

Policy

TITLE	Leasehold and Shared Ownership Sub-Letting		
Policy ref:	LG047P	Approval date	April 2025
Owner	Customer Operations Director	Planned review date	April 2028
Approved by	Executive Leadership Team		

Version	Purpose/change	Author	Date
1.0	Policy written	Joe Lavery, Paralegal	March 2025

1 Background	This policy has been developed to ensure a fair and consistent approach across all Abbeyfield Living Society (ALS) leasehold and shared ownership schemes in relation to sub-letting.
2 Objectives	The aims of this policy are to ensure that Abbeyfield treats leaseholders, their families and estates fairly and equitably, while managing key risks that relate to sub-letting of apartments, and which coincides with the terms of leases at the various leasehold schemes.
3 Scope	This policy covers all leasehold or shared ownership flats/apartments in Abbeyfield schemes.
4 Policy	General Each leasehold scheme has identical lease terms and conditions, however, there are differences between schemes. Where a scheme's lease allows for sub-letting (sometimes referred to as underletting) there are controls/conditions which must be complied with. In general, Abbeyfield's approach to sub-letting is that where a property has been actively marketed for sale for 6 months without success, the leaseholder may apply to Abbeyfield for permission to rent it out (sub-let), subject to: • The leaseholder has made reasonable efforts to sell the lease on the open market for at least 6 months without success • The prospective sub-tenant is assessed by Abbeyfield to ensure they meet the standard criteria to live at an Abbeyfield scheme (an Approved Occupier)

- The tenancy agreement used to sub-let the apartment must be approved by Abbeyfield, and must contain certain minimum requirements including to abide by the terms of the lease, and to abide by any reasonable instructions given to the sub-tenant by Abbeyfield.
- The leaseholder acknowledges and confirms that they are responsible to burden any costs associated to any breach of the lease by the sub-tenant, and further that the leaseholder remains liable at all times for all requirements (particularly the payment of all charges and fees) due under the lease regardless of whether the sub-tenant breaches the tenancy.
- The leaseholder agrees that they will comply with all legal obligations related to private renting in England, particularly any pre-tenancy, during tenancy and post tenancy (as the case may be) formalities
- The leaseholder agrees that Abbeyfield will have a right to be involved in, and direct where appropriate, any legal proceedings or other enforcement action relating to the terms of the lease and that the leaseholder will be responsible for any costs associated.
- Any sub-let must comply with Abbeyfield's Tenancy Management Policy (R017P).
- The leaseholder should be directed to seek independent legal advice in advance of any sub-let to ensure they understand their legal obligations as a landlord, and the implications that renting the flat out may have on any future sale.

4.1 Arrears

Where a leasehold unit has arrears built up of service (and/or other) charges then the general approach will be to:

- Attempts should be made to clear the full balance as soon as possible, taking into account the resources available to the leaseholder
- Where the leaseholder doesn't have the funds to clear any arrears straight away, then the Scheme Manager will work with the leaseholder to agree a repayment plan taking into account all relevant circumstances
- The repayment plan will be approved by the Regional Operations Manager, and will take effect as soon as possible (e.g. once rental payments start to be received from the leaseholder's sub-tenant)
- Care and caution should be taken to consider that where a leaseholder has moved to care and is in receipt of Local Authority funding, that funding may be recovered from the sale proceeds of the property. As such, leasehold arrears should never go above £15,000.00, and some form of agreement to address them should be reached long before
- ALS reserves its rights to apply interest to the arrears in accordance with the terms of the lease

	Once the leaseholder's sub-tenant moves in/begins paying rent, the deferred service charge will end, and the leaseholder should pay the service charge. In the event of a sub-tenancy ending for whatever reason ALS may discuss a new deferment, but this is at the discretion of the Regional Operations Manager based on the circumstances. 4.2 Scheme Specific 4.2.1 Locks Heath, Southampton The Locks Heath lease does not permit sub-letting. 4.2.2 Burnham Court, Malmesbury The Burnham Court lease requires Abbeyfield's written consent to sublet, which we may withhold in our absolute discretion; and that any sub-let is to an Approved Occupier. 4.2.3 Girton Green, Cambridge The Girton Green lease does not permit sub-letting. 4.2.4 Hale Court, Tunbridge Wells The Hale Court lease does not permit sub-letting. 4.2.5 Ing Royde, Halifax The Ing Royde lease requires final staircasing to have been achieved prior to sub-letting, after which the incoming sub-tenant must enter a deed of covenant in the form set out in schedule 12 to the lease (or as amended from time to time) 4.2.6 Hampton House, Solihull The Hampton House lease requires final staircasing to have been achieved prior to sub-letting, after which the incoming sub-tenant must enter a deed of covenant in the form set out in schedule 12 to the lease (or as amended from time to time). 4.2.7 The Firs Complex, Nottingham The Firs' lease is not explicit on sub-letting, although the wording appears to prohibit it when considering clause 3.8.1(b) which requires the Additional Sum (overage) to be paid in order to gain the required Abbeyfield consent to any change in occupier. If ignoring this provision, then sub-letting would be permitted subject to Abbeyfield's consent which is dependent on the prospective occupant being an Approved Occupier.
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	4.2.8 Westall House, Horsted Keynes The Westall Lease allows sub-letting with Abbeyfield's consent (which may be withheld) and to an Approved Occupier. 4.2.9 Woodlands, Skipton The Skipton lease requires final staircasing to have been achieved prior to sub-letting, after which the incoming sub-tenant must enter a deed of covenant in the form set out in schedule 12 to the lease (or as amended from time to time). 4.3 Where the lease specifically prohibits sub-letting There are three schemes at which the lease does not give any right for the leaseholder to sub-let – namely, Locks Heath, Gorton Green and Hale Court. Abbeyfield has the option of whether to make an exception, as Abbeyfield is the only affected party to allowing the breach. In exceptional circumstances, without setting precedent and in accordance with the requirements of clause 4.1 above, Abbeyfield may elect to allow sub-letting with the prior approval of the Director of Customer Operations. 4.4 Fair usage of the sub-letting policy This policy is intended to provide assistance to leaseholders facing difficulty outside their reasonable control in selling their leasehold apartment. It is not intended to be an alternative to sale in the long run. Where sub-letting causes unreasonable operational impact, or where it appears that reasonable efforts to sell a property are not being exercised Abbeyfield may refuse applications going forward.
5 Finance, Value for Money & Social Value	The liability for service charges and other payments related to leasehold flats is a constant for the owner, and where delays in selling a flat occur, this depletes the owner's resources and may lead to arrears. By having a fair and equitable approach to sub-letting, this reduces the risk of arrears, while increasing the positivity of the Abbeyfield brand
6 Linked policies	• Tenancy Management (R017P) • Anti-Social Behaviour (ASB) (R002P) • Allocations Policy (R023P)
	See linked policies

Policy

7 Relevant Legislation / Regulation	
8 Guidance	None.
9 Review	Every 3 years, subject to any legislative, regulatory or other policy updates.
10 Procedure(s) 10.1	Applications for Sub-letting Leasehold and Shared Ownership Property
11 Process Map(s)	N/A