

A guide to:

Lease Extensions pursuant to the Leasehold Reform, Housing and Urban Development Act 1993 (as amended)

The statutory right for owners of residential flats to extend their leases has been in existence for a number of years. The amendments to the legislation now make it easier for leaseholders to exercise their rights. The fall in prices in the housing market may also mean less to pay for a lease term extension.

PROFESSIONAL ADVICE

You will need to instruct a valuer and solicitor who will provide you with invaluable advice through the process of claiming a lease term extension.

A solicitor will:

- Advise on the legibility of a leaseholder's ability to pursue their lease extension claim.
- Prepare the relevant notices to be served upon the Landlord.
- If necessary, submit an application form to the Leasehold Valuation Tribunal (LVT).
- Finalise the Conveyancing.

The enfranchisement team at Colman Coyle will advise and guide you through the steps above.

A valuer will:

- Advise on the premium payable for a lease term extension.
- Verify the offer to be made in the tenants notice letter, by considering market evidence.
- Initiate negotiations with the freeholder and their surveyor and represent the leaseholder before the LVT, if necessary

Colman Coyle is able to recommend a valuer. We will also work closely with your valuer during the whole process

DO YOU QUALIFY TO EXTEND YOUR LEASE?

Essentially, to exercise your rights, you, as a leaseholder must own a long lease (one which is granted in excess of 21 years) and you must have owned the lease for the past 2 years.

PREPARATION OF THE TENANTS NOTICE

The notice must contain the full name of the leaseholder and the address of the flat. The notice also needs to contain:

- Sufficient details / plan to identify the flat
- Details of the lease
- The price the leaseholder is proposing to pay for the new lease extension
- The new terms that the leaseholder propose to be inserted in the new lease
- A date by which the landlord must give a counter notice.

Your dedicated enfranchisement expert at Colman Coyle will communicate with your valuer and finalise the notice on your behalf.

WHAT IS THE LEASEHOLDER ENTITLED TO?

A nominal ground rent for the whole of the new extended term. The new term shall be 90 years plus the present unexpired term of the lease

Generally, the new lease will have to be on the same terms as the existing lease, although the leaseholder is entitled to remedy defects in the existing lease.

AFTER SERVICE OF THE TENANTS NOTICE

- The landlord has the right to inspect the flat for the purposes of undertaking a valuation, subject to 3 days notice.
- The landlord is entitled to ask for a deposit, which he must keep hold of until completion. The deposit shall be the greater of £250.00

or 10% of the extension price proposed by the tenant in their notice.

- The landlord is entitled to require evidence that the leaseholder owns the flat.

THE LANDLORD'S COUNTER NOTICE

The landlord has a time limit specified in the tenant's notice, by which to serve a counter notice, which is the landlord's formal reply to your claim. The counter notice will either:

- Agree your right to extend the lease and accept your terms,
- Agree your right to extend the lease and propose alternative terms,
- Disagree that you have the right to extend your lease and cite reasons why.

COUNTER NOTICE SERVED...WHAT NEXT?

- For a period of 2 months after counter notice has been served, both parties are encouraged to enter into negotiations in order to settle issues which may remain in dispute.
- If after the initial 2 months no resolution has been agreed upon either party can apply to the LVT for a hearing to determine those issues which remain in dispute.

(The LVT is an independent Tribunal; at present hearing dates are set 6 months after an application is made)

During the initial 2 months Colman Coyle will be working with your valuer and negotiating with the Landlords professional representatives, to seek to agree on terms that both parties are happy with. In our experience, most cases do settle before they reach a formal hearing before the LVT

COSTS

The leaseholder is:

- Liable for all reasonable legal and surveyor's costs incurred by the landlord.
- Liable for the legal and surveyor's costs and disbursements they themselves incur.

- Premium paid to landlord to extend the lease.

COMPLETION OF A NEW LEASE

- Once all the terms and price payable have been agreed by both parties, there is a set timescale within which to complete the lease.
- If the lease has not been completed within this timeframe, further action will be needed to protect the tenants notice
- If for any reason the leaseholder decides to withdraw their application, they will be prohibited from making a new application for a period of 12 months from the date the application was withdrawn.

Colman Coyle are also able to advise leaseholders who intend to extend the lease of their house; where the leaseholder's landlords are missing and on the ability of a personal representative of a leaseholder and how to progress their application.

We also specialise with rights of first refusal under the Landlord and Tenant Act 1987, enfranchisement of properties under the 1993 and 1967 Acts and generally advice on the acquisition of freehold interests and lease extensions.

For advice or more information please contact:



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