

FACT SHEET

So You Want to Extend Your Lease?

KEY CONTACT



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Individual flat owners and companies which own flats are now entitled to purchase from their landlord a new lease of 90 years in addition to the years remaining of the existing lease. In addition, any liability in respect of ground rent payments will be reduced to nil under the new lease.

To qualify for the new lease the following conditions must be met:

- » The existing lease of the property must be for more than 21 years. The rent is irrelevant;
- » There is no residence requirement but the flat owner must have owned the flat for two years. Companies and investors can qualify for a lease extension with limited exceptions. Personal representatives of a deceased flat owner can also apply within two years of the grant of probate.

The price to be paid for the new lease has to be determined in accordance with complex and detailed provisions; it includes an element called 'marriage value' which is shared between the landlord and the flat owner. This is the increase in value attributed to the marriage of the landlord and flat owner's interests. However, no marriage value will be payable where the lease has more than 80 years to run.

To obtain a lease extension a flat owner has to undertake the following:

- » First check and confirm that you qualify and that your landlord is not excluded from the legislation;
- » Obtain details of the landlord's title;

- » Obtain advice on the price to be offered;
- » Ascertain that any finance required is available;
- » Serve notice on the landlord and any other party with an interest in the flat
- » Ensure that the position is protected by a court application if the landlord fails to respond;
- » If the landlord accepts the claim, negotiate the price and lease terms;
- » Finalise all legal documentation including re-mortgaging if finance has to be raised.

If the landlord does not accept the sums offered or the claim is disputed, the flat owner must be prepared to:

- » Apply to the First Tier Tribunal for a determination of the price or disputed terms; or
- » Fight the case in the County Court if the landlord disputes the claim.

Points for Consideration

The relevant law contains complex procedures, many subject to strict time limits. Falling foul of time limits may lead to the premature termination of a claim and liability for abortive costs. You will also be prevented from making a fresh application for at least 12 months.

You will also have to pay the landlord's statutory legal and valuation costs even if, having served notice on the landlord, you decide not to proceed or your claim is terminated.

The landlord's costs of any tribunal proceedings are not payable by the flat owner.

Most landlords are receptive to sales of lease extensions, so claims are generally admitted. The most difficult negotiation is usually about the price. We are able to recommend specialist surveyors who will be able to advise on the appropriate price to pay for the new lease. It is not advisable for a flat owner to contact the landlord or the landlord's agent to discuss terms outside the legislation without first obtaining advice.

This fact sheet has been provided for information purposes only and should not be construed as legal advice. Whilst every effort has been made to ensure that the information in this fact sheet is correct (as at June 2019), it is intended as a guide only and should not be relied upon. Specialist legal advice should be sought so that all the factors specific to your circumstances can be taken into account.