EXTENDING YOUR LEASE

Leases with an unexpired term of less than 80 years may cause difficulty to the flat owner at the time of a future sale. Subject to having owned the flat for a period of 2 years, the flat owner will have a legal right under the Leasehold Reform, Housing and Urban Development Act 1993 (LRHUD) to a 90 year lease extension with ground rent reduced to a peppercorn i.e. nil.

There are two ways in which the flat owner can seek to secure a lease extension.

The first way is by making an informal approach to the freeholder directly to try and agree the cost of the lease extension. However, this approach may encourage the freeholder to offer less favourable terms including in fact an increase in the ground rent. The freeholder is not obliged to negotiate.

The second way is to apply to the landlord for a new lease formally under LRHUD. This will require a surveyor (we can recommend a suitable experienced surveyor for you) to prepare a valuation and to suggest a "premium" to be included in the notice to the freeholder.

You will also need to instruct a solicitor to serve the notice on your behalf. Once the notice is served, the freeholder has to issue a counter-notice within 2 months. If agreement cannot then be reached, either party can then refer the matter to the Leasehold Valuation Tribunal (LVT) for determination, although agreement will usually be reached, as the freeholder will often not want to risk incurring additional costs.

The law in respect of statutory lease extensions is not straightforward, as there are strict time limits that need to be followed to avoid an application for a new lease failing. Miller Parris are experienced in dealing with the process and can offer competitive fees to provide this specialist advice. Group discounts are available for individuals as part of a block instructing us at the same time and we are happy to attend a meeting of residents at the outset at no charge – when often a surveyor may be available on the same basis – to explain the procedure involved.