

LEASEHOLD ENFRANCHISEMENT

This note tells you about a right that a group of leaseholders might have to buy the freehold of their building. This right is contained in the Leasehold Reform, Housing & Urban Development Act 1993, (the “Act”) and was amended by the Commonhold and Leasehold Reform Act 2002. It is a fairly complex piece of legislation and it is not possible to cover all details in this fact sheet.

1. What does Leasehold Enfranchisement mean?

It means a group of leaseholders, in a block of flats, getting together and jointly buying the freehold of your block. You will have to set up what is known as a “Right to Enfranchise” company. This company would then own the freehold, and each leaseholder who wants to buy the freehold would be a shareholder of the company.

2. What will our responsibilities be after we have purchased the freehold?

You would take over all the responsibilities for managing the block – for example you would organise any repairs or maintenance that need to be carried out to the structure of the block or common areas, and arrange insurance cover, and then recover from the leaseholders any expenditure that had been incurred

3. Does there have to be a minimum number of Leaseholders in a block?

Yes. At least two thirds of the flats must be let to leaseholders, and at least 50% of the residents in the block must be leaseholders who want to jointly buy the freehold.

4. How can I find out how many flats in my block have been sold?

If you send an email to: leasehold@hillington.gov.uk we will tell you whether there are sufficient numbers of leaseholders to enable you to jointly to purchase the freehold.

5. What happens if there are any tenants living in the block?

Provided there are a sufficient number of leaseholders living in the block (see 3 above) you can still jointly purchase the freehold. The Council would then require what is called a “leaseback” of any flat that has not been sold. This means that the council would then take a long lease from the Right to Enfranchise Company, and continue renting the flat to the tenant (s). If the tenant moved, the Council would then offer the flat to another household, taking in to account the council’s allocations policy.

6. What are the costs of enfranchisement?

The costs that you would have to pay include:

- i) The Council’s legal and valuation costs. These will vary depending on individual circumstances but are likely to be a minimum of £1,650.
- ii) The “Loss “ to the Council because it would no longer receive the ground rent. This is known as the capitalised value of the ground rent

Continued overleaf

If you withdraw your formal application to purchase the freehold you would still have to meet any reasonable costs. These costs would be based on the time that Hillingdon Council has already spent on dealing with the application, and any other expenditure, for example legal or valuer's costs.

7. How do a group of Leaseholders proceed with enfranchisement?

You have to serve on the Council a statutory Notice. This Notice is called an Initial Notice. The Notice should be addressed to the London Borough of Hillingdon, Civic Centre, High Street, UB8 1UW, and marked for the attention of the Head of Property & Estates.

The Notice must include: -

- i) The proposed purchase price, with the name of the qualified surveyor who has carried out the valuation.
- ii) The extent of the property and rights that you wish to acquire, together with an appropriate plan.

It is very likely that you will need a solicitor to advise you on the details of serving this Notice.

8. What happens after I have served the Notice?

The Council's Valuer will look at the details contained in the initial Notice, in particular the price that you have offered to pay, and the extent of land and any rights that you wish to include when you buy the freehold. There may be a need for further discussions to take place with you.

9. What happens if we do not reach an agreement with the Council?

There is a right of appeal to the Property Chamber.

10. Where can I obtain further information?

You can contact the Leasehold Advisory Service, known as Lease. This is an independent advice agency funded by the Government, to give free advice to leaseholders. There is further useful information on their website:

<http://www.lease-advice.org>

There is also advice available from the leasehold advice centre website:

www.leaseholdadvicecentre.co.uk

This fact sheet is only meant to be a summary of the legislation. Please remember that leasehold enfranchisement does not mean buying the freehold of your individual flat. It means buying the freehold together with other leaseholders in the block and then taking on the responsibility for managing the whole block.

Please note – Council Officers **cannot** deal with any informal requests in terms of the likely premium payable. You would need to seek your own legal advice from a solicitor and valuation advice from a qualified surveyor.