritise particular needs in their region. Local authorities may also specify certain purchaser groups as part of s106 agreements.

## Leasehold

A form of tenure where a home is sold for a long, but finite, period of time. In social housing, this is typically 99 or 125 years. Landlord and purchaser enter into a lease, which is a contract that sets out the rights and obligations of both parties. Leaseholders are generally regarded as home owners, and have significant rights in law, beyond those of other tenants. A landlord may itself be a leaseholder.

## Leasehold Valuation Tribunal

A Leasehold Valuation Tribunal (LVT) is an independent panel with jurisdiction to determine on certain service charge matters under dispute, which are brought before the panel by either a leaseholder or a landlord.

## Management charge

The element within the service charge, payable by all service charge payers in the development, which reflects the management costs of those items that are included in the service charge.

## Nomination agreement

A co-operation document setting out how landlords will help the local authority to fulfil its statutory duties in meeting the housing needs of the district. For home ownership, this may not be such a formal document as for lettings, but may be an information-sharing protocol or service level agreement, which sets out how potential purchasers will be identified and targeted.

## Priority groups

Generally, the priority groups for assistance are existing social and public tenants; those on local authority or housing association waiting lists (including applicants registered on CBL schemes); key workers; first time buyers as prioritised by Regional Housing Boards.

## Regional Housing Boards

Regional Housing Boards (RHBs) were established as part of the Sustainable Communities Plan to ensure that housing policies would be better integrated with the regional spatial, transport, economic and sustainable development strategies and to ensure delivery of the policies set out in the Plan. They have discretion to define regional priorities for affordable home ownership sales. The Mayor is responsible for housing strategy in London.

## Relevant authorities

Government departments, the Housing Corporation, the Audit Commission, their successors or replacements and any other body recognised in this context by the government or the Housing Corporation.

## Secure tenancy

The most usual form of tenancy issued by local authorities. Where local authorities grant shared ownership leases, purchasers can be simultaneously leaseholders and secure tenants.

## Service charge

A payment made by a tenant, leaseholder or freeholder towards the cost of providing and maintaining services and benefits that are common to all occupiers, including the management of such provision. Service charges can be fixed, that is fixed in relation to the landlord's costs and included in rent; or variable, that is, calculated in relation to the actual costs of service provision and charged separately. Residents who pay variable service charges have significant statutory rights around challenging actual or proposed expenditure.

## Shared ownership

A generic term for properties sold to purchasers in instalments, usually, but not always, with rent paid on the part retained by the landlord. This may be a newly-built property, a tenant's existing home, or a home bought on the open market.

## Sinking fund

A fund built up from contributions by leaseholders, often collected within the service charge, to cover the cost of future major repairs to common and/or structural parts of a building or estate. The fund can only be collected and used as specified in leases.

## Staircasing

The purchase of additional equity by a shared owner. This can be a percentage of, or all of, the remaining equity.

## Stakeholders

People, or their representatives, who have a direct interest in the relevant matters. Those who are, in whole or part, paying for the relevant provision. Those who have a direct interest in the provision as it affects their health, safety or quiet enjoyment of their property.

## Stock profile

Information on stock relating to property size and type, age, facilities etc.

## Void

For home ownership purposes, this generally means the period between practical completion of a newly-built home by the developer, and sale to a purchaser. It may also mean a period of time when an existing home is vacant during a resale transaction.

# Sales and marketing specification

## Purpose

This specification is designed to ensure that the landlord co-operates with local authorities, HomeBuy Agents, Regional Housing Boards and other stakeholders to address local housing needs, within the context of building sustainable communities, and meets agreed standards of service for individual applicants.

## Scope of the activity

The landlord must demonstrate:

- co-operation with local authorities, HomeBuy Agents, Regional Housing Boards and other stakeholders to address local housing needs;
- sales consistent with the purpose of product delivery;
- a published sales policy, including eligibility and affordability criteria, that must be demonstrably efficient, transparent, fair and effectively controlled;
- access to clear and appropriate advice and information, so that purchasers understand the ongoing costs of home ownership;
- signposting to appropriate independent financial advice; and

- operation in accordance with industry good practice.

Each application for housing must be judged on its merits, and applicants should be offered a choice of home where reasonable.

## Outputs and outcomes

### Sustainable communities

The landlord must work in partnership with others towards achieving sustainable communities. Partnership working may include but is not limited to: consulting on sales policies and priority groups, development of community or estate profiles, needs analysis, impact assessments, information sharing protocols and joint working protocols.

The landlord must demonstrate:

- proactive efforts to be involved with the development of local and regional housing strategy;
- where required, participation in the work of HomeBuy Agents, including marketing and monitoring of outcomes;

- where housing is provided for Key Workers, proactive partnership working with employers and Regional Housing Boards; and
- assistance for purchasers where appropriate with Housing Benefit applications including help in resolving any delays or problems in dealing with applications.
- an affordability assessment criteria;
- appropriate and effective information-sharing arrangements with local authorities and other social landlords; and
- support, advice and assistance available to purchasers, especially those who are new to home ownership.

## Nominations

Where required, the landlord must have appropriate and effective information-sharing arrangements with local authorities and other social landlords, to identify potential purchasers among existing social housing renters and applicants for social housing.

## Sales allocation policy

The landlord must publish and comply with a sales allocation policy and procedure, which must be demonstrably efficient, transparent, fair and effectively controlled, covering the following:

- the criteria for prioritising and accepting applications, in accordance with Grant Conditions, HomeBuy Agents' requirements and local and regional priorities;

## Purchaser information

The landlord must follow industry good practice in relation to purchaser information, signing of leases or other agreements and ensuring sustainable tenancies by:

- ensuring applicants have a clear understanding of their rights and responsibilities under the lease or agreement, as detailed in the residents' rights and obligations specification;
- verifying the identity and circumstances of the applicant, including their ability to sustain home ownership;
- recording relevant information in relation to specific needs in accessing services, or in sustaining ownership and using this information to assist them;

- providing an information pack, including any information for home owners required by statute (whether in the Home Information Pack requirements or otherwise), for example, (but not limited to): information on ground rents, service charges and insurance and other services provided; rights and responsibilities including lease extension policy, sale of freeholds, disposals, assignment and remortgaging; and, where applicable, the Right to Manage, the Right of First Refusal and enfranchisement options;
- monitoring levels of refusals and reasons, addressing any issues arising;
- providing details of the process for obtaining the landlord's consent to the mortgage, where appropriate;
- making follow-up contact, which can also be used as part of assessing resident satisfaction;
- marketing material must be prepared, having regard to the Property Mis-descriptions Act 1991;
- landlords must be familiar with the requirements of the Financial Services Acts regarding the provision of financial advice to purchasers; and
- landlords should establish if there is a requirement to obtain a relevant Consumer Credit Licence.

CORE logs must be completed and returned on all sales, including those handled by solicitors or estate agents.

### Resales policy

The landlord must ensure that resales are undertaken as efficiently as possible, working to minimise avoidable delays and adhering to timescales set out in the Capital Funding Guide and in Grant Conditions.

Landlords should:

- have a published policy on the exercise of nomination rights under the lease and effective arrangements to ensure that nomination timescales are met;
- have a published policy on the exercise of pre-emption rights, where appropriate, under the terms of the lease or freehold title, to repurchase homes being sold on;
- ensure leaseholders are aware of options around simultaneously purchasing the remaining equity in their home and selling-on;
- ensure leaseholders are aware of their responsibilities around valuation and legal fees;
- have processes in place to ensure that, where appropriate, discounts are repaid by sellers;

- for key worker resales, work proactively with HomeBuy Agents and employers, where appropriate, to ensure that clawback provisions and loan portability are effectively managed and resale periods minimised;
- have arrangements in place to ensure that, where practical, any works connected with the home which are the landlord's responsibility do not hinder the sales process;
- respond promptly and accurately to enquiries from sellers' and purchasers' solicitors; and
- provide details of the process for obtaining the landlord's consent to the mortgage, where appropriate.
- Methodology for monitoring industry good practice and responding to changes in such practice in the delivery of services;
- Procedure covering the invitation to view, the selection process (if any), and the viewing process;
- Procedure for assessing customer satisfaction with both the new home and the service provided to new purchasers, use of this information to improve services; and
- Pre-sale void management process.

### Method statements required

- Approach to partnership working and co-operation with relevant agencies, and how the landlord will assist in meeting local housing need and building balanced and sustainable communities;
- Sales and resales allocation policies and procedures demonstrating an efficient, transparent, fair and effectively controlled process, including arrangements for complaints handling;
- Number of applicants who completed purchases of homes for sale;
- Performance against business plan, and any local and regional targets;
- Published resident satisfaction rates; and
- Void sales periods from practical completion to sale completion date.

### Performance measures required

# Repairs and maintenance specification

## Purpose

This specification is designed to ensure landlords adopt sound business planning principles, ensure their homes and estates are well maintained and reach minimum agreed standards, that contracts comply with the law, and that residents are involved and consulted.

The overarching principle with housing for sale is that a balance should be achieved between the quality of service and costs to the leaseholder. With long term repairs and maintenance planning, the interests of landlords and leaseholders may not always coincide; landlords may want to think about the fabric of the building many years into the future, while leaseholders at times may be more concerned with affordability and immediate costs.

Landlords are reminded that planning and budgeting for repairs and maintenance of homes sold on long leases are subject to statutory requirements and to tests which are applied when costs are challenged. This document is not a definitive statement of the law, but the guiding principles around budgeting are whether:

- proposed expenditure is reasonable;
- proposed services or works would be of a reasonable standard; and
- the advance payment of costs would be reasonable.

In applying these principles, there are a number of relevant factors which landlords should consider. In brief, these are:

- landlord and tenant legislation was primarily designed for private provision, often with relatively straightforward maintenance requirements. The legislation did not envisage the scale or complexity of works in the social housing sector, or the potential diversity of economic circumstances of purchasers;
- many households with reasonable income levels will experience problems with large service charge bills;
- for leaseholders, the key relationship is between the costs which they must pay and the increase in capital value of their asset. Major works may increase future value, but will not deliver the immediate liquidity to pay for them; and

- landlords should consider the potential wider costs to the community, where leaseholders face financial hardship.

These factors, the rights and obligations of landlords and leaseholders, and judgements around short and longer term costs and benefits, should inform repairs and maintenance planning.

## Scope of the activity

The landlord must demonstrate:

- an effective overall strategy for the long term maintenance of homes to the specified standard, in discharge of the landlord's repairing responsibilities, including operating a responsive new build defects monitoring system;
- a clear and costed plan for landlord's repairing responsibilities and the capacity to maintain such a plan over time;
- establishment of sinking funds where permitted by leases and the efficient and cost effective management of these funds, including the setting up of trusts where required, the taxation of interest earned and landlord contributions for pre-sale void properties;
- best practice and legal compliance in procurement, including through partnerships with others in multi-landlord areas, to achieve cost savings and quality improvements;
- an informed approach to the costs and standard of services, used to determine priorities and resources;
- compliance with the needs and requirements of residents in planned works, and good quality published information to stakeholders, including proper and effective management of statutory consultation processes;
- best practice and legal compliance in cyclical maintenance;
- best practice and legal compliance in responsive repairs where appropriate, and good quality information to householders;
- best practice and legal compliance in consultation with residents in all cyclical maintenance and responsive repairs;
- best practice in common area maintenance, including a clear policy on access and adaptations;
- best practice in consultation and information to stakeholders;

- awareness of home owners' circumstances and an effective approach to achieving a balance between immediate costs to residents and longer term maintenance of the property; and
- maintained and published performance information.

## Outputs and outcomes

### Strategic maintenance plan

The landlord must:

- in relation to all property and elements that are the landlord's responsibility; put in place a professionally validated elemental replacement plan based on appropriate replacement costs:
  - based typically on a 15-year projection, with a rolling review, for example, every five years to ensure it is up to date. Landlords should be mindful of the costs to leaseholders of planning and review, and of the guiding principles of budgeting for owned homes;
  - covering, as a minimum, building elements that are the landlord's responsibility and that require replacement or repair through age deterioration;
  - based on the starting position of professionally validated stock condition and anticipated lifespans of building and external elements, not exceeding Decent Homes maximum lifespans, where defined for specific elements;
  - subject to the limitations of Decent Homes maximum lifespans, target lifespans may be modified in accordance with professionally validated arrangements for just-in-time elemental replacement as an alternative to fixed elemental lifespans; and
  - designed to maintain the housing (within the responsibilities of the landlord) to an established standard at least equal to Decent Homes, providing for its structural integrity and a standard of common area and estate maintenance in line with industry good practice, and reflecting costs to residents;

- update the replacement plan regularly to reflect, for example:
  - planned and cyclical works undertaken;
  - work of an elemental replacement nature undertaken as a one-off;
  - regular sample surveying of archetypes where this is practical and there are sufficient robust archetypes available; and
  - an independent professional review and validation of the plan, undertaken when necessary and in consideration of costs to residents;
- have arrangements for regular review of the matters above.
- the delivery of a responsive repairs service where appropriate;
- grounds and other estate maintenance; and
- cyclical servicing repair and safety checking, including, where appropriate, providing opportunities for home owners to buy into bulk contracts for gas safety inspections and electrical systems testing. Landlords should consider, within budget and statutory constraints, how best to encourage home owners to participate in these safety checks;
- demonstrate that appropriate input to the medium-term plan elements has been made by residents; and specifically in respect of home owner input to planned maintenance and all relevant service charge areas of expenditure;

## Medium-term repair planning

The landlord must:

- develop and maintain a rolling, typically every five years, maintenance plan covering:
  - planned elemental replacement or upgrading programmes, taking account of resident's wishes and requirements, and with regard to the balance of responsibility between landlord and home owners and prioritisation of resources;
- have an awareness that the home owners' financial circumstances may have an impact on their ability to meet repair and maintenance costs and have policies to address this, to secure effective asset management;

- ensure that the medium-term plan is communicated to all relevant stakeholders, together with regular feedback information (where reasonable) on progress and performance, with regard to the costs to residents of communication;
- ensure that the medium-term plan is developed and maintained in accordance with industry good practice; and
- where possible, and in consultation with service charge payers, establish sinking funds to finance infrequent but predictable items of expenditure. Where such funds are established, landlords should ensure that leases allow the collection of sinking fund contributions and specify what contributions are to be spent on.

### Strategic and planning documents

The above plans should support a comprehensive asset management strategy for the relevant properties, showing adequate awareness and regard for the balance of responsibilities between landlord and home owners.

## Procurement

### The landlord must:

- procure all works and services by a transparent and fully documented process that:
  - is compliant with best practice, including the Byatt, Egan and Lathom report recommendations, and takes account of the guidance and best practice of the relevant authorities;
  - meets the EU procurement directives, where applicable; and
  - involves all key stakeholders in the following areas of procurement: scheme or programme development, including scope, standards, design issues, timing; the procurement methods and processes; the pre-selection of bidders; the evaluation of tenders and the selection of the provider/s.This includes (but is not limited to), proper and effective management of statutory consultation processes with service charge payers, including an active demonstration that the landlord has had regard

to consultation responses, in accordance with the law. The costs to residents of statutory consultation processes should help inform the management of procurement;

- in the case of partnering contracts, includes the stakeholders as a named class of beneficiaries under the Contracts (Rights of Third Parties) Act 1999 or as interested parties and set out their rights to information and consultation on changes; and
- demonstrates significant cost savings and/or quality improvements through partnerships with others in multi-landlord areas.

### Planned works of repair, maintenance and improvement

The landlord must:

- put arrangements in place to ensure the provision of works to maintain landlord components of the housing. The arrangements must take account of the needs and requirements of individual households including:
  - design choices, where appropriate;
  - notification and certainty of starting and completion dates;
- arrangements for any special respite care or for temporary rehousing;
- acknowledgement of residents' rights to quiet enjoyment, for example, where access to individual homes is required by contractors, and including reasonable allowance where residents might be away from the property; and
- the opportunity to provide feedback on process and procedure, completed works and post-completion satisfaction;

In respect of these works the landlord must maintain and publish to all stakeholders the following minimum information:

- the scope and extent of the work
  - planned and out-turn;
- the selected contractors, sub-contractors and key suppliers;
- the timing of the works and compliance with the established works programme; and
- levels of completed work and post-work satisfaction;

The landlord must arrange to consult relevant stakeholder groups about the outcomes of such work programmes and take account of feedback in the design and arrangements of future works.

### Cyclical maintenance

The landlord must:

- put arrangements in place to ensure the provision of cyclical repair, maintenance and checking of necessary building elements and provisions, as far as these are the landlord's responsibility and based on realistic and transparent budget estimates, including but not limited to:
  - regular checking, repair and servicing of plant items such as (but not limited to) lifts, door entry systems, CCTV systems, fire and smoke alarms, carbon monoxide detectors, lightning conductors, the safety of water storage and systems;
  - specialist maintenance works which may be required, for example to solar panels, wind turbines or water recycling systems; or where buildings are listed, older, or constructed with non-standard materials or methods;

- external and common area cyclical painting and decoration; and
- where appropriate, providing opportunities for home owners to buy into bulk contracts for gas safety inspections and electrical systems testing;

- have in place effective systems for auditing contractor information provisions and charges; and
- establish equivalent consultation and information arrangements as detailed above in planned works of repair, maintenance and improvement, and with regard to the costs of consultation to residents.

### Responsive repairs

Where appropriate, for example in leasehold housing for older or vulnerable people, landlords may wish to consider offering a repairs service within residents' homes, under the service charge. Where this is done, leases or agreements should clearly state the scope of the service, and residents should receive clear and accessible information about (but not limited to) gaining access to the service, costs, response times, the landlord's relationship to contractors, and arrangements for making comments and complaints, and monitoring satisfaction.

## Estate and common area maintenance

The landlord must:

- establish and comply with written standards of estate condition, consistent with the terms of leases and agreements, related to all common areas external to the homes and common internal areas. Such areas will include, though not exclusively, landlord-owned or managed: corridors, lift lobbies, entrance halls, stairways and the like, grass and garden areas, paths, roads, boundary fences and walls, parking, play and drying areas, except for those that are the responsibility of residents;
- establish effective and good value arrangements with other landlords, where appropriate, for shared management and oversight of such areas in multi-landlord settings, specifically to avoid unnecessary differentials in costs and service standards to residents;
- establish minimum provision of service to support the standards of estate condition and help prevent ASB. Standards may be demonstrated using photographs (as with EnCams street cleansing standards and litter grading scheme – the landlord should consider the applicability of BVPI 199);
- establish by way of direct labour or sub-contract, and always within the guiding principles of best value for residents, the provisions of a routine and responsive maintenance service to ensure that the estate maintenance standards are monitored and achieved at appropriate intervals (regular estate inspections involving relevant stakeholders will form part of the minimum monitoring arrangements), in line with the terms of leases and agreements, and consistent with industry good practice;
- have in place effective systems for auditing of the costs and effectiveness of maintenance provision; and
- in respect of relevant stakeholders, appropriate consultation and information arrangements.

## Consultation and stakeholder information in relation to repairs and maintenance

The landlord must:

- always be mindful of the costs to residents of consultation and use the most cost-effective methods, agreed with residents;
- ensure that all statutory provisions relating to consultation, participation, choice or other involvement are adhered to and that service provision has close regard to any recommendations, requirements or best practice guidance of the relevant authorities;
- ensure that in respect of service charge payers, all procedures conform to the relevant requirements of their leases or agreements so as to demonstrate their reasonableness and the validation of charges. Such procedures must also have close regard to any recommendations or best practice guidance of the relevant authorities;
- make and retain adequate records of all consultation and be able to demonstrate that complaints, consultation and feedback from stakeholders is reviewed and used to improve service provision; and
- have particular regard to the need to involve people with special needs and a fully representative spectrum of the stakeholders including 'hard-to-reach' groups.

## Method statements required

- Methodology for developing, keeping up to date and acting on repair and maintenance plans, with clear recognition of landlord and resident responsibilities;
- Methodology for procurement of sub-contract provisions and the internal specifications of standards and resourcing for direct contractor provisions;
- Development of planned maintenance programmes, standards, procurement, management and monitoring, including transparent service charge budgeting;
- Development of cyclical maintenance programmes, standards, procurement, management and monitoring, including transparent service charge budgeting;
- Where applicable, development of responsive maintenance scope and standards, procurement, management and monitoring, typical processes and procedures, including transparent service charge budgeting;

- Have a published policy on the exercise of pre-emption rights, where landlords have a right under the terms of the lease or freehold title to repurchase homes that are being sold on;
- Have a policy for the management of unoccupied homes awaiting sale or resale;
- Development of common area cleaning and maintenance servicing scope and standards, procurement, management and monitoring, typical processes and procedures, including arrangements for working effectively with other landlords in multi-landlord settings;
- Development of representation and support for residents and other stakeholders, including information, consultation and participation, including monitoring of statutory consultation procedures;
- Arrangements to measure resident satisfaction, and to act upon feedback to improve services; and
- Development of a property database holding and maintaining up-to-date information on the condition of those property elements retained by the landlord.

## Performance measures required

- Resident satisfaction as required in the home ownership management specification; and
- Compliance with all the plans submitted and updated as required by this repairs and maintenance specification.

# Equality and diversity specification

## Purpose

This specification is designed to ensure that there is fair access to homes and related management and maintenance services.

## Scope of the activity

The landlord must demonstrate:

- corporate commitment to providing fair access to services and to compliance with all statutory requirements and guidance of the relevant authorities; and with industry good practice on equality and diversity;
- fair access to properties, equity loans and other products;
- fair access to services for residents and potential residents;
- provision of management services including resident involvement and dealing with harassment; and
- operation in accordance with industry good practice.

## Outputs and outcomes

### Overall commitment to providing fair access to services

The landlord must:

- establish an equal opportunities/equality and diversity policy that observes all legal requirements on providers of services, including the Race Relations Act, Sex Discrimination Act, Disability Discrimination Act, Equality Act, etc;
- not have any judgements against it under the Race Relations Act, Sex Discrimination Act, Disability Discrimination Act or similar legislation. The landlord must notify the Corporation of any cases pending, or of any subsequent cases arising;
- select sub-contractors in a fair and open manner, following current guidance from the Commission for Racial Equality and its successor body;
- require its staff and operatives to behave in a courteous manner and not harass residents;

- set equality and diversity targets for service provision that comply with all legal requirements and guidance of the relevant authorities and reflect local context, demonstrated in resources such as the Census and local housing need analyses; and
- collect performance data to allow monitoring and scrutiny of performance against these targets, compliance with legal requirements and the landlord's own policies and procedures, and compliance with the relevant authorities' requirements.
- ensure, in so far as is reasonable, the different needs of individuals and groups are reflected in properties made available;
- ensure terms of leases and agreements do not discriminate unfairly, for example, against same-sex couples;
- ensure that all residents have equal access to management and maintenance services – including those residents for whom English is not a first language, those with hearing or sight impairments and those with low literacy; and ensure appropriate priority is given to providing services for vulnerable people including the frail elderly and children;

### Fair access to properties, equity loans and other products

The landlord must:

- allow HomeBuy Agents to undertake appropriate marketing, as determined in Agents' contracts and procedures;
- ensure selection criteria are non-discriminatory;
- ensure vulnerable individuals and groups are not excluded from hearing about or meeting selection criteria for properties, loans, mortgages or other products, including enabling access to financial advice;
- work with other agencies to secure support, including aids and adaptations, as necessary for residents; and
- discover and record, in so far as is reasonable, the needs of all residents – including communication requirements – and keep up-to-date with any changes in these requirements.

### Provision of management services including resident involvement and dealing with harassment

The landlord must:

- ensure, in so far as is reasonable, that all residents can have enjoyment of their homes free from harassment – including harassment on grounds of race, gender, sexual orientation, disability, age and religion etc;
- ensure all residents have a fair and equal chance to take part in any consultation/involvement activity.

### Method statements required

#### Overall landlord commitment

- Methodology for putting equality policy into practice;
- Procedures for selection and if necessary, training of sub-contractors;
- Proposed equality expectations of sub-contractors and arrangements for monitoring performance against the expectations;
- Methodology for setting targets in respect of the requirements of this equalities and diversity specification including coverage and extent;

- Arrangements for collection and monitoring of performance data; and
- Methods by which the landlord will identify and promote good equality and diversity practice in service provision.

### Fair access to properties, equity loans and other products

- Arrangements where properties are advertised, in accordance with HomeBuy Agents' requirements;
- Methods for selecting purchasers, in accordance with HomeBuy Agents' requirements;
- Arrangements to ensure no individuals or groups are excluded from finding out about and applying for homes or other products, including enabling access to financial advice;
- Arrangements to ensure vulnerable and potentially vulnerable individuals and groups are supported in the application processes;
- Arrangements to ensure the diverse needs of groups and individuals are reflected in the development process;
- Target setting and data collection/ monitoring covering access to properties to ensure that there is no exclusion from properties based on ethnicity, gender, disability, age,

sexuality, or religion, taking account of local population and housing need data;

- Measures to meet the needs of people for whom English is a second language; those with sight/hearing impairment; and those with low literacy levels, in the provision of housing management and maintenance services;
- Arrangements to collect, maintain and update data on the needs of residents;
- Methodology to measure satisfaction with maintenance and management services by ethnicity, gender, disability, age and religion;
- Arrangements to identify and meet the support needs of residents; and
- Target setting for aids and adaptations.

Provision of management services:

- Measures aimed at preventing harassment including harassment on grounds of race, gender, sexual orientation or disability, and how these will be monitored including targets for prevention of harassment;
- Measures the landlord will put in place to deal with harassment including harassment on grounds of race, gender, sexual orientation or disability and how these will be monitored including targets for dealing with harassment;

- Options for supporting victims and dealing with perpetrators;
- Arrangements to seek feedback from people who have had contact with the landlord over harassment, and to act upon feedback to improve the policy/procedures; and
- Methods to ensure current and future good practice is incorporated into the way the landlord deals with harassment.

## Performance measures required

- Extent of compliance with the organisation's own procedures (measured through monitoring reports);
- Performance against service provision targets – including as a minimum those identified below;
- Performance against targets for fair access to properties as described above and against local population/housing need data if appropriate;
- Resident satisfaction, compared by standard measures with key aspects of the maintenance and management service provided (including sales, access to services, speed/quality of repairs, dealing with ASB and meeting support needs);

- Performance against targets for provision of aids and adaptations;
- Details of partnerships to provide support arrangements for residents;
- Details of partnerships/working relationships created to tackle harassment;
- Performance against targets for prevention of and dealing with harassment; and
- Performance against targets for ensuring fair and equal access to consultation/involvement activity.

# Dealing with anti-social behaviour specification

## Purpose

This specification is designed to ensure that the landlord is proactive in providing a service that addresses both individual incidents and the overall occurrence of anti-social behaviour (ASB).

## Scope of the activity

The landlord must:

- publish its policies and procedures (together with a summary) for dealing with anti-social behaviour, including by and against home owners, a means to address complaints on a responsive basis in accordance with industry good practice, and means for recording and analysing service data;
- actively seek to prevent ASB through effective management of communal areas, effective communication of its approach to ASB to residents, seeking resident consultation, and other appropriate means developed in a strategic context in conjunction with residents and in accordance with industry good practice; and
- include a means through which the landlord is able to demonstrate that the quality of its response meets the published standards.

(For clarity, the scope of ASB throughout, should be taken to include all forms of harassment including racial harassment).

## Outputs and outcomes

### Dealing with complaints of ASB

The landlord must ensure:

- all action taken to address incidents of reported ASB is consistent with the landlord's published policy and procedures;
- the content of its published policy and procedures reflects good industry practice including:
  - the use of all available and appropriate legal sanctions including injunctions, retaining eviction only as a last resort where it can be clearly demonstrated that other measures have failed to address the issue or would be ineffective;
  - the use of appropriate means in addition to legal process to deal with incidents including dispute resolution;
  - the use of partnership working where appropriate;
  - the need for a victim-centred approach;

- the need to address any vulnerability issues related to the parties involved; and
- the need to ensure the means used to address the incident and sanctions used, are commensurate with the seriousness of the issue and the impact of the ASB on others;
- the policy and procedures are communicated clearly, in an easily comprehensible manner, and explained to residents and others including those with alternative media and language needs;
- people who have complained about incidents of ASB are satisfied that their complaint was responded to promptly and that they were kept informed throughout;
- people who have complained about incidents of ASB are satisfied that they have had the opportunity to put to the manager their views on how the issue should be tackled;
- people who have complained about incidents of ASB are satisfied that their complaint has been dealt with in accordance with the published policy and procedures; and
- an accurate and comprehensible record of the complaint, actions taken and related issues is maintained, compliant with current good practice.

### Prevention of ASB

The landlord must ensure:

- leases and agreements allow for sanctions, in the event that home owners or members of their household perpetrate ASB;
- a joined-up approach, in relation to rented homes in mixed tenure settings;
- reports of incidents of ASB are responded to sufficiently quickly to minimise the risk of escalation and to make clear to all parties that the landlord is treating the matter with high priority;
- communications, correspondence and other documentation consistently promote a visible culture of non-tolerance of ASB and a determination to deal with ASB effectively;

- an explicit policy and procedure is in place which ensures that households whose members are at risk of perpetrating ASB receive appropriate support or guidance to manage that risk effectively;
- common areas are maintained, and problems dealt with, detailed in the repairs and maintenance specification;
- residents generally are kept up to date on the landlord's approach to ASB and of outcomes of complaints in broad terms; and
- the occurrence of ASB is limited through the application of a long-term and effective strategy agreed by the landlord with residents.
- be able to demonstrate on a periodic basis that the service provided meets the standards set out in its published policy and procedures.

### Method statements required

### Service data and monitoring

The landlord must:

- be able to show an analysis of the extent and nature of complaints of ASB and formal action taken including injunctions, ASBOs and forfeiture of leases, and the outcomes of complaints including the extent of complainant satisfaction with the service; and
- The policy and procedures on ASB, which must in due course be published (including the terms to be used in leases and agreements, to make clear that the home may be at risk if ASB is perpetrated by household members);
- Methods to promote a culture of non-tolerance of ASB through communications, correspondence, etc, including how it is intended to keep tenants up to date with the landlord's approach and on outcomes of complaints;
- A policy and procedure for dealing with support for households where members of that household may be at risk of perpetrating ASB; and
- Methods to develop a strategy with residents to address the occurrence of ASB in the long-term, including possible roles in contributing to the Crime and Disorder Reduction Partnerships.

## Performance measures required

- Resident satisfaction, compared by ethnicity, gender, disability and age, with how their complaint of nuisance was dealt with;
- Resident views on whether the problem has been resolved;
- Extent of compliance with the organisation's own procedures (measured through case audit);
- Number of ASBOs made in the course of each year from 1 April – 31 March; and
- Number of leases forfeited for ASB each year from 1 April – 31 March.

# Home ownership management specification

## Purpose

This section is designed to ensure that home ownership is sustainable.

## Scope of the activity

The landlord must ensure that services are of a good standard in accordance with industry good practice. Services must be designed through a customer-based approach to meet the needs and requirements of residents. The management of the properties and involvement in local community issues through partnership working must ensure that properties are well built, well run and offer a safe and inclusive place to live. The landlord must comply with the terms of the Charter for Applicants and Residents stipulated by the Corporation as a condition of grant.

In this section, service charge includes administration charges and sinking fund contributions.

## Outputs and outcomes

### Lease

The landlord must use a lease appropriate to the purpose and setting of the home,

with rights and obligations as detailed in the residents' rights and obligations specification, and which contains no unfair terms. The lease should be presented in a clear, modern form, avoiding archaic language. The landlord should be able to supply a Plain English summary of the lease, if requested by purchasers.

Landlords should have regard to the Unfair Contract Terms Regulations, when drawing up leases and other agreements.

The Housing Corporation publishes sample leases for use in grant funded developments and landlords are encouraged to have regard to these, particularly for sales to key workers where special conditions apply.

### Shared ownership trusts

The landlord must use the standard form of agreement and documentation developed for shared ownership trusts.

### Equity loan products

The landlord must have systems for efficient and effective management of registering charges, loan redemption and (where applicable), calculation and collection of interest payments.

In grant funded developments, landlords are reminded that the HomeBuy Agent’s consent is required where purchasers wish to re-mortgage, secure additional borrowing or undertake works to the home.

### Minimum service standards

The landlord must publish minimum service standards on how it will deal courteously with customers and setting out response times in line with industry good practice. The standards must cover but are not limited to:

- understanding by all staff that leaseholders have a different statutory position to rental tenants and information and guidance should be tailored to their needs;
- telephone calls;
- appointments for visits;
- written enquiries including emails;
- visits to the office or local surgery, access facilities and opening times;
- access to information and data protection;
- (where applicable) effective processes are in place where renters exercise the Right to Acquire and compliance with statutory sales process;

- Clear audit trails for inspection of accounts that show how charges relate to costs;
- reasonable and accurate management of budget setting and invoicing;
- complaints (including access to a review of a decision and access to the Housing Ombudsman Service and the Leasehold Valuation Tribunal) and compensation;
- policies and procedures covering landlord maintenance, emergencies and out-of-hours services as detailed in the repairs and maintenance specification, including effective contract management and reporting to home owners;
- translation and interpreting facilities or other specific requirements for accessing services, including any costs to be re-charged to individual service charge payers in respect of tailored services, as specified in leases or agreements; and
- facilities available via the internet.

The landlord must set targets for service delivery in consultation with residents and monitor them both internally and using external benchmarks.

## Meeting residents' needs and requirements

The service must be flexible and responsive to the needs of all residents, and follow industry good practice. The landlord must meet the minimum requirements on access to property and services set out in the equalities and diversity specification.

The landlord must deal with breaches of leases or agreements. Sometimes, it is expedient for leasehold landlords to tolerate a breach, but where a landlord decides not to act on a breach, it should always be mindful of the implications and precedent set. In all circumstances the landlord should consider forfeiture as the last resort and should put in place procedures for early intervention measures, which must include personal contact; access to support agencies and specialist advice agencies; housing advice; mediation, and where eviction is considered, liaison with the local authority homelessness section.

Landlords must be mindful of their obligations under lease terms and should not put themselves in breach, unless specifically agreed with residents, for example, to ease management difficulties.

## Rent or service charge arrears

The landlord must:

- have a written policy and procedure which includes timescales for review. The procedure must ensure access to debt counselling and income maximisation advice, and ensure early notification to the householder of debt and a range of payment options, including repayment agreements based on an income and expenditure assessment;
- ensure that ground rents, insurance premiums and service charges are properly demanded, as required in law, to avoid debts becoming irrecoverable;
- where landlords offer loans to assist with service charges, there must be transparency on interest charged and repayment options;
- comply with the legal framework for service charge recovery, including statutory limitations on forfeiture for arrears;

- specifically in shared ownership, landlords should have a policy on liaison with mortgage lenders and a consistent approach on the addition of rent arrears into borrowing, including an indication of maximum tolerance for adding rent arrears to mortgage debt;
- where possible, landlords should consider staircasing-down shared owners, or offering equity release options to purchasers in financial difficulties, to avoid repossession. Landlords are reminded that Corporation grant to non-registered bodies cannot be used for these purposes. Registered landlords may have access to Recycled Capital Grant Funds for downward staircasing, subject to the rules of the Fund;
- liaise with the local authority's Housing Benefit section and must not take possession proceedings where the resident has a reasonable expectation of receiving Housing Benefit, has submitted all relevant information to assess the claim and is meeting any required contribution; and
- have a clear, consistent and sustainable approach to write-off of bad debts.

### Anti-social behaviour

See separate specification. Landlords are reminded that, to be able to forfeit a lease for ASB, the lease must contain terms that make ASB an actionable breach.

### Involving residents and working with residents' associations

The landlord must allow and encourage residents to influence the design and delivery of services to their homes, and must have a written strategy on working with residents that covers both involvement and consultation on an individual or collective basis. The strategy must cover all tenures. The landlord must also have specific strategies aimed at involving under-represented groups such as young people and hard-to-reach groups.

Residents must be involved at an early stage in the formulation of policies that affect them, in setting priorities and targets for service delivery, and in the monitoring of performance. For service charge payers, there must be transparency over the costs of all proposals.

The strategy must also cover the recognition of tenants' or residents' associations, and what is expected of them, such as the promotion of equality of opportunity for all residents. It must cover the development of local action plans or compacts, requests for information and how the local community will be consulted on issues that may affect a wider audience.

Landlords are reminded that a residents' association which is 'recognised', within the meaning of Landlord and Tenant legislation, has additional statutory rights of consultation.

### Other management issues

The landlord must have procedures in place to ensure that properties are well managed, offering speedy intervention where necessary, but must also offer the right to quiet enjoyment and respect the distinct status of leaseholders as home owners.

The landlord must have in place:

- a system of tenancy or occupancy checks or audits to make sure the correct tenant or leaseholder is in residence. These should be effective, but not obtrusive. Where sub-letting has been permitted, landlords should know
- the identity of leaseholders' tenants and, where possible, any special needs they may have;
- where key workers are housed, landlords must undertake any ongoing employment and eligibility checks required by HomeBuy Agents and the Capital Funding Guide, and must have effective systems to ensure that clawback of grant (where appropriate) is achieved and accounted for;
- staff who are well trained, can offer a high level of customer service, advice on tenancy or lease issues and housing matters, and signpost to other services where necessary;
- a leaseholder handbook, which includes all relevant information specific to the home or estate, and also directs the leaseholder to information about statutory rights, such as the Right to Manage and enfranchisement;
- a system of review of the lease, the leaseholder handbook and its own policy and procedures;
- regular cost reviews, which follow good practice in procurement to achieve cost effectiveness and relate costs to the quality of service in consultation with residents;
- a range of information including newsletters;

- a procedure and related information to leaseholders on the process for assigning the lease, where applicable;
  - a procedure and related information to shared ownership leaseholders on the process for ‘staircasing’;
  - a policy and procedure on individual and collective lease variation, including consultation arrangements; and
  - a published scale of administration charges made to individual service charge payers, where cost recovery on an individual basis is permitted by the lease, including timescales, for example, for giving approvals.
- The strategy for consulting and involving residents and encouraging participation via a range of opportunities including for under-represented and hard-to-reach groups. The strategy will include involving residents in setting policy and procedure and monitoring of services;
  - Procedure to monitor take-up of these opportunities to ensure there is no indirect discrimination;
  - Targets to monitor effectiveness in ensuring all residents have fair and equal chance to take part in any consultation/involvement activity;
  - Methodology to feed back results of consultation/involvement in accessible formats/methods;
  - Means by which the landlord will ensure current and future good practice is incorporated into the way it deals with resident involvement/consultation; and
  - The approach to recognition of residents’ associations, working with residents’ associations (including any seedcorn funding of associations) and consultation to the wider community.

### Method statements required

- The service standards, which must be published in due course;
- Methodology for dealing with breaches of lease terms and providing advice and support and time frames for intervention;
- Rent arrears policy and procedure;
- Service charge arrears policy and procedure;
- Means by which the landlord will calculate, publish and review the management charge and administration charges;

## Performance measures required

- Satisfaction with services, the home and local environment, and access, compared by ethnicity, gender, disability and age;
- Out-turn figures against targets set for minimum service standards;
- Evictions by category;
- Abandoned or failed tenancies;
- Rent arrears as a percentage of rent collectable, including shared ownership rent arrears added to mortgage debt;
- Service charge arrears as a percentage of service charges collectable;
- Bad debts written off;
- Number of disputes upheld by the Leasehold Valuation Tribunal and a broad analysis of the nature of such disputes (to inform the landlord's business plan); and
- Total number of complaints and the number of complaints referred to the Housing Ombudsman Service.

# Residents' rights and obligations in the lease or agreement specification

## Purpose

This specification is designed to ensure that residents' rights are adhered to, that their obligations are appropriate and that all information is offered to tenants in a straightforward way.

Landlords are reminded that there are differences in leasehold law between local authorities/public bodies, RSLs, and private sector landlords. There are further differences between charitable and non-charitable landlords. These differences affect both landlords and tenants. It is the status of the landlord, not the purpose of the housing or source of funding, which determines the legal position.

## Scope of the activity

The landlord must use a lease or agreement which clearly sets out the rights and obligations of all parties and does not include any unfair terms. Such rights and other key information are to be set out in a clear and easily comprehensible form, and explained to prospective purchasers, who should be enabled to gain access to independent financial advice. The landlord must ensure obligations are equally appropriate and comprehensible, including the obligation to pay rent and charges.

## Outputs and outcomes

The landlord must:

- provide leases written in a clear, modern form, avoiding archaic language. The landlord should be able to supply a plain English summary of the lease, if requested by purchasers;
- ensure grant-funded shared ownership leases contain those clauses specified as fundamental by the Capital Funding Guide and Grant Conditions;
- ensure grant-funded shared ownership leases for key workers follow the form specified in the Capital Funding Guide, subject to such variations as are a requirement of Grant Conditions, and that clawback provisions are clearly explained to purchasers;
- where developers provide rented homes to which the Right to Acquire applies, Right to Acquire leases should follow industry standards and good practice;
- ensure that shared ownership trust documents follow the standard format and wording;
- ensure that equity loan agreements, key worker legal charges and other financial documentation follow the requirements of the Capital Funding Guide and Grant Conditions, and are consistent with consumer credit legislation; and

- private sector landlords should ensure that the terms of leases and agreements are no less favourable than those generally used in the social sector, while reflecting statutory differences in rights and obligations.

## Method statements required

- Proposed leases and agreements and any associated explanatory documentation;
- Arrangements to meet the needs of purchasers with needs for alternative media or translation; and
- Proposed process for changing lease terms, including how residents will be consulted.

## Performance measures required

- Resident satisfaction with sales process and after-sales service; and
- Demonstration that leases and agreements meet industry standards and do not contain unfair terms.

# Governance and finance

## Purpose

The landlord must conduct its business affairs according to the principles set out in the Combined Code on Corporate Governance published by the Financial Reporting Council, July 2003.

The landlord must demonstrate its ongoing solvency and financial viability to the Corporation.

The landlord must advise the Corporation immediately of any breaches or likely breaches of the Combined Code.

The landlord must advise the Corporation immediately of any risks or likely risks to ongoing solvency and/or financial viability.

## Method statements required

- The methodology (including systems, procedures and audit processes) must demonstrate that the requirements of the governance and finance specifications will be met and performance measures must be provided to the Corporation.

## Performance measures required

- Annual statement of compliance with the Combined Code of Corporate Governance, in a format approved by the Corporation;
- Annual audited report on solvency and financial viability, in a format approved by the Corporation; and
- More frequent statements and reports must be submitted to the Corporation on request.

# Our offices

Maple House  
149 Tottenham Court Road  
London W1T 7BN

For enquiries, contact us at:

Tel: 0845 230 7000

Fax: 0113 233 7101

E-mail: [enquiries@housingcorp.gsx.gov.uk](mailto:enquiries@housingcorp.gsx.gov.uk)

Internet: [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk)

## CENTRAL

Attenborough House  
109/119 Charles Street  
Leicester LE1 1FQ

31 Waterloo Road  
Wolverhampton WV1 4DJ

Westbrook Centre  
Block 1 Suite 1  
Milton Road  
Cambridge CB4 1YG

## LONDON

Maple House  
149 Tottenham Court Road  
London W1T 7BN

## NORTH

4th Floor  
One Piccadilly Gardens  
Manchester M1 1RG

1 Park Lane  
Leeds LS3 1EP

St. George's House  
Team Valley  
Kingsway Trading Estate  
Gateshead NE11 0NA

## SOUTH EAST

Leon House  
High Street  
Croydon CR9 1UH

## SOUTH WEST

Beaufort House  
51 New North Road  
Exeter EX4 4EP

For further confirmation about this publication please call 0845 230 7000 or  
e-mail [enquiries@housingcorp.gsx.gov.uk](mailto:enquiries@housingcorp.gsx.gov.uk)

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