

Shared Owners' Application for Alterations Policy

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1. Background

- 1.1 This policy applies to customers of leasehold housing let on a long lease of more than 21 years (including shared owners and those that have staircased to 100%), where The Cambridge Housing Society Limited (**CHS**) is the Freeholder/head lessee.

This policy is based on the requirement for CHS to give consent before certain works can be carried out to leasehold homes.

This policy is not applicable to tenants on periodic or short fixed term assured, secure or assured short hold tenancies.

- 1.2 CHS recognise that leases granted to its leasehold customers may vary from scheme to scheme and over time. However, this policy is intended to address the general rights and obligations of both CHS and the leaseholder in circumstances where alterations, additions or changes are proposed by the leaseholder to the home.

This policy does not override or vary the terms of any lease. In the event of a conflict between the lease and this policy the terms of the lease will prevail. This policy provides guidance to leaseholders and CHS where CHS' consent is required in relation to works to the leasehold home carried out by the leaseholder or on their behalf.

2. What is meant by Alterations and Additions?

- 2.1 For the purposes of this policy, alterations and additions include the following:

- Any extension to the home, whether this requires planning approval or not.
- Any internal alterations to the home that are structural in nature (e.g., removing or putting up a new wall).
- Any alterations to the external envelope of the home (walls, doors, windows, roof).
- Any works altering or adding to the fire safety equipment currently in place at the home (such as fire alarms, internal fire doors and sprinkler systems)
- Any works removing fixtures (including freeholder/head lessee fixtures), including new kitchens and new bathrooms, or adding new fixtures, such as changing doors, including internal fire doors and especially front doors leading to communal or shared areas.
- Any works that add a new building to the home, such as a garden room or studio in any garden.

The above list is not intended to be exhaustive, and leaseholders should refer to the terms of their lease and contact CHS for clarification on whether the proposed alteration requires consent from CHS.

- 2.2 CHS will consider each proposal for alteration on its own merits. A successful application for planning permission or any other third-party consent does not imply that CHS consent will also be granted, and neither does the provision by the leaseholder of any requisite reports, the contents of which will be considered and help to inform CHS' decision as to whether or not to grant consent.

3. Principles of the Policy – why consent from CHS is required.

- 3.1 CHS recognise that leaseholders may wish to undertake alterations to their homes or add new features. Under the terms of most existing leases, it is a requirement that permission for these alterations and additions must be sought and received from CHS, as the freeholder/head lessee, in advance of any work on alterations or additions are started.
- 3.2 CHS may be constrained by a number of factors that limit its ability to provide consent to alterations or additions to the home:
 - a. CHS needs to ensure that its legal interest in the home is protected.
 - b. CHS may hold a Head Lease, and in these circumstances may need to consult with the freeholder.
 - c. There may be restrictions imposed as part of the original land transfer when CHS bought or built the homes.
 - d. The original planning permission or other planning documents may contain restrictions.
 - e. CHS is required to ensure that the original affordability criteria are not negatively affected by the proposed alterations or additions¹.
 - f. There may be specific restrictions on the use of the land on which the home is situated due to the location of the home or the nature or type of home.
 - g. There may be other issues, such as complications with insurance policies relating to the home.
 - h. CHS needs to ensure that fire safety regulations are observed and ensure that any alterations or additions do not lead to such regulations being breached.

4. Value added through Alterations and Improvements

- 4.1 Subject to the specific terms of the lease, and provided that any conditions in the lease relating to re-sale before staircasing to 100% ownership are observed (where applicable), it is CHS' intention that shared owners will receive some benefit from an increase in value added to the home as a result of agreed alteration or improvement works at the point of sale.
- 4.2 A home sold prior to final staircasing will be valued including any agreed alterations or improvements made. The shared owner will receive the equivalent market value of the percentage owned.
- 4.3 A shared owner selling their home after final staircasing will receive the full benefit of an increase in value due to any agreed alterations or improvements made.
- 4.4 Subject to the terms of the lease, any increase in value due to agreed alterations or improvements made by the shared owner will not be taken into account when valuing the home for the purpose of staircasing to full ownership.

¹ Affordability criteria apply to shared ownership homes. These are conditions that are imposed on CHS as planning conditions or conditions relating to grant which CHS received to assist with the development of the home to ensure that CHS' homes are meeting the needs of the community, remain affordable and meet CHS' obligations as a charitable organisation. To find out what affordability criteria, if any, apply to your home, please contact CHS.

5. Conditions of the lease

- 5.1 Certain leases include provisions similar to those set out below which restrict what can be done to the home:

Alterations or additions cannot be made to the exterior of the home or any alterations or additions to the interior of the home nor erect any new buildings on the home nor in any way to interfere with the outside of the home nor remove any of CHS' fixtures from the home without the previous written consent of CHS, as Freeholder/head lessee, such consent not to be unreasonably withheld.

- 5.2 Where the lease contains a provision similar to that above, CHS will consider all applications for consent for all works (although please note that if the home is a flat or maisonette certain works will be prohibited by the nature of the home and the area that belongs to the leaseholder (and possibly CHS)).

- 5.3 More recent leases that have been granted may contain clauses such as:

- a. *The leaseholder cannot:*
 - i. *make any alterations or additions to the exterior of the home.*
 - ii. *make any structural alterations or structural additions to the home.*
 - iii. *erect any new buildings on the home; or*
 - iv. *remove any of our Freeholder/head lessee's fixtures from the home.*
- b. *Make any alteration or addition of a non-structural nature to the interior of the home without the previous written consent of the Freeholder/head lessee (such consent not to be unreasonably withheld).*

Where the lease contains provisions such as this CHS will not grant consent to any major works as listed in a. above. These are prohibited by the lease and the leaseholder must not carry these out. CHS will, however, consider all applications for non-structural works such as changing the kitchen or bathroom.

- 5.4 Leaseholders should check their lease to determine precisely what restrictions apply to their home. The leaseholder and CHS must comply with the lease. CHS will apply this policy to all requests for consent for alterations or additions to any leasehold home unless it would be in conflict with the lease to do so.

Please note that the wording above is by way of an example, the exact wording in the lease may vary slightly. The lease may also refer to the home as the "Premises". Leaseholders are invited to contact CHS before considering any works, if the wording is not clear.

6. Steps to Take Prior to Requesting Consent for Alterations

- 6.1 Leaseholders (including all shared owners) wishing to carry out any alterations or additions to their home (whether structural in nature or otherwise) should:

- a. discuss these proposals with CHS as early as possible (it is recommended that this is done in advance of any application for consent in principle and final consent as outlined below). Where CHS holds a Head Lease (i.e., is not the freeholder), there may be conditions attached that restrict any approval that CHS can give to proposed alterations. CHS will confirm any restrictions as early

as possible after a proposal for alterations is received, and before any request is made for consent by the leaseholder.

- b. discuss any proposals with their neighbours.
- c. ensure that they have properly budgeted for any proposed works; and
- d. ensure they have properly budgeted for the costs of any required reports, surveys and third-party consents.

6.2 CHS may require reports, information and services to be provided by third party advisors and professionals in relation to any proposed works (examples of which are listed in the 'Stage 2 – Full Consent' section below – though this list is not exhaustive). It is a condition of CHS' consent that the costs of such reports, information and services are met by the leaseholder. If the leaseholder is uncertain about appointing a professional to provide such reports, please speak to CHS in the first instance. Reports from professionals should be addressed to the leaseholder and to CHS as freeholder/head lessee.

6.3 Shared owners and leaseholders wishing to carry out any alterations or additions to their home **must**:

- a. check their lease to ascertain if the proposed works can be carried out (subject to receipt of consent from CHS). **If the lease prohibits the proposed works CHS will not grant consent.**
- b. not carry out any works before receiving written consent from CHS and, where appropriate, entering into a licence for works.
- c. comply with any conditions relating to the consent.
- d. provide all information requested to enable CHS to consider the proposal made.
- e. ensure that their rent account remains in balance or in credit and pay any arrears in full before seeking consent. **CHS will not grant consent to works where there are arrears outstanding.**

7. Conditions for Granting Consent

7.1 Consent to alterations or additions will be granted in two stages as outlined below. This two-stage process is intended to provide the leaseholder with a general indication as to whether proposed alterations or additions are in principle acceptable to CHS, before incurring expenditure in respect of the additional information required at stage 2.

Consent in principle should therefore not be taken as guarantee of consent being granted and works should under no circumstances be carried out until full consent is granted.

7.2 CHS may also take the following factors into account when considering whether or not to grant any consent:

- a. The views of any neighbours and the local community, if the proposed works will impact upon them.
- b. The environmental impact of the proposed works in conjunction with any current CHS policy on the environment and sustainability

- c. The financial basis of the proposed major alteration or addition to ensure that this does not contravene CHS' Anti-Fraud Policy (a copy of which is available on request).

7.3 CHS will first consider granting consent in principle based on the provision of the following information:

Stage 1 – Consent in Principle

- A. Full details of the proposed works, including plans where these are relevant.
- B. Proposed start and finish dates of the works.
- C. Full details of any contractor carrying out the works on behalf of the leaseholder together with a copy of their public liability insurance and, if appropriate, professional indemnity insurance.

Note: full consent will not be given until CHS' insurers have approved any policy. If the leaseholder is carrying out the works, CHS reserves the right to require the leaseholder to obtain an insurance policy for the duration of the works to cover any potential damage to CHS home.

- D. CHS' reasonable fee for considering the application for consent. CHS shall notify the leaseholder of the current fee once the leaseholder has contacted CHS about the works. CHS' fee will vary from time to time. The fee is payable whether or not consent is granted and covers administration costs for considering the application for consent.

Stage 2 – Full Consent

CHS will then consider full consent based on the provision of the following additional, detailed information (unless agreed with CHS in advance, in writing, that some or all of these conditions may be waived):

- A. Where relevant, a full structural survey confirming that the proposed works will not impact on the structural integrity of the home or any surrounding or neighbouring home. The leaseholder will be required to obtain and pay for this report. It should be jointly addressed to the leaseholder and CHS as freeholder/head lessee.
- B. Any other survey that may be required due to the nature of the works proposed. It will be the leaseholder's responsibility to obtain and pay for the relevant reports which should be jointly addressed to the leaseholder and CHS as freeholder/head lessee.
- C. In older homes, where there may be asbestos present, confirmation is required from the leaseholder and their contractor that they are aware of the presence or potential presence of asbestos and details of how any asbestos will be managed during the works. Please contact CHS to discuss if this may be a concern.
- D. All required third party consents which may include (but is not limited to):
 - a. Planning Consent
 - b. Building Regulation Approval
 - c. Party Wall matters
 - d. Construction, Design and Management Regulations
 - e. Gas Safety regulations
 - f. Electrical Installation regulations.

Where these are not available prior to commencement of the works it will be a condition of consent from CHS that such matters are complied with for the duration of the works and the relevant certificates provided to CHS at the end of the works. Please refer to the note in bold below regarding conditional full consent.

- E. An independent valuation of the home and (if considered relevant by CHS) any neighbouring CHS homes. The purpose of this valuation is to ensure:
- a. That the proposed major alteration does not adversely affect the value of the home or the surrounding CHS homes.
 - b. Where the home is Shared Ownership that the proposed major alteration does not increase the value of the home beyond the affordability criteria set for Shared Ownership homes.

If the proposed works would make the home unaffordable by the affordability criteria applicable to the home consent will not be granted.

7.4 The leaseholder will be responsible for obtaining and paying for the surveys, reports, consents and valuations listed above, and CHS may request that they are jointly addressed to the leaseholder and CHS as freeholder/head lessee.

7.5 Full consent may be conditional on the following:

- a. Receipt of further information (such as the third-party consents noted above).
- b. Agreement to a licence for works, attaching all relevant plans, setting out any conditions for and limitations on CHS' consent. The licence may include details of further costs payable, future access for inspection, information to be provided by the leaseholder and practical considerations, such as the permitted times to carry out such works to avoid causing a nuisance to neighbours. Each licence will be specific to the works proposed and the nature and location of the home.
- c. Payment of CHS' legal fees for preparation of any licence.
- d. Receipt by CHS of any consents that are required, such as consent from the freeholder if CHS interest in the home is also leasehold.

No full consent will be given where doing so would put CHS in breach of their lease or other covenant affecting the home.

7.6 Where consent is expressed to be conditional the leaseholder may not commence any works until written confirmation from CHS has been received that the conditions have been satisfied. Any ongoing conditions, such as restrictions on hours that works can take place, must be complied with for the duration of the works.

8. Retrospective Consent

- 8.1 Where a leaseholder has carried out works without consent, and in breach of their lease, CHS may grant retrospective consent where the works meet CHS' requirements and standards. Any retrospective consent will be at CHS' discretion and CHS reserves the right to require the leaseholder to return the home to its original state.

9. Complaints

- 9.1 If the leaseholder is not satisfied with the manner in which CHS has resolved the request for consent and considers that CHS' decision does not follow this policy and/or is unreasonable, the leaseholder may raise a complaint via CHS' Complaints Policy (www.chsgroup.org.uk).
- 9.2 Part 5 (initial contact) of the Complaints Policy shall not apply to this policy and all complaints shall be dealt with via part 6 (formal complaint) and beyond.

10. Enforcement

- 10.1 The Property Services Team will inspect work and report any breaches of leases or complaints about how the work is being carried out and refer this to CHS' Housing Team if necessary to consider the most appropriate enforcement action to take for non-compliance with this Policy.

11. Legal Advice

- 11.1 Shared owners should ensure they are familiar with the terms of their lease. Leaseholders are advised to seek independent legal advice if the terms of their lease or the requirements regarding proposed works are unclear.