

Collective / Leasehold Enfranchisement

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What is Enfranchisement?



- Refers to the process where participating leaseholders (tenants) acquire the freehold title of the building/block and grounds.
- The relevant law that regulates this process is found in the Leasehold Reform Housing and Urban Development Act 1993 ("the Act") as amended.

Why consider it?



Preparation is key ...



Do I have the right?



50% of tenants support?

Does the block qualify?



'Qualifying Tenant'

- Must hold your flat via a long lease (for more than 21 years)
- Flat owners who own more than 2 flats in the building may not count as 'qualifying tenants'



Does the building qualify?

- The flats must all be in a self contained building
- No more than 25% of the building can be used for commercial space
- At least 2/3rds of all of the flats in the building must be 'qualifying tenancies' (whether or not participating)

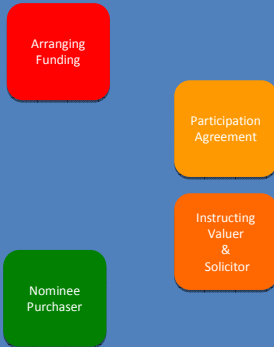
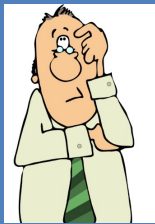


Tenants' support

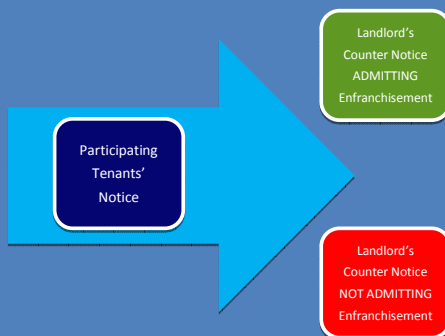
- At least 50% of the leaseholders must participate, or 100% if the building consists of 2 flats only.
- Participation Agreement—set out the terms of the purchase from the beginning. Not compulsory but highly recommended to ensure that all participating tenants understand their place in the process and their financial involvement.



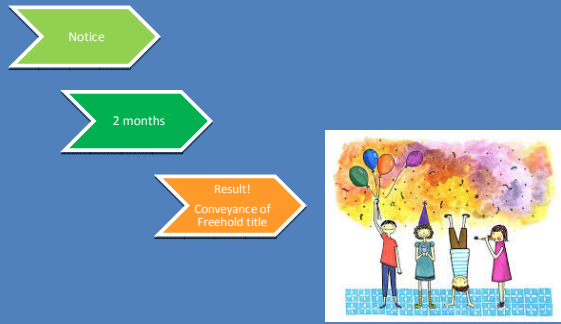
Other considerations



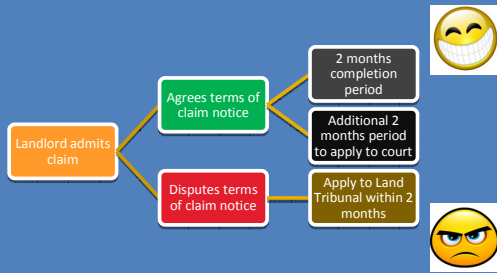
Procedure



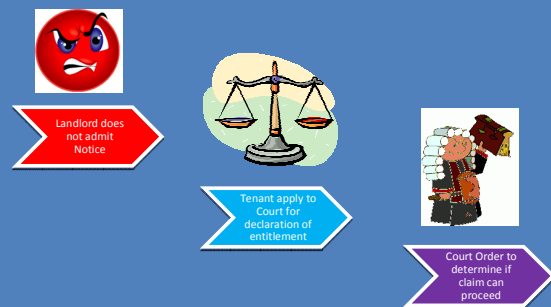
Tenant's Notice - Acceptance



Landlord's Counter Notice



Landlord's Counter Notice





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Method of valuation from Leaseholders and Freeholders viewpoint basically the existing term and reversion.

Marriage value and effects on eventual figure applicable to unexpired terms of 80 years.

Any factors to be taken into consideration in the valuation for example future development of the block/blocks.

This includes possible extra storey, backland development, etc.

Any planned maintenance by the management company that may have an effect on value.

Assumption that all blocks have a 75% g.i.a residential content.

Valuation will be on a best and worse case scenario dependent on yields.

It would be helpful when the time comes to have Land Registry plans and copies of leases, etc.



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Presentation

Collective/ Leasehold Enfranchisement

20 October 2015

Stanton House Hotel

Stanton Fitzwarren

Swindon

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