



Leasehold Reform (Ground Rent) Act 2022

2022 CHAPTER 1

Prohibited and permitted rent

3 Prohibited rent

- (1) The landlord under a regulated lease must not require the tenant to make a payment of a prohibited rent.
- (2) For the purposes of subsection (1), a landlord requires a tenant to make a payment of a prohibited rent where the landlord, or a person acting on behalf of the landlord, does either or both of the following in relation to the payment—
 - (a) asks the tenant for the payment;
 - (b) having received the payment, fails to refund it to the tenant before the end of the period of 28 days beginning with the day after its receipt.
- (3) In this section—
 - (a) references to a landlord include a person who has ceased to be a landlord, and
 - (b) references to a tenant include—
 - (i) a person who has ceased to be a tenant;
 - (ii) a person acting on behalf of a tenant;
 - (iii) a person who has guaranteed the payment of rent by a tenant.
- (4) In this Act “prohibited rent” means any rent, to the extent that it exceeds the permitted rent (see sections 4 to 6).

4 Permitted rent: general rule

- (1) This section applies to a regulated lease, other than a regulated lease to which section 5 or 6 applies.
- (2) The permitted rent is a peppercorn rent.

(3) In this Act a “peppercorn rent” means an annual rent of one peppercorn.

5 Permitted rent: shared ownership leases

- (1) This section applies to a regulated lease which is a relevant shared ownership lease.
- (2) The permitted rent is—
 - (a) in respect of the tenant’s share in the demised premises, a peppercorn rent;
 - (b) in respect of the landlord’s share in the demised premises, any rent.
- (3) A shared ownership lease is a lease—
 - (a) granted on payment of a premium calculated by reference to a percentage of the value of the demised premises or the cost of providing them, or
 - (b) under which the tenant (or the tenant’s personal representatives) will or may be entitled to a sum calculated by reference, directly or indirectly, to the value of those premises.
- (4) A relevant shared ownership lease is a shared ownership lease where the tenant’s share in the demised premises is less than 100%.
- (5) The tenant’s share in the demised premises is the tenant’s initial share in the demised premises, plus any additional share or shares in the demised premises which the tenant has acquired.
- (6) The landlord’s share in the demised premises is the share in the demised premises which is not comprised in the tenant’s share.
- (7) Where a shared ownership lease does not reserve separate rents in respect of the tenant’s share in the demised premises and the landlord’s share in the demised premises, any rent reserved is to be treated as reserved in respect of the landlord’s share.
- (8) This section does not apply to a regulated lease if section 6 applies to it.

6 Permitted rent: leases replacing pre-commencement leases

- (1) This section applies where—
 - (a) the tenant under a pre-commencement lease is granted a new lease (a “replacement lease”) of premises which consist of, or include, some or all of the premises demised by the pre-commencement lease,
 - (b) the term of the replacement lease begins before the end of the term of the pre-commencement lease, and
 - (c) the replacement lease is a regulated lease.
- (2) The permitted rent under the replacement lease is—
 - (a) in respect of the excepted period, a rent not exceeding the rent that would have been payable under the pre-commencement lease in respect of that period;
 - (b) in respect of the regulated period (if any), a peppercorn rent.
- (3) The “excepted period” is the period which—
 - (a) begins with the first day of the term of the replacement lease, and
 - (b) ends with the last day of the term of the pre-commencement lease.

- (4) The “regulated period” is the period which—
 - (a) begins immediately after the excepted period, and
 - (b) ends with the last day of the term of the replacement lease.
- (5) Where—
 - (a) the tenant under a lease to which [subsection \(2\)](#) applies is granted a new lease of premises which consist of, or include, some or all of the premises demised by that lease,
 - (b) the term of the new lease begins before the end of the term of the pre-commencement lease, and
 - (c) the new lease is a regulated lease,

[subsections \(2\) to \(4\)](#) apply to the new lease, reading references to the replacement lease as references to the new lease.
- (6) Where the pre-commencement lease is a relevant shared ownership lease, [subsection \(2\)\(a\)](#) applies as if after “payable” there were inserted “in respect of the tenant’s share in the demised premises”.
- (7) Where a lease to which [subsection \(2\)](#) applies is a relevant shared ownership lease—
 - (a) that subsection applies as if after “replacement lease” there were inserted “in respect of the tenant’s share in the demised premises”, and
 - (b) the permitted rent in respect of the landlord’s share in the demised premises is any rent.
- (8) In this section—
 - (a) “pre-commencement lease” means a long lease of a dwelling which is granted before the day which is the relevant commencement day in relation to the replacement lease;
 - (b) references to the end of the term of the pre-commencement lease are to what would have been the end of the term of the pre-commencement lease if the replacement lease had not been granted.
- (9) [Section 5\(3\)](#) to [\(7\)](#) applies for the purposes of this section.