



Leasehold Reform Act 1967

1967 CHAPTER 88

PART I

ENFRANCHISEMENT AND EXTENSION OF LONG LEASEHOLDS

Extension

14 Obligation to grant extended lease.

- (1) Where a tenant of a house has under this Part of this Act a right to an extended lease, and gives to the landlord written notice of his desire to have it, then except as provided by this Part of this Act the landlord shall be bound to grant to the tenant, and the tenant to accept, in substitution for the existing tenancy a new tenancy of the house and premises for a term expiring fifty years after the term date of the existing tenancy.
- (2) Where a person gives notice of his desire to have an extended lease of a house and premises under this Part of this Act, then unless the notice lapses under any provision of this Act excluding his liability, there shall be borne by him (so far as they are incurred in pursuance of the notice) the reasonable costs of or incidental to any of the following matters:—
 - (a) any investigation by the landlord of that person's right to an extended lease ;
 - (b) any lease granting the new tenancy ;
 - (c) any valuation of the house and premises obtained by the landlord before the grant of the new tenancy for the purpose of fixing the rent payable under it in accordance with section 15 below.
- (3) A tenant shall not be entitled to require the execution of a lease granting a new tenancy under this section otherwise than on tender of the amount, so far as ascertained,—
 - (a) of any sums payable by way of rent or recoverable as rent in respect of the house and premises up to the date of tender; and
 - (b) of any sums for which at that date the tenant is liable under subsection (2) above ; and

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- (c) of any other sums due and payable by him to the landlord under or in respect of the existing tenancy or any agreement collateral thereto;
and, if the amount of any such sums is not or may not be fully ascertained, on offering reasonable security for the payment of such amount as may afterwards be found to be payable in respect of them.
- (4) This section shall have effect notwithstanding that the grant of the existing tenancy was subsequent to the creation of a charge on the landlord's estate and not authorised as against the persons interested in the charge; and a lease executed to give effect to this section shall be deemed to be authorised as against the persons interested in any charge on the landlord's estate, however created or arising, and shall be binding on them:
- Provided that, where the existing tenancy is granted after the commencement of this Part of this Act (whether or not it is, by virtue of section 3(3) above, to be treated for other purposes as forming a single tenancy with a previous tenancy) and, the grant being subsequent to the creation of the charge on the landlord's estate, the existing tenancy is not binding on the persons interested in the charge, a lease executed to give effect to this section shall not by virtue of this subsection be binding on those persons.
- (5) Where a lease is executed to give effect to this section, and any person having a charge on the landlord's estate is by reason thereof entitled to possession of the documents of title relating to that estate, the landlord shall within one month after execution of the lease deliver to that person a counterpart of it duly executed by the tenant, and the instrument creating or evidencing the charge shall apply in the event of his failing to deliver a counterpart in accordance with this subsection as if the obligation to do so were included in the terms of the charge as set out in that instrument.
- (6) Where under a lease executed to give effect to this section the new tenancy takes effect subject to a subsisting charge on the existing tenancy, and at the time of its execution the person having the charge is by reason thereof entitled to possession of the documents of title relating to the existing tenancy, then he shall be similarly entitled to possession of the documents of title relating to the new tenancy and the tenant shall within one month of the execution of the lease deliver it to him, and the instrument creating or evidencing the charge shall apply in the event of the tenant failing to deliver the lease in accordance with this subsection as if the obligation to do so were included in the terms of the charge as set out in that instrument.
- (7) A landlord granting a lease under this section shall be bound to take such steps as may be necessary to secure that it is not liable in accordance with the proviso to subsection (4) above to be defeated by persons interested in a charge on his estate; but a landlord is not obliged, in order to grant a lease under this section, to acquire a better title than he has or could require to be vested in him.

15 Terms of tenancy to be granted on extension.

- (1) Subject to the provisions of this Part of this Act, the new tenancy to be granted under section 14 above shall be a tenancy on the same terms as the existing tenancy as those terms apply at the relevant time, but with such modifications as may be required or appropriate to take account—
- (a) of the omission from the new tenancy of property comprised in the existing tenancy; or
- (b) of alterations made to the property demised since the grant of the existing tenancy; or

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- (c) in a case where the existing tenancy derives (in accordance with section 3(6) above) from more than one separate tenancies, of their combined effect and of the differences (if any) in their terms.
- (2) The new tenancy shall provide that as from the original term date the rent payable for the house and premises shall be a rent ascertained or to be ascertained as follows:—
- (a) the rent shall be a ground rent in the sense that it shall represent the letting value of the site (without including anything for the value of buildings on the site) for the uses to which the house and premises have been put since the commencement of the existing tenancy, other than uses which by the terms of the new tenancy are not permitted or are permitted only with the landlord's consent;
 - (b) the letting value for this purpose shall be in the first instance the letting value at the date from which the rent based on it is to commence, but as from the expiration of twenty-five years from the original term date the letting value at the expiration of those twenty-five years shall be substituted, if the landlord so requires, and a revised rent become payable accordingly;
 - (c) the letting value at either of the times mentioned shall be determined not earlier than twelve months before that time (the reasonable cost of obtaining a valuation for the purpose being borne by the tenant), and there shall be no revision of the rent as provided by paragraph (b) above unless in the last of the twenty-five years there mentioned the landlord gives the tenant written notice claiming a revision.
- (3) Where during the continuance of the new tenancy the landlord will be under any obligation for the provision of services, or for repairs, maintenance or insurance, the rent payable in accordance with subsection (2) above shall be in addition to any sums payable (whether as rent or otherwise) in consideration of those matters or in respect of the cost thereof to the landlord; and if the terms of the existing tenancy include no provision for the making of any such payments by the tenant, or provision only for the payment of a fixed amount, the terms of the new tenancy shall make, as from the time when rent becomes payable in accordance with subsection (2) above, such provision as may be just for the making by the tenant of payments related to the cost from time to time to the landlord, and for the tenant's liability to make those payments to be enforceable by distress, re-entry or otherwise in like manner as the liability for the rent.
- (4) Subject to subsection (5) below, provision shall be made by the terms of the new tenancy or by an instrument collateral thereto for the continuance with any suitable adaptations of any agreement collateral to the existing tenancy.
- (5) For purposes of subsections (1) and (4) above, there shall be excluded any term of the existing tenancy or any agreement collateral thereto in so far as that term provides for or relates to the renewal of the tenancy, or confers any option to purchase or right of pre-emption in relation to the house and premises, or provides for the termination of the tenancy before the term date otherwise than in the event of a breach of its terms; and there shall be made in the terms of the new tenancy or any instrument collateral thereto such modifications as may be required or appropriate to take account of the exclusion of any such term as aforesaid.
- (6) Where the new tenancy is granted after the original term date, the first reference in subsection (2) above to that date shall have effect as a reference to the grant of the new tenancy; but on the grant of the new tenancy there shall be payable by the tenant to the landlord as an addition to the rent payable under the existing tenancy any amount by which for the period since the relevant time or the original term date

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(whichever is the later) the sums payable to the landlord in respect of the house and premises (after making any necessary apportionment) for rent and matters referred to in subsection (3) above fall short in total of the sums that would have been payable for rent and matters so referred to under the new tenancy, and section 14(3)(a) above shall apply accordingly.

- (7) Subsections (1) to (6) above shall have effect subject to any agreement between the landlord and tenant as to the terms of the new tenancy or any agreement collateral thereto; and either of them may require that for purposes of the new tenancy there shall be excluded or modified any term of the existing tenancy or an agreement collateral thereto which it would be unreasonable in the circumstances to include unchanged in the new tenancy in view of the date at which the existing tenancy commenced and of changes since that date which affect the suitability at the relevant time of the provisions of that tenancy.
- (8) The new tenancy shall make provision in accordance with section 16(4) below, and shall reserve to the landlord the right to resume possession in accordance with section 17.
- (9) In granting the new tenancy, the landlord shall not be bound to enter into any covenant for title beyond that implied from the grant, and a person entering into any covenant required of him as landlord shall be entitled to limit his personal liability to breaches of the covenant for which he is responsible.
- (10) Nothing in this section shall affect the rights or obligations of the landlord under section 35 of and Schedule 1 to the Sexual Offences Act 1956 (which apply where the tenant or occupier of any premises is convicted of permitting the whole or part of them to be used as a brothel).

16 Exclusion of further rights after extension.

- (1) Subject to subsections (2) and (3) below, where a tenancy of a house and premises has been extended under section 14 above, then as regards any property comprised in the extended tenancy—
 - (a) the right of a tenant under this Part of this Act to acquire the freehold by virtue of the tenancy shall not be exercisable unless notice of his desire to have the freehold is given not later than the original term date of the tenancy; and
 - (b) there shall be no further right to an extension of the tenancy under this Part of this Act; and
 - (c) neither section 1 of the Landlord and Tenant Act 1954 nor Part II of that Act shall apply to the tenancy; and
 - (d) after the extended term date neither section 1 of the Landlord and Tenant Act 1954 nor Part II of that Act shall apply to any sub-tenancy directly or indirectly derived out of the tenancy, nor shall a person be entitled by virtue of any such sub-tenancy to retain possession under the Rent Acts.
- (2) Where—
 - (a) a tenancy of a house and premises has been extended under section 14 above ; and
 - (b) any part other than the house of the property then comprised in that tenancy is afterwards (while so comprised) held or occupied with another house not so comprised;

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subsection (1)(a) or (b) above shall not apply to exclude any right under this Part of this Act of a tenant of the other house to acquire the freehold or an extended lease of that part as being at the relevant time comprised in his house and premises, unless the landlord objects in accordance with subsection (3) below.

- (3) If, in a case falling within subsection (2) above, a tenant of the other house gives notice of his desire to have the freehold or an extended lease under this Part of this Act, the landlord, not later than two months afterwards, may give him written notice objecting to the inclusion in his house and premises of the part in question; and, if the landlord does so, that part shall be treated as not so included and this Part of this Act shall apply as it applies where property is excluded from a house and premises under section 2(4):

Provided that if the tenant is seeking to acquire the freehold, this subsection shall apply only if his notice is given after the original term date of the tenancy under which the said part is held.

- (4) Where a tenancy has been extended under section 14 above, no long tenancy created immediately or derivatively by way of sub-demise under the tenancy shall confer on the subtenant, as against the tenant's landlord, any right under this Part of this Act to acquire the freehold or an extended lease.
- (5) Where a tenancy has been extended under section 14 above, and that tenancy and any subsequent tenancy at a low rent of property comprised in it (with or without intervening tenancies) are to be treated under section 3(3) above as a single tenancy of that property, the single tenancy shall be treated for purposes of this section as one which has been extended under section 14, and the instrument granting any such subsequent tenancy shall make provision in accordance with subsection (4) above.
- (6) A person granting a sub-tenancy to which subsection (1)(d) above will apply, or negotiating with a view to the grant of such a sub-tenancy by him or by a person for whom he is acting as agent, shall inform the other party that the sub-tenancy is to be derived out of a tenancy extended under section 14 of this Act (or one treated for purposes of this section as so extended), unless either he knows that the other party is aware of it or he himself is unaware of it.
- (7) Where an instrument extending a tenancy at a low rent, or granting a further tenancy at a low rent in substitution for or in continuance of such a tenancy, contains a statement to the effect that the tenancy is being or has been previously extended under this Part of this Act, the statement shall be conclusive for purposes of this section in favour of any person not being a party to the instrument, unless the statement appears from the instrument to be untrue.
- (8) Any person who—
- (a) includes or causes to be included in an instrument a statement to the effect mentioned in subsection (7) above, knowing the statement to be untrue; or
 - (b) executes, or with intent to deceive makes use of, any instrument, knowing that it contains such a statement and that the statement is untrue;
- shall be liable on conviction on indictment to imprisonment for a term not exceeding two years, or on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding one hundred pounds or to both.