

Extend your Lease

Guidance for Homeowners

Introduction

We understand that you have enquired into the process of extending your Lease. We strongly advise that you seek legal advice before proceeding with any lease extension. We provide these guidance notes to provide assistance.

The *Leasehold Reform, Housing and Urban Development Act 1993* allow owners of leasehold flats bought under the Right to Buy or the Social Homebuy scheme to extend the length of their lease by 90 years. The additional years will be added to the outstanding term of your lease.

To exercise this statutory right, the following criteria must be satisfied:

- you must have owned the lease for more than 2 years; and
- you are not a commercial or business tenant; and
- you must now own 100% of your property if bought under the Social Homebuy scheme; and
- if not the freeholder, the Council must have a lease that allows the extension

Your application can follow one of two routes:

1) Statutory Process

You can extend your lease by serving a Notice on the Council under Section 42 of the *Leasehold Reform, Housing and Urban Development Act 1993*.

Upon receipt of the Notice the Council will take the following steps simultaneously:

- Instruct Council Surveyors who will value the property and negotiate a premium with you; and
- Instruct our solicitors who will liaise with yours to conclude the matter.

As well as being responsible for your legal fees, you will also be responsible for the following costs:

- Council's legal fees charged at an hourly rate of £247.26 (as recoverable under Section 60 of the Act) + VAT and disbursements
- Valuation fee: £1,180.00
- Investigation fee: £339.00

We will strongly advise you to instruct solicitors to act on your behalf as there are statutory time constraints to this process, which if missed, could have financial consequences and see the matter terminated.

2) Voluntary Process

The Voluntary route does not have the time constraints associated with the statutory route, and you are not required to have owned the lease for two years before applying. To apply through this route, you need to:

- E-mail us at HSG.Conveyancing@southwark.gov.uk confirming that you wish to apply under the voluntary process. Your email should include the full name(s) and telephone number(s) of the registered leaseholder(s), and the full address of the property; and
- Pay the **non-refundable** administration fee of £339.00. The fee can be paid by using our [online payment form](#). Please include your Property Reference Number (PRN) as the reference when completing the online payment form. This will ensure that we are able to efficiently credit your payment against your property and your application.

The Council will then instruct the Council Surveyors to value the property and negotiate a premium with you. Once the premium is agreed, we will require your solicitor's details in order for us to instruct the Council's solicitors to complete the lease extension.

As well as being responsible for your legal fees, you will also be responsible for the following costs:

- **Non-refundable** administration fee: £339.00
- Council's legal fees charged at an hourly rate of £247.26 + VAT and disbursements
- Valuation fee: £1,180.00

3) Completion

On completion, 90 years will be added to the current unexpired term of the lease and your new lease will include the following terms:

- A peppercorn rent (i.e. no rent) for the whole of the term (the 90 years plus your unexpired term); and
- Be on the same terms as the existing lease, subject to minor modifications and certain statutory exclusions and additions:
 - 1) Modifications - to take account of any existing alterations to the flat, or the building, since the grant of the existing lease, or to remedy a defect in the lease. If there have been alterations to the property, a new lease plan may be required at an additional cost to you. Please note this would require a new application from you and we would only be able to proceed with the lease extension after the process of alterations is completed. If you wish to make alterations, please contact us so we may advise you further.
 - 2) Exclusions - since the Leasehold Reform, Housing and Urban Development Act 1993 ('Act') provides a right to perpetual renewal of the lease, any existing clauses relating to renewal, pre-emptions or early termination are to be excluded.
 - 3) Additions - a requirement not to grant a sub-lease of sufficient length so as to confer on the sub-lessee a right to a new lease under the Act.
- The landlord's redevelopment right - the new lease must also contain a clause giving the landlord the right to repossession of the flat for the purposes of redevelopment. This right does not arise until the end of the term of the existing lease and is subject to a court application and the payment of full compensation to the leaseholder for the full value of the remaining 90 years.

Fees

You will be responsible for the Council's reasonable fees whether you complete the sale or not. These include administration, valuation and legal costs. These fees are discussed above.

Contact Information

For additional queries, please write to:

Residential Conveyancing and Compliance Team
Sales & Acquisitions
160 Tooley Street
London
SE1 2QH

Or e-mail us at: HSG.Conveyancing@southwark.gov.uk

Further information is also available on our website:

<http://www.southwark.gov.uk/home-owners-services/buying-selling-subletting-and-remortgaging/extend-your-lease>