

Leaseholder Extension of Lease and Collective Purchase of Freehold Policy

1.0	SCOPE
	Purpose
1.1.	This Policy sets out how whg will enable leaseholders to purchase the freehold of their property or extend the terms of their lease.
1.2.	It is set ahead of the anticipated Leasehold Reforms which will simplify this process and is intended to be used until Reforms are implemented. If a leaseholder wants to exercise their right to extend their lease prior to implementation of reforms, we would complete the transaction in line with the existing legislation.
	Legal and regulatory framework
1.3.	Leaseholders have rights under the Leasehold Reform Housing and Urban Development Act (LRUDA) to make a statutory claim for a lease extension, whg will also offer this on a voluntary basis.
1.4.	This Policy will apply to all flats and houses, including shared ownership properties, for which whg remains the freeholder.
2.0	POLICY STATEMENT
	Collective Enfranchisement
2.1.	Sections 1 – 38 of LRUDA give a right to leaseholders to join with other leaseholders to compulsorily purchase the freehold of their block of flats on payment to the landlord of a price calculated in accordance with detailed provisions and on payment of the landlord's costs.

2.2.	To qualify for the right to collective enfranchisement the block must contain a minimum of two flats and at least two thirds of the flats must be held on long residential leases. The leaseholders must form a Right to Enfranchisement Company with a membership equating to at least 50% of the number of flats in the block.
2.3.	A successful leaseholder enfranchisement will mean that the leaseholders will have management control of the block. When the block also contains tenants, the new freehold management company must grant a lease to whg in relation to the tenanted properties.
	Lease Extension
2.4.	Sections 39 – 62 of LRUDA gives leaseholders the statutory right to an individual lease extension that would add an additional term of 90 years to the remainder of the existing term.
2.5.	The leaseholder will qualify for a statutory lease extension if they have owned the flat for the previous two years and have a long lease, over 21 years. If a leaseholder dies the personal representatives who inherit have the right to apply up to two years from the date of probate.
2.6.	whg will accept a request for a voluntary extension of the lease from our leaseholders. This affords both the business and the Leaseholder more flexibility and reduces the costs.
2.7.	In the case of either a voluntary or statutory request, the leaseholder is liable to pay all legal fees and valuation fees. If either party requests a second valuation, they will be liable for their own surveyors fees.
3.0	PERFORMANCE MEASURES
3.1.	There are none directly associated with this Policy.
4.0	EQUALITY AND DIVERSITY
4.1	An Equality Impact Assessment will be considered in line with this policy when the legislation has been introduced.
5.0	TRAINING AND DISSEMINATION
5.1.	There is nothing required directly associated with this Policy.
6.0	MONITOR AND REVIEW

6.1	All of whg's leaseholders have leases granted for a period of 125 years. The lease with the least amount of time remaining still has over 90 years left. However, if a leaseholder wanted to exercise their right to extend their lease prior to implementation of reforms, we would complete the transaction in line with the existing legislation.
6.2	This Policy will be reviewed regularly including in response to any changes in legislation.
7.0	ASSOCIATED DOCUMENTS, POLICIES AND PROCEDURES
7.1	Leasehold Reform & Urban Development Act 1993 (LRUDA) <ul style="list-style-type: none"> • Commonhold & Leasehold Reform Act 2002

Document author	Pip Hughes
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Legal advice	Shakespeare Martineau
Consultation	Consultation was undertaken by the Law Commission and whg will implement the changes when the legislation is implemented.
Approved by	Policy Group – June 2023
Review Date	June 2027, or on implementation of Leasehold Reforms
Corporate Plan aim	Deliver a strong business, fit for today and prepared for tomorrow
Equality Assessment	An Equality Assessment will be considered in line with this policy when new legislation has been introduced.
Key changes made	Small change in wording to highlight the anticipated reforms that will trigger a full review.