

## INFORMATION SHEET 1

# Lease Extension

### WHAT IS IT?

The *Leasehold Reform, Housing and Urban Development Act 1993* (as amended) enables qualifying leaseholders the right to a lease extension.

### DO YOU QUALIFY?

- You must be the registered Leaseholder (known as a tenant) of the flat for two years before the date of the claim.
- You do not need to be an occupier of the flat.
- You must hold a lease that had a fixed term of more than 21 years when it was originally granted.
- Personal representatives of a deceased tenant can make a claim provided that the right is exercised within a period of two years from the date of grant of probate.
- The assignee of a tenant's notice served by a tenant who has for the previous two years been a qualifying tenant of the flat also qualifies.
- There is no limit to the number of flats you may own in the building. You may extend any or all of them.
- You cannot be a qualifying tenant if you hold a business lease, lease from a charitable trust, a sub-lease which is in breach of terms of a superior lease.

### HOW MUCH WILL IT COST?

- The Price or Premium to be paid for the new lease will be the aggregate of:
- The diminution in value of the landlord's interest in the flat, consequent on the grant of the extended lease; being the
  - Capitalised value of the landlord's ground rent.
  - The value of the landlord's reversion (this is the near freehold vacant possession value today, deferred for the unexpired lease term)
  - 50% of the marriage value (the additional value released by the tenant's ability to merge the extended lease with the existing lease) must be paid to the landlord although the marriage value will be deemed to be nil if the existing lease has an unexpired term of more than 80 years at the date of the claim;
- Compensation for loss in value of other property owned by the freeholder, including development value.
- In addition to the price and the tenant's own legal costs and valuation fees, you will also be required to reimburse the freeholder his legal costs and valuation fees.

# OLDEN PROPERTY

Valuation, Leasehold &  
Compensation Specialist

## STEPS INVOLVED

1. At the outset of the process, it is important that you instruct a properly qualified surveyor and solicitor with experience in the field of enfranchisement.
2. If necessary, your solicitor may serve a preliminary notice to obtain information from the Landlord.
3. Your surveyor will inspect the flat and undertake a valuation in order to determine the premium payable.
4. Thereafter, your solicitor serves the tenants notice of claim.
5. The landlord is likely to respond with a procedural notice requiring payment of a deposit (equal to 10% of the premium being offered) and asking the tenant to deduce title.
6. The landlord will instruct his surveyor to inspect the flat and undertake a valuation in order to determine the Premium on behalf of the freeholder.
7. Within the period specified in the tenant's notice, the landlord must serve his counter-notice. First and foremost, this must state whether or not the claim is admitted.
8. If the claim is admitted, then the counter-notice must state, amongst other things: which of the proposals contained in the tenant's notice are acceptable or not and the landlord's counter-proposals — particularly the premium.
9. Once the counter notice is received both sides surveyors will aim negotiate a settlement for the premium which is agreeable to both leaseholders and freeholder.
10. If any terms of acquisition (including the price) remain in dispute after two months following the date of the counter-notice, then either party can apply to the *First Tier Tribunal* for the matter in dispute to be determined.

## TIMELINE

The following sets out the steps and indicative timeline in the circumstance when a landlord has confirmed the tenants right to a counter-notice.

DATE	TIME ALLOWED	STEPS, SIGNIFICANT DATES & DEADLINES
1 January 2018		<b>Date A</b> Tenant serves a notice of claim for a lease extension on the Landlord.
1 March 2018	Two months after <i>Date A</i>	<b>Date B</b> Landlord deadline to serve a counter-notice on the Tenant.
1 May 2018	Two months after <i>Date B</i>	<b>Date C</b> An application can be made to the Tribunal if agreement is not reached.
1 September 2018	Six months after <i>Date B</i>	<b>Date D</b> Is the <b>deadline</b> for an application to the Tribunal.
1 April 2019		<b>Date E</b> Possible Tribunal decision date.
Midnight 29 April 2019	28 days after <i>Date E</i>	<b>Date F</b> Tribunal decision has not been appealed against and therefore becomes final.

**Olden Property**  
16 Mount Pleasant Road  
Tunbridge Wells  
Kent TN1 1QU

+44 (0)7708 807 362  
info@oldenproperty.co.uk



# OLDEN PROPERTY

Valuation, Leasehold &  
Compensation Specialist

29 June 2019	Two months after <i>Date E</i>	<b>Date G</b> If a new lease has not been entered into, an application can be made to Court.
29 August 2019	Two months after <i>Date G</i>	<b>Date H</b> Deadline for an application to the Court for a new lease to be entered into.

This guide is a general statement on the *Lease Extension process*. This is a complex process and it is not possible to cover every scenario in a two-page information sheet. Each claim needs to be considered in light of its own facts. It is recommended therefore that specific advice should always be obtained on the particular facts of each case.