# SOUTHWARK HOMEOWNER CONFERENCE 2019 PRESENTATIONS

Saturday 2\textsuperscript{nd} March

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Homeownership Collections

Olu Atobatele

What the Homeownership Collections Team Do?

- First point of contact for the Councils 14,000 + leaseholders and 1500 + freeholders assisting with their queries on a daily basis
- Responsible for the collection of service charges/major works from leaseholders and freeholders and following the escalation procedure for any unpaid charges.
- Responsible for arranging payment agreements with leaseholders and freeholders
What is a service charge?

- Service Charges are the cost the Council incurs when providing maintenance to an estate and block.
- **LEASEHOLDERS DO NOT PAY TOWARDS INTERNAL WORK TO TENANTED PROPERTIES**

What annual services do we provide?
- Cleaning
- Grounds Maintenance
- Heating and hot water
- Responsive repairs (including pest control) – Block and Estate
- Lighting
- Lifts
- Door entry systems
- Security (CCTV concierge)
- Buildings insurance (not contents insurance)

- The other type of service charge is a Major Works

Service Charges -Estimates

**Leaseholders**
- Service charges are invoiced on an estimated basis before the beginning of the financial year (around Feb)
- In accordance with the terms of the lease, leaseholders are required to pay quarterly in advance on 1st April, 1st July, 1st Oct and 1st Jan
- 12 monthly instalments are also offered as a discretionary option due from 1st April – 31st March
- If monthly payments are defaulted, payments will automatically revert to quarterly in accordance with the terms of the lease
- Leaseholders are provided various ways to pay options with their invoice – majority of leaseholders will choose to pay by standing order as we do not offer direct debit
- Only leaseholders are invoiced on an estimated basis...
Service Charges – Actuals

Leaseholders
- Service Charges actuals are invoiced 18 months after the estimated billing (around Sept/Oct)
- In accordance with the terms of the lease actuals in due within 30 days of the date of the invoice
- As a discretionary payment option we will offer payments on a monthly basis up until the end of financial year
- If the leaseholder receives a credit for actuals this will be offset onto any other outstanding charges on their account
- In circumstances where they have no outstanding balances we are able to provide a refund for over the amount of £100
- Arguably the busiest time of the year for Collections
- At this point many leaseholders have disputes regarding the works they have been charged for
- Leaseholders can request for breakdowns of their service charges. The breakdown is the cost per service provided – additional itemised breakdown can be requested, but not required by statute. Statute requires us to provide access to view all the documentation relating to costs incurred.

Service Charges – Actuals

Freeholders
- Service Charges for freeholders are invoiced only on an actuals basis
- In accordance with their transfer of part this is due within 30 days of the date of the invoice
- We can at discretion offer freeholders 12 monthly payments starting from Oct
  - Sept
What is Major Works?

- Major works are one off works over and above day to day maintenance of the estate. They may include one of or all of the following:
  - Window and door repair and renewal
  - Roof repair or renewal
  - Fire Safety works
  - External Redecoration
  - Electrical rewiring
  - Lift renewal or significant repair
  - Significant re-pointing and concrete repairs including asphalt
  - Scaffolding and associated costs
  - Plumbing or heating works (boiler or pipe replacement)
  - Internal works to tenants such as new kitchens and bathrooms
- We must consult on major works contracts where any individual item will cost each property more than £250

Major Works - Estimates

- Leaseholders are billed for Major Works on an estimated basis which is billed together with the service charges prior to the start of the financial year.
- In accordance with the terms of the lease this is also due quarterly in advance on 1st April, 1st July, 1st Oct, 1st Jan
- We also would offer 12 monthly instalments from 1st April – 31st March

Further discretionary payment options (outside the terms of the lease):
- Resident leaseholders have the option to pay their major works over 36 months or 48 months (over £7,200)
- Leaseholders must complete and send back the extended interest free agreement form in order to have this instalment plan
- Leaseholders will have up until 31st March to apply for this payment option, after that point the option will be removed
- This option is not available to non resident leaseholders
Major Works – Final Accounts

- Pursuant to the Lease the Council is required to provide an actual account of the major works within a reasonable time. There is no time limit on when the actual figures must be produced and there is no legal definition of what a ‘reasonable time’ is. There are many factors which affect the timing of producing a final account, i.e. the defects liability period, number of snagging issues, agreement of costs between the contractor and the Council etc.
- A draft final account notice is sent before the final account invoice is issued and any agreed payment plan must be adhered to until the final account is issued.
- Leaseholders can be billed for final accounts for major works contracts at any point throughout the year.
- In accordance with the terms of the lease this invoice is due within 30 days of the date of the invoice.
- At discretion we can offer a payment plan up until the end of the financial year.
- If the leaseholder receives a credit for actuals this will be offset onto any other outstanding charges on their account.
- In circumstances where they have no outstanding balances we are able to provide a refund for over the amount of £100.

Loans

Discretionary Service Charge Loan:
- We have one discretionary loan option available to leaseholders to apply for major works involved.
- Although this process sits with the Billing Team, Collections Officers are responsible for liaising with the leaseholder at the application stage and passing this over to the mortgage manager.

Terms:
- This loan works along the lines of a standard mortgage loan where the leaseholder is provided the capital for the major works charge and are required to pay over instalments over an agreed period on the capital and the interest combined.
- Periods of payment are 5, 10 or 25 years.
- The loan will be secured by a legal charge on the borrowers property.
- The rate of interest will be variable and currently at 1.5% above the base rate of the National Westminster Bank plc, which is currently 0.75%.
- The borrower will pay a fee of £565.50 to cover administration and legal fees to complete the mortgage deed.
- The borrower may repay the loan in full at any time without incurring penalties.
- Should the borrower wish to add additional service charges to the loan a £35.00 fee is required.
- The borrower will pay a redemption fee of £103.00 on final settlement of the loan.

Conditions:
- There is sufficient equity in the property to secure the loan;
- All lenders must consent to the charge being registered against the property;
- The borrower provides the Council with details of income and expenditure;
The Collections Procedure

- Non payment of service charges is a breach of the lease.
- The Council has an arrears collection which runs through In-House.
- Our escalation procedure has recently changed due to new legislation Pre-Action Protocol.
- This is currently under a pilot with scope to be renewed and currently only in place for leaseholders. Freeholders will only follow our process up to letter 2 stage for the time being.

The process is:
- Letter 1
- Letter 2 (This is the point we will notify at the next stage the mortgage lender will be contacted)
- Letter of Claim, Occupier letter & Mortgage letter (sent at the same time)
- At this stage leaseholders will have 30 days to complete the reply and income and expenditure forms provided with the LOC.
- If no response or full payment received this will be referred to enforcement (mortgage lenders are notified and can pay on leaseholders behalf)
- At this point payment options are not available to leaseholders and no payment agreements will be made.

Once referred:
- Court action
- Payment by lender following S146 or referred to the First Tier Tribunal for a decision.
- In some cases a Final Charging order will be added or for extreme cases forfeiture of the lease.

... This process will be explained in further detail by Enforcement Manager; Elana Bennett.

Thank you for listening
Service Charges
Legal Rights & Obligations of a Homeowner

Ezania Bennett
Enforcement Manager
London Borough of Southwark

Our Role

- Issuing claims for the recovery of service charge due under the terms of the Lease / Transfer
- Obtain a Judgment/determination that the service charge is payable by the leaseholder/ freeholder
- Enforce the judgment if unpaid
The Lease

Date of Lease: 12.11.2013
Commencement Date of Term: the date hereof
Term of Lease: 125 Years
Expiry Date of Term: 11.11.2338

Covering Page of lease
○ The cover page of lease sets out the property concerned and the names of the parties concerned.

The building means the building known as 1-75 Cardiff House including any grounds outbuildings gardens yards or other property appertaining exclusively thereto.

Early pages
○ The first page of the lease starts detailing and defining some terms that are important.
○ The first is the building the property belongs to.
"the estate" means the estate known as Friary Estate including all roads, paths, gardens and other property forming part thereof.

Early pages
- The first page also lists the estate the building the property belongs to. If none, this is often left blank.

"the flat" means the flat and land (if any) shown coloured pink on the plan or plans attached hereto and known as Number 1 on the ground floor of the building and including the ceilings and floors of the flat, the internal plaster and faces of the exterior walls of the flat, and the internal walls of the flat (and internal walls bounding the flat shall be party walls severed medially) but excluding all external windows and doors and window and door frames, the exterior walls, roof foundations, and other main structural parts of the building.
The services means the services provided by the Council to or in respect of the flat and other flats and premises in the building and on the estate and more particularly set out hereunder

(i) caretaking lighting and cleaning of common areas
(ii) maintenance of estate roads and paths
(iii) estate lighting
(iv) maintenance of gardens or landscaped areas
(v) unauthorised repairs

 Defines the services the landlord must provide

Homeowner Rights

The First Schedule of the Lease deals with the Tenant’s rights under the Lease

- The free passage and running of water gas or other pipes fuel sewage smoke or fumes through the pipes sewers drains vents or passages serving the flat
- The right to use and maintenance of the cables or other installations serving the flat for the supply of electricity and for the telephone or for the receipt directly or by landline of visual or other wireless transmissions to the flat
- The right to use the lift (if any) in the building serving the flat
- refuse chutes, the right to place and maintain a dustbin and the right to use landscaped or garden areas for the purpose of recreation.
Obligations

- Ground rent, ordinarily, this is £10 to be paid by annual payments
- To pay all rates, taxes, assessments, charges, Impositions and outgoings which may at any
time during the term of the Lease be assessed charged or imposed on the flat or any part
thereof or the owner or occupier in respect thereof
- Service Charge contributions set out in the Third Schedule
- To keep the flat and every part (except any part which the Council is obliged to repair in
good repair and condition (including decorative repair))
- Allow the Council entry into the property on reasonable notice
- Must not make any structural alterations or additions to the flat or remove any of the fixtures
  and fittings without written consent of the Council
- Not to disconnect from the district central heating system
- The Lease contains obligations of the Tenant regarding any Notices relating to the property
- Not to do or permit any act or thing which may render void or voidable any insurance policy
- Nuisance: Other obligations relating to nuisance, animals in the property parking of vehicles,
  advertisements etc are also included within the lease
- Any breach of the obligations or covenants by the Tenant may lead to legal action
  being taken by the Landlord and can even lead to forfeiture of the Lease

Administration Fee

- Schedule 3 paragraph 7 (7)
  - The employment of any managing agents appointed by the Council in respect of the building or estate or any part thereof
  provided that if no managing agents are so employed then the Council may add the sum of 10% to any of the above
  items for administration.

- The administration fee goes towards the services provided wholly to home owners:
  - Construction, billing and collection of service charges
  - Statutory consultation
  - Communications with homeowners
    - Leaflets
    - Home Owners Guide
    - Drop in sessions
    - Public meetings attended by HOS staff
Landlord Covenants

- Clause 4 of the Lease to keep in repair the structure and exterior of the flat and of the building, including drains, gutters and external pipes, and make good any defects affecting the structure; keep in repair the common parts of the building; maintain the block and the estate.
- By Paragraph 2(1) of the Third Schedule the Landlord has covenanted before the commencement of a service charge year to produce an estimate of the amount payable by the Lessee and to notify the Lessee of the same.
- By Paragraph 2(2) of the Third Schedule to the Lease, the Lessee has covenanted to pay the estimated invoice provided, in 4 equal installments on the quarter days commencing from 1 April.
- By Paragraph 4(1) of the Third Schedule to the Lease, that as soon as practicable after the conclusion of a service year to ascertain the actual service charge for that year and to notify the Lessee of the same.
- By Paragraph 5(1) of the Third Schedule to the Lease, in the event that the actual service charge exceeds the estimated sum previously invoiced, to pay such balance as is outstanding to the Landlord.

What Must We Check

1. Does the lease allow for recovery of the particular item?
2. Have we complied with contractual pre-conditions?
3. Have we complied with any statutory pre-conditions?
1. Recovery of Items in the Lease

*Gilje v Charlegrove Securities Ltd (2002) 1 EGLR 41*

Items of service charge expenditure need to be clearly identified in the lease. However, it's not a vacuum.

Services are listed at the start of Southwark's Leases and vary from property to property depending on the block it is located in.

The Building, Property and Estate are set out in the Definitions section of the lease.

2. Contractual Pre-Conditions

- Para 6(2) Third Sch - the Landlord may adopt any reasonable method of ascertaining the Lessee's proportion of the costs incurred in fulfilling its obligations there under.

- Bed-weighting method is used for most annual revenue & major works charges. The more bedrooms a property has, the higher the service charge.

- Supported by Home Owners Council and Upper Tribunal London Borough of Southwark v Bevan & London Borough of Southwark v Paul.

- Insurance is calculated differently.
3. Statutory pre-conditions to a service charge

s.47 Landlord and Tenant Act (LTA) 1987 stated that a service charge demand must contain the name and address of the Landlord.

S.48 LTA 1987 demand must contain Landlord’s Address for service at which notices may be served on him by the tenant.

S.21B LTA 1985 demand must be accompanied by a summary of the rights and obligations of tenants see

Right to challenge

- **The Law** – s. 19 Reasonableness amended by part 3 of the Housing Act 1996
- A tenant by whom, or a landlord to whom, a service charge is alleged to be payable may apply to a Leasehold Valuation Tribunal [now the First Tier Tribunal] for a determination:
  - (a) whether costs incurred for services, repairs, maintenance, insurance or management were reasonably incurred,
  - (b) whether services or works for which costs were incurred are of a reasonable standard, or
  - (c) whether an amount payable before costs are incurred is reasonable
Pre-Action Protocol (PAP)

- Since 1st October 2017 there is a specific protocol for debt action
- Applies to any business (including public bodies) claiming payment of a debt from an individual
- Describes the conduct that the Court will expect from those parties prior to issuing a Claim Form.

Purpose
- encourage early engagement and communication between the parties
- reduce the strain on courts by settling without recourse to the Court
- where court action is required achieving efficient management of proceedings.

Process

- 2 Chaser letters are sent to the debtor
- If payment is not received a Letter of Claim (LOC) is sent to the debtor.

The LOC should contain the following details:
- The amount of the debt
- Whether interest or other charges are continuing
- The basis of the claim

Documents included with the LOC
- An information sheet
- A Reply Form should be included and the address to which the completed Reply Form should be sent;
- Income & expenditure form
- Court fee information
Process cont'd

- The LOC should allow 30 days for a reply. The debtor is effectively given the opportunity to seek documentation, debt advice or time to pay.
- Where the debtor has responded to the LOC but agreement has not been reached, the creditor should give the debtor at least 14 days' notice of their intention to start court proceedings.
- The debtor should be allowed reasonable time to obtain debt advice.
- The court will consider whether all parties have complied in substance with the terms of the Protocol. It is not likely to be concerned with minor or technical infringements, especially when the matter is urgent.
Home Owners Council

- HOC is a Council’s advisory body which represent the views Home Owners and Scrutinise the Council on
  - housing services
  - housing management
  - policies

- Leaseholders like you
- Passionate Volunteers

What HOC did in the past year

- Over 385 man hours
- Monthly and committee meetings
- Prepared Conferences
- Went through over 500 pages of docs
  - Insurance, Service charges
  - Enfranchisement
  - Residents Engagement Review

- Submitted a Cabinet paper
- Attended all 8 Residents Review Panel meetings and submitted evidence
Resident Involvement Review Panel

• **Council Scope:** The current structure in place for many years and does not reflect anymore the challenges

• **Council’s proposed topics of consideration:**
  - How the residents involvement structure should look in the future
  - The role of TRAs and Area Housing Forums AHF
  - The roles of Tenant Council, HOC their funds and My Southwark Board

• **Set a panel made of**
  - 4 Tenants and 3 Leaseholders with no previous experience
  - Tenant Council, HOC and My Southwark Board
  - 3 Council officers

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HOC raised concerns about the process

1. Tenants Council decided to boycott the panel
2. The 4 tenants and 3 leaseholders had no experience of how the Council works
3. Disproportionate input from the Council officers
4. My Southwark Board – a body set by the Council which was supposed to be independent, appointed a Council officer to attend on their behalf
5. Meetings were vague and meant to take away the HOC scrutiny over the Council and the management of HO Fund
6. Intervention of Councillor Cryan: her view to replace the HOC elected structure with a Council APOINTED one
• The Conference working group: Liz, Mo, Brendan
• HOC support members
• Engagement Officers: Carla Bates and Louis Rotsos
• The speakers
• To all of you for attending
Ten thoughts for Southwark’s leaseholders

Amanda Gourlay

1: Know your lease

Interpretation clauses
Clause 1: The grant of the lease by the Council
Clause 2: Lessee’s covenants with the Council
Clause 3: Lessee’s covenants with the Council & with and for benefit of lessees
Clause 4: Council’s covenants with the lessee
Clause 5: Provisos
Clause 6: Declaration of trust
Clause 7: Stamp duty land tax
Clause 8: Interpretation
First Schedule: Lessee’s rights
Second Schedule: Easements and rights reserved
Third Schedule: Annual service charge
2: Insurance

Southwark covenants:

To insure the building to the full insurance value thereof against destruction or damage by fire, tempest flood and other risks against which it is normal practice to insure or to make other appropriate and adequate arrangements and in the event of destruction or damage by any such risk as aforesaid to rebuild or reinstate the flat and the building.

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2: Insurance

Schedule to the Landlord & Tenant Act 1985

- Right to a summary of the policy
- Right to inspect/take a copy of the policy
- Right to notify the insurer of a claim

TANFIELD
3: What can I do with my property?
Sub-letting and Air BnB

- Not to use or suffer the flat to be used for any purpose other than as a private dwelling house
- Not to do or permit or suffer to be done any act or thing which may be or become a nuisance or annoyance to the Council or to the Lessees owners or occupiers of adjoining or neighbouring property

TANFIELD

3: What can I do with my property?
Sub-letting and Air BnB

- Nemcova v Fairfield Rents Ltd [2016] UKUT 303 (LC) – flat not to be used for any purpose other than “as a private residence”
- Bermondsey Exchange Freeholders Ltd v Ninos Koumetto [2018] 4 WLUK 619 - flat only to be used as a residential flat with the occupation of one family.
4: What can I do with my property?

Pets

- Not to keep any animal bird or reptile in the flat which the Council considers to be dangerous injurious to health or a nuisance
- *Victory Place Management Co Ltd v Kuehn* [2018] EWHC 132 (HC)

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5: What can I do with my property?

Repairs & alterations

Repairs

- To keep the flat in good and tenantable repair and condition ... so as to provide shelter and support to parts of the building other than the flat

TANFIELD
5: What can I do with my property? Repairs & alterations

Alterations

• Not to make any structural alterations or structural additions to the flat or remove any of the Landlord’s fixtures and fittings without the previous consent *in writing* of the Council

• S.19(2) Landlord & Tenant Act 1927: entitlement to a reasonable sum for legal or other expenses

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5: What about doors and windows?

The flat “including the ceilings and floors of the flat the internal plaster and faces of the exterior walls of the flat and the internal walls of the flat (and internal walls bounding the flat shall be party walls severed medially) but excluding all external windows and doors and window and door frames the exterior walls roof foundations and other main structural parts of the building”

TANFIELD
5: What about doors and windows?

Southwark Council v Various lessees of St Saviour’s Estate [2017] UKUT 10 (LC)

6: Looking after the building

Southwark’s covenants to keep the building in repair
• To keep in repair the structure and exterior of the flat and of the building (including drains gutters and external pipes) and to make good any defect affecting that structure
6: Looking after the building

Southwark’s covenants to keep the building in repair

- To keep in repair the common parts of the building and any other property over or in respect of which the Lessee has any rights under the First Schedule hereto

TANFIELD

6: Looking after the building

Southwark’s covenants to keep the building in repair

- As often as may be reasonably necessary to paint in a good workmanlike manner with two coats of good quality paint all outside parts of the building usually painted and also all internal common parts of the building usually painted

TANFIELD
6: Looking after the building
Southwark's covenants to keep the building in repair

- To provide the services more particularly hereinbefore set out under the definition of "services" to or for the flat and to ensure so far as practicable that they are maintained at a reasonable level and to keep in repair any installation connected with the provision of those services

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7: Enforcing repairing obligations

- No need to give notice for areas retained by Southwark
- Damages for failure to comply with the covenants
- Moorjani v Durban Estates Ltd [2015] EWCA Civ 1252
- Injunction

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8: Service charges

What does a lessee have to pay for?
- Repairs to the structure and exterior
- Making good any defect affecting the structure
- Repairs to the common parts
- Repainting
- Services
- Insurance
- Maintenance & management of the building and the estate

TANFIELD

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8: Service charges

Improvements:
- Installation of double-glazed windows
- Installation of an entryphone system

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8: Service charges

On account/advance payments

- The Lessee shall pay to the Council in advance on account of Service Charge the amount of such estimate by equal payments on 1st April 1st July 1st October and 1st January in each year

8: Service charges

End of year notification

- As soon as practicable after the end of each year the Council shall ascertain the Service Charge payable for that year and shall notify the Lessee of the amount thereof
- Such notice shall contain or be accompanied by a summary of the costs incurred by the Council of the kinds referred to in paragraph 7 of this Schedule and state the balance (if any) due...
8: Service charges

The amount payable

- The Service Charge payable by the Lessee shall be a fair proportion of the costs and expenses ... incurred in the year

8: Service charges

Consultation

- “Qualifying works” – works on a building or any other premises
- “Qualifying long term agreements” – an agreement entered into, by or on behalf of the landlord or a superior landlord, for a term of more than twelve months
- Engagement is key
9: Service charge disputes

- To pay or not to pay?
- Admissions
  - *Cain v LB Islington [2015] UKUT 0542 (LC)*
  - How much is in dispute?
  - Why?

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10: The First-tier Tribunal

It has the power to decide whether:
- A service charge is payable and if so, how much
- There has been a breach of the terms of the lease

It does not have the power to:
- Order the landlord to carry out works of repair

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10: The First-tier Tribunal

On account/advance demands:
• Is the amount demanded reasonable?

Balancing/end of year demands:
• Are the costs reasonably incurred?
• Are the services or works of a reasonable standard?
• Is the amount demanded reasonable?

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10: The First-tier Tribunal

• Evidence
  • Photographs
  • Contemporaneous notes
  • Comparable costs
  • Surveyors

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10: The First-tier Tribunal

- Case law:
  - *Oxford City Council v Leaseholders of 54 flats* (CAM/38UC/LSC/2016/0064)
  - *Leaseholders of Merryweather Court and Brennand Court, Tremlett Grove, London N19 5LF v LB Islington* (LON/00AU/LSC/2011/0228)
  - *Cos Services v Nicholson, Willans [2017] UKUT 0382 (LC)*

10: The First-tier Tribunal

- Getting together and being recognised
  - Section 29, Landlord & Tenant Act 1985
- Legal costs
  - Section 20C, Landlord & Tenant Act 1985
  - Paragraph 5A, Commonhold & Leasehold Reform Act 2002
  - *Barrett v Robinson [2014] UKUT 0322 (LC)*
Thank you for listening
@tanfieldlaw
@lawandlease
TANFIELD
Southwark Homeowner Conference
March 2019
Tom Olden MRICS
Olden Property Consulting
Lease Extension &
Compulsory Purchase Compensation
www.oldenpropertyconsulting.com
Leasehold Enfranchisement
The Leasehold Reform, Housing and Urban Development Act 1993

Lease extension: The right to acquire a new lease in substitution for the existing lease

Collective enfranchisement: The right for certain tenants of flats to acquire the freehold of the premises containing those flats

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Lease Extension: What Do You Get?

- You will be entitled to acquire a new extended lease in substitution for your existing lease
- The extended lease will be for a term expiring 90 years after the end of the current lease
- You will reserve a peppercorn rent throughout the term
- Broadly, the lease will otherwise be on the same terms as the existing lease
The length of the new lease will be for the outstanding term of the existing lease plus 90 years. E.g. if you have 85 years remaining, the new lease will be for 175 years.

Why Extend?

- Protect the value of your leasehold interest
- Enhance the value of your leasehold interest
- Difficulty on sale or mortgage of short and medium term leases
Did you know... once the lease on your property drops below 80 years, its value plummets

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
- 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
- You must hold a lease that had a fixed term of more than 21 years when it was originally granted
- There is no limit to the number of flats you may own in the building. You may extend any or all of them
Do You Qualify?

• You do not need to be an occupier of the flat ✓

• 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 ✓

• Not a qualifying tenant if you hold a business lease, lease from a charitable trust, Crown or a sub-lease which is in breach of terms of a superior lease ❌

Lease Extension Steps Involved

1. Instruct a properly qualified surveyor and solicitor

2. Your surveyor will undertake a valuation for you

3. Solicitor serves the tenants Section 42 notice of claim on the landlord

4. A second surveyor will undertake a valuation for the landlord
Lease Extension Steps Involved

6. The landlord must serve a Section 45 counter-notice on the tenant.

7. Once the counter notice is received both sides surveyors will aim to negotiate a settlement.

8. If any terms of acquisition remain in dispute an application to the First-Tier Tribunal can be made for the matter in dispute to be determined.

The Valuation

- Lost Ground Rent (Term)
- Loss of the Flat at the End of the Term (Reversion)
- Share of Marriage Value
- Compensation
- Professional Fees
### Lease Extension Valuation 81 Years Remaining

1 London Bridge: 81 Year Lease Term Remaining. Long Lease Value £500,000. Ground Rent £150 per annum.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Ground Rent (Term)</td>
<td>£2,000</td>
</tr>
<tr>
<td>Loss of Flat (Reversion)</td>
<td>£11,500</td>
</tr>
<tr>
<td>Marriage Value</td>
<td>£0</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>£13,500</strong></td>
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### Lease Extension Valuation 79 Years Remaining

1 London Bridge: 79 Year Lease Term Remaining. Long Lease Value £500,000. Ground Rent £150 per annum.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Rent (Term)</td>
<td>£2,000</td>
</tr>
<tr>
<td>Loss of Flat (Reversion)</td>
<td>£12,500</td>
</tr>
<tr>
<td>Marriage Value</td>
<td>£11,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£26,000</strong></td>
</tr>
</tbody>
</table>
**LBS Voluntary Scheme**

- Aim is for Simpler Process for Leaseholders
- OPC has Undertaken a Review on Behalf of SHC
- Further Review Intended by Solicitor
- Qualification Criteria Appear more Stringent
- LBS investigate disputes. Impartial?
- More Information Required once Pilot Scheme Complete
  - Length of Time
  - Fees
  - How disputes resolved
  - Transparency

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**What is a CPO**

- Compulsory Purchase Order
- Statutory power given to LA's +
- Land assembly/Acquisition tool
- Enable development or infrastructure scheme
- Freehold, leasehold and all other interests in land
- Public Interest V Private Loss

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Why Use Compulsory Purchase?

- Land Assembly of Major Development Site
- Aylesbury Regen Area is 25 Hectare Site
- Purchase by agreement?
- Phase 1 CPO Confirmed
- Ransom Value
- Viability of scheme
- CPO Sets valuation and compensation rules & timeline

Compulsory Purchase Timeline

- **Step 1** - Negotiations in Advance of CPO
- **Step 2** - Council ‘make’ the CPO
- **Step 3** - 21 days to Object to the CPO
- **Step 4** - Four to six months after making CPO, Public Inquiry
- **Step 5** - Three to four months after the inquiry, the CPO is confirmation or rejected.
- **Step 6** - If confirmed, the Council has three years to implement the CPO.
- **Step 7** - Implementation. Once confirmed possession can be taken within three months of the service of the notice.
Negotiations in Advance of the CPO

- Where we are today in Aylesbury. OPC acting for 10 LH’s.
- Carter Jonas are the agents acting for the Council and developers
- Attempting to acquire by agreement
- Negotiations can be one sided
- Negotiations to date
- Market Value V Affordability
- Shared Ownership/Shared Equity

Market Value Under CPO

- CP Principle: The Claimant will be left in the same position after the CPO as they were in before their property was acquired.
- How to Establish Market Value Without Comparable Evidence?
- Blight: Impact of Proposed CPO & Demolition on Value.
- Treatment of Estate by Freeholder Since Decision to Demolish.
- Value of Developed Property
- Negotiations to Date
- Market Value V Affordability
- Shared Ownership/Shared Equity
Compensation Leaseholder/Occupiers

- Market Value of Property
- Home Loss Payment/Basic Loss Payment
- Disturbance
  - Relocation Costs
  - Any cost associated with CPO
- Reinvestment Costs
- Legal & Surveying Fees

Olden Property Consulting Role

- Advice in advance of a Compulsory Purchase Order
- Advice on the rights available to you
- Advice of statutory blight
- Objecting to Compulsory Purchase Orders
- Responding to Statutory Notices
- Property valuation
- Compensation claim assessment and negotiation
- Assistance with relocation/reinvestment premises
- Act as expert witness at Upper Tribunal
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