

# Leasehold and Freehold Reform Act 2024

#### **2024 CHAPTER 22**

#### PROSPECTIVE

#### PART 2

#### LEASEHOLD ENFRANCHISEMENT AND EXTENSION

Eligibility for enfranchisement and extension

# 27 Removal of qualifying period before enfranchisement and extension claims

- (1) In section 1 of the Leasehold Reform Act 1967 ("the LRA 1967") (tenants entitled to enfranchisement or extension)—
  - (a) in subsection (1), omit paragraph (b) and the "and" preceding it;
  - (b) in subsection (1ZC), in the words before paragraph (a), for "(1)(a) and (b)" substitute "(1)".
- (2) In section 39 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the LRHUDA 1993") (right of qualifying tenant of flat to acquire new lease)—
  - (a) in subsection (1)—
    - (i) after "conferring on a" insert "qualifying";
    - (ii) omit ", in the circumstances mentioned in subsection (2),";
  - (b) omit subsection (2) (requirement to have been a qualifying tenant for last two years);
  - (c) omit subsection (3A) (right of personal representatives).
- (3) Omit section 42(4A) of the LRHUDA 1993 (notices given by personal representatives).

#### **Commencement Information**

II S. 27 not in force at Royal Assent, see s. 124(3)

# 28 Removal of restrictions on repeated enfranchisement and extension claims

- (1) In the LRA 1967—
  - (a) omit section 9(3)(b) and the "and" preceding it (prohibition on further claim);
  - (b) in section 16, omit subsections (1)(b), (2) and (3) (prohibition of further extension of lease);
  - (c) in section 20, omit subsections (5) and (6) (power of court to void further claims);
  - (d) in section 23 (agreements excluding or modifying rights of tenant), in subsection (2)(b), omit the words from "or any provision" to "or any part of it".
  - (e) in Schedule 3, omit paragraph 4(3) (power of court to void further claims).

#### (2) In the LRHUDA 1993—

- (a) omit section 13(9) (prohibition of further claim for collective enfranchisement);
- (b) omit section 42(7) (prohibition of further claim for new lease).

#### **Commencement Information**

I2 S. 28 not in force at Royal Assent, see s. 124(3)

# 29 Change of non-residential limit on collective enfranchisement claims

In section 4(1)(b) of the LRHUDA 1993 (non-residential limit on collective enfranchisement claims), for "25 per cent." substitute "50%".

#### **Commencement Information**

I3 S. 29 not in force at Royal Assent, see s. 124(3)

#### 30 Eligibility for enfranchisement and extension: specific cases

Schedule 3 makes provision about the availability of rights to enfranchisement and extension under the LRA 1967 and the LRHUDA 1993 in certain specific cases.

#### **Commencement Information**

I4 S. 30 not in force at Royal Assent, see s. 124(3)

#### Effects of enfranchisement

#### 31 Acquisition of intermediate interests in collective enfranchisement

- (1) The LRHUDA 1993 is amended as follows.
- (2) In section 1 (the right to collective enfranchisement), for subsection (2)(b) substitute—
  - "(b) Schedule A1 has effect with respect to the acquisition of certain leasehold interests."
- (3) Before Schedule 1 insert—

#### "SCHEDULE A1

Section 1(2)(b)

ACQUISITION OF INTERMEDIATE INTERESTS ON COLLECTIVE ENFRANCHISEMENT

## **Application of this Schedule**

- 1 (1) This Schedule applies where the right to collective enfranchisement is exercised in relation to premises ("the relevant premises").
  - (2) Paragraphs 2(4), 4(1) and (2) and 5(1) and (2) require the nominee purchaser to acquire the whole or part of certain intermediate leases.
  - (3) Paragraphs 2(5) and 3(2) enable the nominee purchaser to acquire the whole or part of certain intermediate leases.
  - (4) Any reference in this Act to the acquisition by the nominee purchaser of the whole or part of a lease under this Schedule is a reference to its acquisition by the nominee purchaser on behalf of the participating tenants.

# Acquisition of a lease that is superior to the lease of a qualifying tenant

- 2 (1) This paragraph applies to a lease (the "superior lease") that is superior to a lease of a qualifying tenant (the "inferior lease") if, and to the extent that, the superior lease demises relevant residential property (whether or not either lease also demises any other property of any kind).
  - (2) Residential property demised by the superior lease is "relevant" if it—
    - (a) is also demised by the inferior lease, and
    - (b) has the required connection with the collective enfranchisement.
  - (3) Residential property demised by the inferior lease has the required connection with the collective enfranchisement if—
    - (a) the residential property is a flat or part of a flat, and the tenant under the inferior lease is a qualifying tenant by virtue of the inferior lease demising that flat or part, or
    - (b) the property is appurtenant property, and the tenant under the inferior lease is a qualifying tenant by virtue of the inferior lease demising the related flat.

The "related flat" is the flat to which the appurtenant property relates.

- (4) If the tenant under the inferior lease is a participating tenant, the nominee purchaser must acquire—
  - (a) the superior lease, if all of the property demised by it is relevant residential property, or
  - (b) the superior lease to the extent that it demises relevant residential property.
- (5) If the tenant under the inferior lease is not a participating tenant, the nominee purchaser may acquire—
  - (a) the superior lease, if all of the property demised by it is relevant residential property, or
  - (b) the superior lease to the extent that it demises relevant residential property.
- (6) But if the superior lease demises two or more flats, the nominee purchaser may either—
  - (a) make the acquisition permitted by sub-paragraph (5), or
  - (b) acquire the superior lease to the extent that it demises one or more of those flats and any appurtenant property relating to the flat or flats acquired.
- (7) The whole or a part of a superior lease is not to be acquired under this paragraph if—
  - (a) the superior lease is immediately superior to the inferior lease,
  - (b) the term of the superior lease ends after the term of the inferior lease, and
  - (c) the qualifying tenant is also the tenant under the superior lease.
- (8) This paragraph is subject to paragraph 6.

#### Acquisition of a lease of common parts or section 1(3)(b) addition

- 3 (1) This paragraph applies to a lease if, and to the extent that, the property demised by the lease consists of common parts of the relevant premises or a section 1(3)(b) addition.
  - (2) If the necessity test is met, the nominee purchaser may acquire—
    - (a) the lease, if all the property demised by it is common parts of the relevant premises or a section 1(3)(b) addition (or both),
    - (b) the lease to the extent that it demises common parts of the relevant premises or a section 1(3)(b) addition (or both), or
    - (c) a smaller portion of the lease than is allowed by paragraph (a) or (b).
  - (3) The necessity test is met if the acquisition of common parts or a section 1(3)(b) addition under sub-paragraph (2) is reasonably necessary for the proper management or maintenance of those common parts or that addition on behalf of the participating tenants.
  - (4) A lease or a part of a lease which demises common parts or a section 1(3) (b) addition is not to be acquired under this paragraph if the tenant under the lease grants for the remainder of the term of the lease such rights over

the common parts or section 1(3)(b) addition as will enable the proper management or maintenance of it on behalf of the participating tenants.

- (5) This paragraph is subject to paragraph 6.
- (6) In this paragraph "section 1(3)(b) addition" means property—
  - (a) of the kind described in section 1(3)(b) (property which there is an entitlement to use in common with other tenants), and
  - (b) of which the freehold is to be acquired on the collective enfranchisement under section 1(2)(a).

# Acquisition of leases superior to a lease being acquired under paragraph 2(5) or 3

- 4 (1) This paragraph applies if the nominee purchaser acquires the whole, or a part, of a lease under paragraph 2(5) or 3 (the "inferior lease").
  - (2) The nominee purchaser must also acquire any lease or leases superior to the inferior lease if, and to the extent that, the superior lease or leases demise property that is demised by the inferior lease or the part acquired.

## Acquisition of leases superior to a lease being acquired under section 21(4)

- 5 (1) If—
  - (a) the nominee purchaser acquires the whole of a lease under section 21(4) (the "inferior lease"), and
  - (b) some or all of the property that is demised by the inferior lease is paragraph 2(5) or 3(1) property,

the nominee purchaser must also acquire any lease or leases superior to the inferior lease if, and to the extent that, the superior lease or leases demise paragraph 2(5) or 3(1) property that is demised by the inferior lease.

- (2) If—
  - (a) the nominee purchaser acquires a part of a lease under section 21(4) (the "inferior lease"), and
  - (b) some or all of the property that is demised by part of the inferior lease that is acquired is paragraph 2(5) or 3(1) property,

the nominee purchaser must also acquire any lease or leases superior to the inferior lease if, and to the extent that, the superior lease or leases demise paragraph 2(5) or 3(1) property that is demised by the part of the inferior lease acquired.

- (3) Property is "paragraph 2(5) or 3(1) property" if—
  - (a) under paragraph 2(5) the nominee purchaser is entitled to acquire the whole of a lease, or a part of a lease, which demises the property, or
  - (b) under paragraph 3 the nominee purchaser is entitled, or would be entitled if the necessity test were met, to acquire the whole of a lease, or a part of a lease, which demises the property.

#### No entitlement to acquire property with certain public sector interests

6 (1) This paragraph applies to a lease if—

- (a) the tenant is a public sector landlord,
- (b) some or all of the property demised by the lease is residential property that is also demised by a public sector occupational tenancy, and
- (c) either—
  - (i) the lease is immediately superior to the public sector occupational tenancy, or
  - (ii) a public sector landlord is the tenant under every other lease which is inferior to the lease and superior to the public sector occupational lease and which demises any of the residential property that is also demised by the public sector occupational tenancy.
- (2) The lease is not to be acquired under this Schedule if, and to the extent that, it demises the residential property that is also demised by the public sector occupational tenancy.
- (3) Where this paragraph applies to a lease in a case that is within sub-paragraph (1)(c)(ii), this paragraph also applies (by virtue of sub-paragraph (1)) to every other intermediate lease referred to in that sub-paragraph.
- (4) In this paragraph "public sector occupational tenancy" means—
  - (a) a secure tenancy,
  - (b) an introductory tenancy,
  - (c) a secure contract, or
  - (d) an introductory standard contract.

#### Severance

If the nominee purchaser is required or entitled to acquire only part of a lease under this Schedule, the lease is to be severed to enable that part to be acquired.

# Application of this Schedule to different parts of the same lease

8 Different parts of the same lease may be acquired in accordance with this Schedule (whether under the same or different provisions).

# Interpretation

9 In this Schedule—

"appurtenant property", in relation to a flat, means any garage, outhouse, garden, yard and appurtenances belonging to, or usually enjoyed with, the flat;

"residential property" means—

- (a) the whole or a part of a flat in the relevant premises, or
- (b) property that is appurtenant property in relation to a flat in the relevant premises."
- (4) Omit section 2 (acquisition of leasehold interests).

- (5) In section 9 (the reversioner and other relevant landlords), in subsections (2) and (2A), for "section 2(1)(a) or (b)" substitute "Schedule A1".
- (6) In section 13 (notice by qualifying tenants of claim to exercise right), in subsection (3) (c), for sub-paragraph (i) substitute—
  - "(i) any leasehold interest which it is proposed to acquire under or by virtue of Schedule A1, and".
- (7) In section 19 (effect of initial notice as respects subsequent transactions by freeholder etc), in subsection (1)(a)(ii), for "by virtue of section 2(1)(a) or (b)" substitute "under or by virtue of Schedule A1".
- (8) In section 21 (reversioner's counter-notice), in subsection (3), after paragraph (b) insert—
  - "(ba) if (in a case where any property specified in the initial notice under section 13(3)(c)(i) is property falling within paragraph 3 of Schedule A1) any such counter-proposal relates to the grant of rights in pursuance of paragraph 3(4) of Schedule A1, specify the nature of those rights and the property over which it is proposed to grant them;"
- (9) In section 26 (applications where relevant landlord cannot be found), in subsection (1) (i), for "section 2(1)" substitute "Schedule A1".
- (10) In Schedule 3 (initial notice: supplementary provisions), in paragraph 15 (inaccuracies or misdescription in initial notice)—
  - (a) for the heading substitute "initial notice: inaccuracies or misdescription and variation";
  - (b) in sub-paragraph (2)(a), for "or 2" substitute "or Schedule A1";
  - (c) after sub-paragraph (2), insert—
    - "(2A) The notice may, with the permission of the appropriate tribunal, be amended so as to—
      - (a) include a lease which the nominee purchaser has become required to acquire under paragraph 2(4) of Schedule A1 by virtue of the tenant under the lease becoming a participating tenant;
      - (b) exclude a lease which the nominee purchaser has ceased to be required to acquire under paragraph 2(4) of Schedule A1 by virtue of the lease no longer being held by a participating tenant;".

# **Commencement Information**

I5 S. 31 not in force at Royal Assent, see s. 124(3)

#### 32 Right to require leaseback by freeholder after collective enfranchisement

- (1) The LRHUDA 1993 is amended as follows.
- (2) In section 13(3) (contents of initial notice), after paragraph (c) insert—

- "(ca) specify any flats or other units contained in the specified premises which it is proposed will be leased back to the freeholder under section 36 and Part 3A of Schedule 9;".
- (3) In section 21(3)(a) (contents of counter-notice), in sub-paragraph (ii), after "leaseback proposals" insert "under Part 2 or 3 of Schedule 9".
- (4) In section 36 (nominee purchaser required to grant leases back to former freeholder in certain circumstances)—
  - (a) after subsection (1) insert—
    - "(1A) In connection with the acquisition by the nominee purchaser of a freehold interest in the specified premises, the person from whom the interest is acquired must accept a grant of a lease of a flat or other unit contained in the specified premises, or part of such a flat or other unit, where required to do so by Part 3A of Schedule 9.";
  - (b) in subsection (2), for "such lease" substitute "lease required under this section and Schedule 9 to be granted or accepted";
  - (c) in subsection (4), for "II or III" substitute "2, 3 or 3A";
  - (d) for the heading substitute "Required grant and acceptance of leasebacks in certain circumstances".
- (5) In Schedule 9 (grant of leases back to former freeholder)—
  - (a) in paragraph 1(1), in the definition of "the demised premises", for "II or III" substitute "2, 3 or 3A";
  - (b) after Part 3 insert—

#### "PART 3A

# RIGHT OF NOMINEE PURCHASER TO REQUIRE LEASEBACK OF CERTAIN UNITS

#### Flats and other units without participating tenants

- 7A (1) This paragraph applies where a flat or other unit contained in the specified premises is not let to a participating tenant immediately before the appropriate time.
  - (2) This paragraph does not apply to a flat or other unit to which paragraph 2 or 3 applies.
  - (3) This paragraph does not apply where—
    - (a) a flat is leased to a qualifying tenant immediately before the appropriate time,
    - (b) a lease of the flat that is superior to the lease held by the qualifying tenant exists at that time, and
    - (c) the nominee purchaser has decided, in accordance with paragraph 2(5) of Schedule A1, to acquire the superior lease insofar as it comprises the flat.
  - (4) Where this paragraph applies, the freeholder must, if the nominee purchaser by notice requires them to do so, accept a lease of the

flat or other unit in accordance with section 36 and paragraph 7B below.

- (5) If, immediately before the appropriate time, the flat or other unit in question is comprised in two or more different freehold titles—
  - (a) a grant of a lease to a freeholder under this paragraph may only provide for so much of the flat or other unit as was comprised in the freehold title owned by the freeholder immediately before the appropriate time to be leased to that freeholder;
  - (b) a grant of a lease under this paragraph for part of a flat or other unit does not have to be accepted by the freeholder unless a separate lease under this paragraph is granted to the freeholder of every other freehold title in which the flat or unit in question is comprised.

#### Provisions as to terms of lease

- 7B (1) Any lease granted to the freeholder under paragraph 7A, and any agreement collateral to it, must conform with the provisions of Part 4 of this Schedule except to the extent that any departure from those provisions—
  - (a) is agreed to by the nominee purchaser and the freeholder, or
  - (b) is directed by the appropriate tribunal on an application made by either of those persons.
  - (2) The appropriate tribunal may not direct any such departure from those provisions unless it appears to the tribunal that it is reasonable in the circumstances.
  - (3) In determining whether any such departure is reasonable in the circumstances, the tribunal must—
    - (a) have particular regard to the interests of any person who will be the tenant of the flat or other unit in question under a lease inferior to the lease to be granted to the freeholder;
    - (b) where the flat or other unit in question is comprised in two or more different freehold titles immediately before the appropriate time, take that into account.
  - (4) Subject to the preceding provisions of this paragraph, any such lease or agreement as is mentioned in sub-paragraph (1) may include such terms as are reasonable in the circumstances.";
- (c) in paragraph 10, after sub-paragraph (2) insert—
  - "(3) In the application of this paragraph or paragraph 11 to a lease under paragraph 7A for part of a flat or other unit where that flat or other unit is comprised in two or more different freehold titles immediately before the appropriate time—
    - (a) a reference to "other property" in this paragraph or paragraph 11 includes any other part of the flat or other unit in question, and

- (b) an obligation under this paragraph or paragraph 11 to include in the lease a particular kind of provision in relation to other property is to be construed accordingly.";
- (d) in paragraph 16(2), for "4 or 7" substitute "4, 7 or 7B".

#### **Commencement Information**

I6 S. 32 not in force at Royal Assent, see s. 124(3)

# Effects of extension

# 33 Longer lease extensions

- (1) In section 14(1) of the LRA 1967 (obligation to grant extended lease), for "fifty years" substitute "990 years".
- (2) In section 56(1) of the LRHUDA 1993 (obligation to grant new lease), in the words after paragraph (b), for "90 years" substitute "990 years".

#### **Commencement Information**

I7 S. 33 not in force at Royal Assent, see s. 124(3)

# 34 Lease extensions under the LRA 1967 on payment of premium at peppercorn rent

- (1) The LRA 1967 is amended as follows.
- (2) In section 14 (obligation to grant extended lease)—
  - (a) in subsection (1), for ", in substitution for the existing tenancy" substitute "—
    - (a) in substitution for the existing tenancy, and
    - (b) on paying the price payable (see section 14A) in respect of the grant,";
  - (b) omit subsection (2)(c);
  - (c) in subsection (3), in the words before paragraph (a), after "otherwise than on tender" insert ", in addition to the price payable,";
  - (d) after subsection (7) insert—
    - "(8) The right to an extended lease may be exercised in relation to a lease previously granted under this section; and the provisions of this Part are to apply, with any necessary modifications, for the purposes of or in connection with any claim to exercise that right in relation to a lease so granted as they apply for the purposes of or in connection with any claim to exercise that right in relation to a lease which has not been so granted."

Section 14A (referred to in subsection (2)(a)) is inserted by section 35 of this Act.

- (3) In section 15 (terms of tenancy to be granted on extension)—
  - (a) for subsection (2) substitute—

- "(2) The new tenancy must provide that as from the date it is granted the rent payable for the house and premises is a peppercorn rent.
- (2A) But if the existing tenancy is a shared ownership lease, the rent payable for the house and premises under the new tenancy is as follows (and subsection (2) does not apply)—
  - (a) if the existing tenancy provides for rent to be payable in respect of the landlord's share in the house and premises, subsection (1) applies to the terms of the new tenancy relating to that rent;
  - (b) whether or not the existing tenancy provides for rent to be payable in respect of the tenant's share in the house and premises, the new tenancy must provide that, as from the date it is granted, a peppercorn rent is payable in respect of the tenant's share:

and a reference in any enactment (whenever passed or made) to rent payable in accordance with subsection (2) includes a reference to the rent payable in accordance with this subsection.

- (2B) For the purposes of subsection (2A), if the existing tenancy does not reserve separate rents in respect of the tenant's share in the house and premises and the landlord's share in the house and premises, any rent reserved is to be treated as reserved in respect of the landlord's share.
- (2C) In this section "peppercorn rent" has the same meaning as in the Leasehold Reform (Ground Rent) Act 2022 see section 4(3) of that Act.";
- (b) in subsection (3)—
  - (i) for "rent", in the first place it occurs, substitute "peppercorn rent";
  - (ii) for "the time when rent becomes payable in accordance with subsection (2) above" substitute "the original term date";
- (c) in subsection (6)—
  - (i) omit "the first reference in subsection (2) above to that date shall have effect as a reference to the grant of the new tenancy; but";
  - (ii) omit "(after making any necessary apportionment)";
  - (iii) omit "rent and" in both places it occurs;
  - (iv) after "section 14(3)(a) above shall apply" insert "in respect of those matters".
- (4) In section 21(1) (jurisdiction of tribunals), omit paragraph (b).
- (5) In section 31(2)(a) (ecclesiastical property), omit "or rent".
- (6) In Schedule 1 (enfranchisement or extension by sub-tenants), in paragraph 10(4)—
  - (a) omit the words from the first "shall give effect to" to "intermediate landlord, and";
  - (b) for "any of those landlords" substitute "the landlord granting the new tenancy, the immediate landlord of whom the new tenancy will be held and any intermediate landlord".

#### **Commencement Information**

I8 S. 34 not in force at Royal Assent, see s. 124(3)

Price payable on enfranchisement or extension

## 35 LRA 1967: determining price payable for freehold or lease extension

- (1) The LRA 1967 is amended as follows.
- (2) In section 9 (purchase price and costs of enfranchisement)—
  - (a) before subsection (1) insert—
    - "(A1) The price payable for a house and premises on a conveyance under section 8 is to be determined in accordance with section 37 of the Leasehold and Freehold Reform Act 2024.";
  - (b) omit subsections (1) to (2).
- (3) After section 14 insert—

#### "14A Extension of lease: determining the price payable

The price payable for an extended lease granted under section 14 is to be determined in accordance with section 37 of the Leasehold and Freehold Reform Act 2024."

## **Commencement Information**

I9 S. 35 not in force at Royal Assent, see s. 124(3)

# 36 LRHUDA 1993: determining price payable for collective enfranchisement or new lease

- (1) The LRHUDA 1993 is amended as follows.
- (2) In section 32 (determination of price for collective enfranchisement), for subsection (1) substitute—
  - "(1) The price payable on the acquisition of a freehold and other interests under this Chapter is to be determined in accordance with section 37 of the Leasehold and Freehold Reform Act 2024."
- (3) In section 56 (obligation to grant new lease)—
  - (a) in subsection (1), for paragraph (b) substitute—
    - "(b) on payment of the price payable in respect of the grant as determined in accordance with section 37 of the Leasehold and Freehold Reform Act 2024,";
  - (b) after subsection (1) insert—

- "(1A) But if the existing lease is a shared ownership lease, the rent payable under the new lease of the flat is as follows (and subsection (1) does not apply for the purpose of specifying the rent under the new lease)—
  - (a) whether or not the existing lease provides for rent to be payable in respect of the tenant's share in the flat, the new lease must provide for a peppercorn rent to be payable in respect of the tenant's share;
  - (b) if the existing lease provides for rent to be payable in respect of the landlord's share in the flat, section 57(1) applies to the terms of the new lease relating to that rent;

and a reference in any enactment (whenever passed or made) to rent payable in accordance with subsection (1) includes a reference to the rent payable in accordance with this subsection.

- (1B) For the purposes of subsection (1A), if the existing lease does not reserve separate rents in respect of the tenant's share in the flat and the landlord's share in the flat, any rent reserved is to be treated as reserved in respect of the landlord's share."
- (4) Omit Schedule 6 (purchase price payable by nominee purchaser).
- (5) Omit Schedule 13 (premium and other amounts payable by tenant on grant of new lease).

## **Commencement Information**

I10 S. 36 not in force at Royal Assent, see s. 124(3)

## 37 Enfranchisement or extension: new method for calculating price payable

- (1) Where this section applies to the acquisition of a freehold or grant of a lease, the price payable is—
  - (a) the market value, and
  - (b) the other compensation (if any).
- (2) Schedule 4 sets out—
  - (a) how the market value is to be determined see Parts 1 to 5 and 7 of the Schedule, and
  - (b) how to divide the market value into shares (where loss is suffered by certain landlords other than the landlord transferring the freehold or granting the lease) see Part 6 of the Schedule.
- (3) Schedule 5 sets out when other compensation is payable and how to determine its amount.
- (4) Schedule 6 contains interpretation provision applicable to Schedules 4 and 5.
- (5) Schedule 7 contains amendments of the LRA 1967 and the LRHUDA 1993 that are consequential on sections 35 and 36, this section and Schedules 4 to 6.
- (6) These are the provisions under which this section applies to the acquisition of a freehold or grant of a lease—

- (a) section 9(A1) of the LRA 1967 (transfer of a freehold house under the LRA 1967);
- (b) section 14A(1) of the LRA 1967 (grant of an extended lease of a house under the LRA 1967);
- (c) section 32(1) of the LRHUDA 1993 (collective enfranchisement of a building under the LRHUDA 1993);
- (d) section 56(1)(b) of the LRHUDA 1993 (grant of a new lease of a flat under the LRHUDA 1993).
- (7) This section has effect subject to the following provisions (which provide for the adjustment of the price payable where property is in the area of a management scheme)
  - (a) section 19(10)(b) of the LRA 1967;
  - (b) section 70(12)(b) and (c) of the LRHUDA 1993.
- (8) In this Part—
  - (a) "transfer of a freehold house under the LRA 1967" means the conveyance or transfer of the freehold of a house and any other premises under Part 1 of the LRA 1967;
  - (b) "grant of an extended lease of a house under the LRA 1967" means the grant of an extended lease of a house and any other premises under Part 1 of the LRA 1967:
  - (c) "collective enfranchisement of a building under the LRHUDA 1993" means the acquisition by a nominee purchaser of a freehold and any other interests under Chapter 1 of Part 1 of the LRHUDA 1993;
  - (d) "grant of a new lease of a flat under the LRHUDA 1993" means the grant of a new lease under Chapter 2 of Part 1 of the LRHUDA 1993.

#### **Commencement Information**

III S. 37 not in force at Royal Assent, see s. 124(3)

#### Costs of enfranchisement or extension

#### 38 Costs of enfranchisement and extension under the LRA 1967

- (1) The LRA 1967 is amended as follows.
- (2) In section 9 (costs of enfranchisement)—
  - (a) in the heading, omit "and costs of enfranchisement,";
  - (b) omit subsections (4) and (4A);
  - (c) omit subsection (5)(b).
- (3) In section 10(1A) (landlord's covenants on enfranchisement), omit the words from "and in the absence" to "assurance)".
- (4) In section 14 (costs of extension)—
  - (a) omit subsections (2) and (2A);
  - (b) omit subsection (3)(b).

- (5) In section 15(9) (landlord's covenants on extension), omit the words from "and in the absence" to "assurance)".
- (6) After section 19 insert—

#### "Costs

# 19A Liability for costs associated with enfranchisement and extension claims

- (1) A tenant is not liable for any costs incurred by any other person as a result of the tenant's claim to acquire a freehold or extended lease under this Part, except as referred to in—
  - (a) subsection (4),
  - (b) section 19B (liability where claim ceases to have effect), and
  - (c) section 19C (liability where tenant acquires the freehold or lease).
- (2) A former tenant is not liable for any costs incurred by any other person as a result of the former tenant's claim to acquire a freehold or extended lease under this Part, except as referred to in subsections (4) and (5).
- (3) A lease, transfer, contract or other arrangement is accordingly of no effect to the extent it would provide to the contrary.
- (4) A tenant or former tenant is liable for costs incurred by another person in connection with proceedings before a court or tribunal if—
  - (a) the court or tribunal has power under this Part or another enactment to order that the tenant or former tenant pay those costs, and
  - (b) the court or tribunal makes such an order.
- (5) A former tenant is liable for costs incurred by a successor in title to the extent agreed between the former tenant and that successor in title.
- (6) In this section and sections 19B to 19E—
  - (a) "claim" includes an invalid claim;
  - (b) "costs" does not include—
    - (i) anything for which the tenant is required to pay compensation under this Part, or
    - (ii) anything for which the tenant is required to pay under section 9(A1) (price payable for freehold) or section 14A (price payable for extended lease).
- (7) In this section, "former tenant" means a person who was a tenant making a claim to acquire a freehold or extended lease under this Part, but is no longer a tenant.
- (8) See also sections 20CA and 20J of the Landlord and Tenant Act 1985, which prevent costs in connection with a claim under this Part being recovered by way of a variable service charge (within the meaning of section 18 of that Act).

#### 19B Liability for costs: failed claims

- (1) A tenant is liable to the landlord for a prescribed amount in respect of non-litigation costs if—
  - (a) the tenant's claim to acquire a freehold or extended lease of a house and premises under this Part ceases to have effect, and
  - (b) the reason why the claim ceases to have effect is not a permitted reason.

#### (2) The permitted reasons are—

- (a) the claim ceasing to have effect under regulations under section 4B (landlord certified as community housing provider);
- (b) the claim ceasing to have effect under section 5(6) (compulsory acquisition);
- (c) an order being made under section 17(2) (landlord's redevelopment rights);
- (d) an order being made under section 18(4) (landlord's residential rights);
- (e) the claim ceasing to have effect under section 28(1)(a) (land required for public purposes etc);
- (f) the claim ceasing to have effect under section 32A (property transferred for public benefit etc);
- (g) the claim ceasing to have effect under section 74(2) of the Leasehold Reform, Housing and Urban Development Act 1993 (estate management schemes).

# (3) For the purposes of this section—

- (a) where Schedule 1 (enfranchisement or extension by sub-tenants) applies to the claim, "the landlord" means the reversioner (see paragraph 1(1)(b) of that Schedule);
- (b) "prescribed" means prescribed by, or determined in accordance with, regulations made—
  - (i) in relation to England, by the Secretary of State;
  - (ii) in relation to Wales, by the Welsh Ministers;
- (c) "non-litigation costs" are costs that are or could be incurred by a landlord as a result of a claim under this Part other than in connection with proceedings before a court or tribunal;
- (d) a reference to a claim "ceasing to have effect" includes—
  - (i) the claim having been withdrawn or deemed withdrawn;
  - (ii) the claim having been set aside by the court or the appropriate tribunal;
  - (iii) the claim ceasing to have effect by virtue of the tenant failing to comply with an obligation arising from the claim;
- (e) a claim does not cease to have effect if it results in the acquisition of the freehold or extended lease;
- (f) where a claim ceases to have effect by virtue of a person who was a tenant assigning their lease without assigning the claim under section 5(2), "tenant" includes that person.

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Status: This version of this part contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the
Leasehold and Freehold Reform Act 2024, Part 2. (See end of Document for details)

- (4) Regulations under this section are to be made by statutory instrument.
- (5) A statutory instrument containing regulations under this section is—
  - (a) where it contains regulations made by the Secretary of State, subject to annulment in pursuance of a resolution of either House of Parliament;
  - (b) where it contains regulations made by the Welsh Ministers, subject to annulment in pursuance of a resolution of Senedd Cymru.

#### 19C Liability for costs: successful claims

- (1) A tenant is liable to the landlord for the amount referred to in subsection (2) if—
  - (a) the tenant makes a claim to acquire a freehold or extended lease of a house and premises under this Part,
  - (b) the tenant acquires the freehold or extended lease,
  - (c) the price payable by the tenant for the freehold under section 9(A1), or for the extended lease under section 14A, is less than a prescribed amount,
  - (d) the landlord incurs costs as a result of the claim,
  - (e) the costs are incurred other than in connection with proceedings before a court or tribunal,
  - (f) the costs incurred by the landlord are reasonable, and
  - (g) the costs are more than the price payable.
- (2) The amount is the difference between—
  - (a) the price payable by the tenant, and
  - (b) the costs incurred by the landlord, or, if those costs exceed a prescribed amount, that prescribed amount.
- (3) In this section—
  - (a) where Schedule 1 (enfranchisement or extension by sub-tenants) applies to the claim, "the landlord" in this section means the reversioner (see paragraph 1(1)(b) of that Schedule);
  - (b) "prescribed" means prescribed by, or determined in accordance with, regulations made—
    - (i) in relation to England, by the Secretary of State;
    - (ii) in relation to Wales, by the Welsh Ministers.
- (4) Regulations under this section are to be made by statutory instrument.
- (5) A statutory instrument containing regulations under this section is—
  - (a) where it contains regulations made by the Secretary of State, subject to annulment in pursuance of a resolution of either House of Parliament:
  - (b) where it contains regulations made by the Welsh Ministers, subject to annulment in pursuance of a resolution of Senedd Cymru.

# 19D Power to require allocation of amounts paid under section 19B or 19C

- (1) The appropriate authority may by regulations provide for circumstances in which, if—
  - (a) Schedule 1 (enfranchisement or extension by sub-tenants) applies to a claim, and
  - (b) the reversioner (see paragraph 1(1)(b) of Schedule 1) receives an amount under section 19B or 19C,

the reversioner is required to pay a proportion of that amount to one or more of the other landlords (see paragraph 1(3) of Schedule 1).

- (2) In this section, "appropriate authority" means—
  - (a) in relation to England, the Secretary of State;
  - (b) in relation to Wales, the Welsh Ministers.
- (3) Regulations under this section—
  - (a) may make provision for the appropriate tribunal to order payment;
  - (b) are to be made by statutory instrument.
- (4) A statutory instrument containing regulations under this section is—
  - (a) where it contains regulations made by the Secretary of State, subject to annulment in pursuance of a resolution of either House of Parliament:
  - (b) where it contains regulations made by the Welsh Ministers, subject to annulment in pursuance of a resolution of Senedd Cymru.

# 19E Security for costs

A lease, transfer, contract or other arrangement is of no effect to the extent it requires a tenant to pay another person an amount in anticipation of the tenant being liable to a person in respect of their costs as a result of a claim under this Part."

- (7) In section 20 (jurisdiction of county court), omit subsections (4) and (4A).
- (8) In section 22(3)(a) (deposits), omit "and landlord's costs".
- (9) In consequence of the amendments made by subsections (2) to (8)—
  - (a) in section 9(5)(c) (landlord's lien as vendor), for "him" substitute "the tenant";
  - (b) in section 14(3)(c) (conditions for grant of extended lease), for "him" substitute "the tenant";
  - (c) in section 17(4)(b) (redevelopment rights), omit the words from "but" to "the notice";
  - (d) in section 18(6)(b) (residential rights), omit the words from "but" to "the notice";
  - (e) in section 19(14)(b) (management powers), omit the words from "and" to "withdrawn";
  - (f) in section 27A(5) (compensation for ineffective claim in certain cases), for paragraph (b) substitute—
    - "(b) a permitted reason within the meaning of section 19B(2);";

(g) in section 32A(5) (property transferred for public benefit), omit paragraph (a).

#### **Commencement Information**

I12 S. 38 not in force at Royal Assent, see s. 124(3)

#### 39 Costs of enfranchisement and extension under the LRHUDA 1993

- (1) The LRHUDA 1993 is amended as follows.
- (2) In section 28 (withdrawal of acquisition), omit subsections (4) to (7).
- (3) In section 29 (deemed withdrawal), omit subsections (6) to (8).
- (4) In section 32(2) (vendor's lien), omit paragraph (c).
- (5) Omit section 33 (costs of enfranchisement).
- (6) In section 56(3) (conditions of grant of new lease), omit paragraph (b).
- (7) In section 57(8) (landlord's covenants on extension), omit the words from "and in the absence" to "assurance)".
- (8) Omit section 60 (costs of extension) and the italic heading preceding it.
- (9) Before section 90 insert—

#### "89A Liability for costs arising under Chapters 1 and 2

- (1) A tenant is not liable for any costs incurred by any other person as a result of the tenant's claim under Chapter 1 or 2, except as referred to in—
  - (a) subsections (5) and (8),
  - (b) section 89B (liability where a claim under Chapter 1 ceases to have effect),
  - (c) section 89E (liability where a claim under Chapter 2 ceases to have effect), and
  - (d) section 89F (liability where a new lease of a flat is acquired under Chapter 2).
- (2) A former tenant is not liable for any costs incurred by any other person as a result of the tenant's claim under Chapter 1 or 2, except as referred to in subsections (5), (7) and (8).
- (3) A nominee purchaser in relation to a claim under Chapter 1 is not liable for any costs incurred by any other person as a result of the claim, except as referred to in—
  - (a) subsections (5), (8) and (9),
  - (b) section 89B (liability where a claim ceases to have effect),
  - (c) section 89C (liability where a freehold of premises is acquired), and
  - (d) section 89D (liability where a leaseback is required).
- (4) A lease, transfer, contract or other arrangement is accordingly of no effect to the extent it would provide to the contrary.

- (5) A participant is liable to another participant in respect of costs incurred as a result of a claim under Chapter 1 to the extent agreed between the two participants.
- (6) "Participant", in relation to a claim under Chapter 1, means—
  - (a) a tenant or former tenant that is or has been a participating tenant;
  - (b) a nominee purchaser in relation to the claim.
- (7) A former tenant is liable for costs incurred by a successor in title to the extent agreed between the former tenant and that successor in title.
- (8) A tenant, former tenant or nominee purchaser is liable for costs incurred by another person in connection with proceedings before a court or tribunal if—
  - (a) the court or tribunal has power under Chapter 1 or 2 or another enactment to order that those costs are paid, and
  - (b) the court or tribunal makes such an order.
- (9) A nominee purchaser is liable for costs in relation to a claim under Chapter 1 as set out in section 15(7) (liability after termination of appointment).
- (10) In this section and sections 89B to 89H—
  - (a) "claim" includes an invalid claim;
  - (b) "costs" does not include—
    - (i) anything for which the tenant or nominee purchaser is required to pay compensation under Chapter 1 or 2, or
    - (ii) anything for which the tenant or nominee purchaser is required to pay under section 32 (price payable for collective enfranchisement) or section 56 (price payable for new lease).
- (11) In this section—
  - (a) "former tenant" means a person who was a tenant making a claim under Chapter 1 or 2, but is no longer a tenant;
  - (b) a reference to the "nominee purchaser" includes a reference to—
    - (i) where more than one person constitutes the nominee purchaser, each person constituting the nominee purchaser;
    - (ii) a person whose appointment as nominee purchaser has terminated in accordance with section 15(3) or 16(1).
- (12) See also sections 20CA and 20J of the Landlord and Tenant Act 1985, which prevent costs in connection with a claim under Chapter 1 or 2 being recovered by way of a variable service charge (within the meaning of section 18 of that Act).

# 89B Liability for costs: failed claims under Chapter 1

- (1) A tenant is liable to the reversioner for a prescribed amount in respect of non-litigation costs if—
  - (a) the tenant's claim to acquire a freehold of premises under Chapter 1 ceases to have effect, and
  - (b) the reason why the claim ceases to have effect is not a permitted reason.

- (2) The permitted reasons are—
  - (a) the claim ceasing to have effect under regulations under section 8B (landlord certified as community housing provider);
  - (b) an order being made under section 23(1) (landlord's redevelopment rights);
  - (c) the claim ceasing to have effect under section 30 (compulsory acquisition procedures);
  - (d) the claim ceasing to have effect under section 31 (designation for public benefit);
  - (e) the claim ceasing to have effect under section 74(3) (estate management schemes).
- (3) If a tenant is liable under this section, the nominee purchaser in relation to the claim (if any) is also liable.
- (4) If more than one person is liable under this section, each of those persons is jointly and severally liable.
- (5) In this section—

"nominee purchaser"—

- (a) includes each person constituting the nominee purchaser at the relevant time;
- (b) does not include any person whose appointment as nominee purchaser has, before the relevant time, terminated in accordance with section 15(3) or 16(1);

"non-litigation costs" means costs that are or could be incurred by a landlord as a result of a claim under Chapter 1 other than in connection with proceedings before a court or tribunal;

"prescribed" means prescribed by, or determined in accordance with, regulations made—

- (a) in relation to England, by the Secretary of State;
- (b) in relation to Wales, by the Welsh Ministers;

"relevant time" means the time the claim ceases to have effect; "tenant"—

- (a) includes a person that is not a participating tenant in relation to the claim at the relevant time but that has at any time been such a tenant, but
- (b) does not include such a person if, before the relevant time, the person assigned the lease in respect of which they were a participating tenant to another person that became a participating tenant in accordance with section 14(4).
- (6) For the purposes of this section—
  - (a) a reference to a claim "ceasing to have effect" includes—
    - (i) the claim having been withdrawn or deemed withdrawn;
    - (ii) the claim having been set aside by the court or the appropriate tribunal;
    - (iii) the claim ceasing to have effect by virtue of the tenant failing to comply with an obligation arising from the claim;

(b) a claim does not cease to have effect if it results in the acquisition of the freehold.

# 89C Liability for costs: successful claims under Chapter 1

- (1) A nominee purchaser in relation to a claim to acquire a freehold of premises under Chapter 1 is liable to the reversioner for the amount referred to in subsection (2) if—
  - (a) the nominee purchaser acquires the freehold,
  - (b) the price payable by the nominee purchaser for the freehold under section 32 is less than a prescribed amount,
  - (c) the reversioner incurs costs as a result of the claim,
  - (d) the costs are incurred other than in connection with proceedings before a court or tribunal,
  - (e) the costs incurred by the reversioner are reasonable, and
  - (f) the costs are more than the price payable.
- (2) The amount is the difference between—
  - (a) the price payable by the nominee purchaser, and
  - (b) the costs incurred by the reversioner, or, if those costs exceed a prescribed amount, that prescribed amount.
- (3) In this section—

"nominee purchaser"—

- (a) includes each person constituting the nominee purchaser at the relevant time;
- (b) does not include any person whose appointment as nominee purchaser has, before the relevant time, terminated in accordance with section 15(3) or 16(1);

"prescribed" means prescribed by, or determined in accordance with, regulations made—

- (a) in relation to England, by the Secretary of State;
- (b) in relation to Wales, by the Welsh Ministers;

"relevant time" means the time the nominee purchaser acquires the freehold.

# 89D Liability for costs: leasebacks under Chapter 1

- (1) A nominee purchaser in relation to a claim to acquire a freehold of premises under Chapter 1 is liable to a freeholder for a prescribed amount in respect of non-litigation costs if—
  - (a) the nominee purchaser acquires a freehold of premises under Chapter 1, and
  - (b) in connection with the acquisition, the nominee purchaser grants the freeholder a lease of a flat or other unit in accordance with section 36 and Part 3A of Schedule 9.
- (2) In this section—

"nominee purchaser"—

- (a) includes each person constituting the nominee purchaser at the relevant time;
- (b) does not include any person whose appointment as nominee purchaser has, before the relevant time, terminated in accordance with section 15(3) or 16(1);

"non-litigation costs" means costs that are or could be incurred by a freeholder as a result of the grant of a lease of a flat or other unit in accordance with section 36 and Part 3A of Schedule 9, other than in connection with proceedings before a court or tribunal;

"prescribed" means prescribed by, or determined in accordance with, regulations made—

- (a) in relation to England, by the Secretary of State;
- (b) in relation to Wales, by the Welsh Ministers;

"relevant time" means the time the nominee purchaser acquires the freehold.

## 89E Liability for costs: failed claims under Chapter 2

- (1) A tenant is liable to the competent landlord for a prescribed amount in respect of non-litigation costs if—
  - (a) the tenant's claim to acquire a new lease of a flat under Chapter 2 ceases to have effect, and
  - (b) the reason why the claim ceases to have effect is not a permitted reason.
- (2) The permitted reasons are—
  - (a) an order being made under section 47(1) (landlord's redevelopment rights);
  - (b) the claim ceasing to have effect under section 55 (compulsory acquisition procedures).
- (3) For the purposes of this section—
  - (a) "prescribed" means prescribed by, or determined in accordance with, regulations made—
    - (i) in relation to England, by the Secretary of State;
    - (ii) in relation to Wales, by the Welsh Ministers;
  - (b) "non-litigation costs" are costs that are or could be incurred by a landlord as a result of a claim under Chapter 2 other than in connection with proceedings before a court or tribunal;
  - (c) a reference to a claim "ceasing to have effect" includes—
    - (i) the claim having been withdrawn or deemed withdrawn;
    - (ii) the claim having been set aside by the court or the appropriate tribunal;
    - (iii) the claim ceasing to have effect by virtue of the tenant failing to comply with an obligation arising from the claim;
  - (d) a claim does not cease to have effect if it results in the acquisition of the new lease;
  - (e) where a claim ceases to have effect by virtue of a person who was a tenant assigning their lease without assigning the claim (see section 43), "tenant" includes that person.

#### 89F Liability for costs: successful claims under Chapter 2

- (1) A tenant is liable to the competent landlord for the amount referred to in subsection (2) if—
  - (a) the tenant makes a claim to acquire a new lease under Chapter 2,
  - (b) the tenant acquires the new lease,
  - (c) the price payable by the tenant for the new lease under section 56 is less than a prescribed amount,
  - (d) the competent landlord incurs costs as a result of the claim,
  - (e) the costs are incurred other than in connection with proceedings before a court or tribunal,
  - (f) the costs incurred by the competent landlord are reasonable, and
  - (g) the costs are more than the price payable.
- (2) The amount is the difference between—
  - (a) the price payable by the tenant, and
  - (b) the costs incurred by the competent landlord, or, if those costs exceed a prescribed amount, that prescribed amount.
- (3) In this section, "prescribed" means prescribed by, or determined in accordance with, regulations made—
  - (a) in relation to England, by the Secretary of State;
  - (b) in relation to Wales, by the Welsh Ministers.

# 89G Powers to require allocation of amounts paid under sections 89B to 89F

(1) The appropriate authority may by regulations provide for circumstances in which, if the reversioner receives an amount under section 89B or 89C (liability for costs arising under Chapter 1), the reversioner is required to pay a proportion of that amount to one or more of the other relevant landlords.

See section 9 for the meanings of "reversioner" and "other relevant landlord".

(2) The appropriate authority may by regulations provide for circumstances in which, if the competent landlord receives an amount under section 89E or 89F (liability for costs arising under Chapter 2), the competent landlord is required to pay a proportion of that amount to one or more of the other landlords.

See section 40 for the meanings of "competent landlord" and "other landlord".

- (3) Regulations under this section may make provision for the appropriate tribunal to order payment.
- (4) In this section, "appropriate authority" means—
  - (a) in relation to England, the Secretary of State;
  - (b) in relation to Wales, the Welsh Ministers.

#### 89H Security for costs under Chapters 1 and 2

- (1) A lease, transfer, contract or other arrangement is of no effect to the extent it requires a tenant or nominee purchaser to pay another person an amount in anticipation of the tenant or nominee purchaser being liable to a person in respect of their costs as a result of a claim under Chapter 1 or 2.
- (2) The appropriate tribunal may, on the application of a person (the "applicant") to which a nominee purchaser in relation to a claim under Chapter 1 may be liable by virtue of section 89D (leasebacks), order the nominee purchaser to pay an amount—
  - (a) to the applicant, or
  - (b) into the tribunal,

in anticipation of the nominee purchaser being so liable."

- (10) In Schedule 7, in paragraph 2(2) (terms of enfranchisement), omit the words from "and in the absence" to "assurance)".
- (11) In consequence of the amendments made by subsections (2) to (10)—
  - (a) in section 15(7) (appointment and replacement of nominee purchaser)—
    - (i) for the words from "he shall not be liable" to "but if" substitute "and";
    - (ii) for "under section 33" substitute "as otherwise referred to in section 89A";
  - (b) in section 31(5) (designation for inheritance tax purposes), omit paragraph (a);
  - (c) in the italic heading before section 32, omit "and costs of enfranchisement";
  - (d) in section 52 (withdrawal from acquisition of new lease), omit subsection (3);
  - (e) in section 74 (effect of estate management schemes on freehold claims), omit subsection (4).

#### **Commencement Information**

II3 S. 39 not in force at Royal Assent, see s. 124(3)

Jurisdiction of the county court and tribunals

#### 40 Replacement of sections 20 and 21 of the LRA 1967

For sections 20 and 21 of the LRA 1967 (jurisdiction of county court and tribunals) substitute—

#### "20 Jurisdiction of the county court

- (1) Any jurisdiction conferred on the court by this Part is to be exercised by the county court unless a contrary intention appears (and subject to section 41 of the County Courts Act 1984).
- (2) Proceedings for determining the amount of a sub-tenant's share under Schedule 2 in compensation payable to a tenant under section 17, or for establishing or giving effect to a sub-tenant's right to such a share, are to be brought in the county court (but see section 21(8)).

#### 21 Jurisdiction of tribunals

- (1) The following matters are, in default of agreement, to be determined by the appropriate tribunal—
  - (a) whether a person is entitled to acquire the freehold or an extended lease of a house and premises, or to what property that right extends;
  - (b) the price payable for a house and premises in accordance with section 9 or an extended lease in accordance with section 14A;
  - (c) what provisions should be contained in a conveyance in accordance with section 10 or 29(1), or in a lease granting a new tenancy under section 14;
  - (d) the amount of any compensation payable to a tenant under section 17 for the loss of a house and premises;
  - (e) whether (and what) costs are payable under section 19B or 19C;
  - (f) the amount of any other costs payable by virtue of any provision of Part 1:
  - (g) the amount of the appropriate sum to be paid into the tribunal under section 27(5);
  - (h) the amount of any compensation payable under section 27A;
  - (i) any matter arising under paragraph 12A of Schedule 1 (reduction of rent under intermediate leases on grant of an extended lease), including what rent under an intermediate lease is apportioned to the house and premises;
  - (j) whether a person is entitled to be paid a share of the market value, and what share of the market value a person is entitled to be paid, in accordance with Part 6 of Schedule 4 to the Leasehold and Freehold Reform Act 2024;
  - (k) any matter arising under Schedule 10 to the Leasehold and Freehold Reform Act 2024 (variation of lease to reduce rent to peppercorn).
- (2) No application may be made to the appropriate tribunal under subsection (1) to determine the price payable for a house and premises or an extended lease unless—
  - (a) the landlord has informed the tenant of the price they are asking, or
  - (b) two months have elapsed without the landlord doing so since the tenant gave notice of their desire to have the freehold or extended lease under this Part.
- (3) Where in connection with any acquisition by a tenant of the freehold or an extended lease under this Part it is necessary to apportion between the house and premises (or part of them) and other property the rent payable under the immediate tenancy or any superior or reversionary tenancy, the apportionment must be made by the appropriate tribunal.
- (4) Where the appropriate tribunal has determined that costs are payable under section 19B or 19C or the amount of any other costs payable by virtue of any provision of Part 1, it may make an order requiring a person to pay those costs.

- (5) Where the appropriate tribunal has determined the amount of compensation payable under section 27A, it may make an order requiring the tenant concerned to pay that amount to the person entitled to it.
- (6) In relation to paragraph 12A of Schedule 1—
  - (a) if the landlord under a qualifying intermediate lease cannot be found or their identity cannot be ascertained, the appropriate tribunal may make such order as it thinks fit, including—
    - (i) an order dispensing with the requirement to give notice under paragraph 12A(3) of Schedule 1 to that landlord, or
    - (ii) an order that such a notice has effect and has been properly served even though it has not been served on that landlord;
  - (b) the appropriate tribunal may make an order appointing a person to vary a lease in accordance with paragraph 12A of Schedule 1 on behalf of the landlord or tenant;
  - (c) if the appropriate tribunal makes a determination that a notice under paragraph 12A(3) of Schedule 1 was of no effect, it may—
    - (i) determine whether another landlord or tenant could have given such a notice, and
    - (ii) if it determines that they could have done so, order that paragraph 12A of Schedule 1 is to apply as if they had done so.
- (7) The variation of a lease on behalf of a party in consequence of an order under subsection (6)(b) has the same force and effect (for all purposes) as if it had been executed by that party.
- (8) The appropriate tribunal has jurisdiction, either by agreement or in a case where an application is made to the tribunal under subsection (1) with reference to the same transaction, to determine the amount of a sub-tenant's share under Schedule 2 in compensation payable to a tenant under section 17.
- (9) For the purposes of this Part a matter is to be treated as determined by (or on appeal from) the appropriate tribunal—
  - (a) if the decision on the matter is not appealed against, at the end of the period for bringing an appeal, or
  - (b) if that decision is appealed against, at the time when the appeal is disposed of.
- (10) An appeal is disposed of—
  - (a) if it is determined and the period for bringing any further appeal has ended, or
  - (b) if it is abandoned or otherwise ceases to have effect.
- (11) See section 44 of the Leasehold and Freehold Reform Act 2024, which restricts the first-instance jurisdiction of the High Court in respect of tribunal matters.

# 21A Jurisdiction for other proceedings

(1) This section applies to proceedings—

- (a) relating to the performance or discharge of obligations arising out of a tenant's notice of their desire to have the freehold or an extended lease under this Part, and
- (b) for which jurisdiction has not otherwise been conferred under or by virtue of this Part.
- (2) Jurisdiction is conferred on the appropriate tribunal for proceedings to which this section applies.
- (3) But jurisdiction is instead conferred on the court where a purpose of the proceedings is to obtain a remedy that could not be granted by the appropriate tribunal but could be granted by the court.
- (4) If, in proceedings before the court to which this section applies, it appears to the court that—
  - (a) the remedy (or remedies) sought could be granted by the appropriate tribunal, it must by order transfer the proceedings to the appropriate tribunal;
  - (b) a remedy sought could be granted by the appropriate tribunal and another remedy sought could only be granted by the court, it may by order transfer the proceedings to the appropriate tribunal insofar as the proceedings relate to the remedy that could be granted by the appropriate tribunal.
- (5) Following a transfer of proceedings under subsection (4)(b)—
  - (a) the court may dispose of all or any remaining proceedings pending the determination of the transferred proceedings by the appropriate tribunal.
  - (b) the appropriate tribunal may determine the transferred proceedings, and
  - (c) when the appropriate tribunal has done so, the court may give effect to the determination in an order of the court.
- (6) Rules of court may prescribe the procedure to be followed in a court in connection with or in consequence of a transfer under this section.
- (7) A reference in this Part to the jurisdiction conferred on the appropriate tribunal or the court includes that conferred by this section.
- (8) This section does not prevent the bringing of proceedings in a court other than the county court where the claim is for damages or pecuniary compensation only.

## 21B Power to order compliance

- (1) The court or appropriate tribunal may, on the application of any person interested, make an order requiring any person who has failed to comply with any requirement imposed on them under or by virtue of any provision of this Part to make good the default within such time as is specified in the order.
- (2) An application may not be made under subsection (1) unless—
  - (a) a notice has been previously given to the person in question requiring them to make good the default, and

- (b) more than 14 days have elapsed since the date of the giving of that notice without their having done so.
- (3) An application may not be made under subsection (1) to the court unless the application relates to proceedings in respect of which the court has jurisdiction under or by virtue of any provision of this Part (including section 21A).
- (4) Where an order other than an order to pay a sum of money has been made under subsection (1) by the appropriate tribunal—
  - (a) a person may apply to the court for enforcement of the order;
  - (b) the appropriate tribunal may by order transfer proceedings to the court for enforcement of the order,

and the order is to be enforceable by the court in the same way as an order of the court.

(5) See section 176C of the Commonhold and Leasehold Reform Act 2002 for general provision about the enforcement of tribunal decisions and section 27 of the Tribunals, Courts and Enforcement Act 2007 for provision about the enforcement of an order to pay a sum of money.

# 21C Power relating to completion of Part 1 claims

- (1) This section applies where—
  - (a) all of the terms related to a conveyance or grant of a lease under this Part, including the price and other sums payable under this Part or section 37 of the Leasehold and Freehold Reform Act 2024, have been agreed between the tenant and the landlord or determined by the appropriate tribunal,
  - (b) the time fixed for the completion of the conveyance or grant of the lease has passed without that completion or grant taking place,
  - (c) the completion or grant has not taken place because—
    - (i) a party to the transaction has failed to execute the conveyance or lease, or
    - (ii) the tenant has failed to pay the price and other sums payable, and
  - (d) that failure is in breach of an obligation arising under this Part; and the fact that any matter dealt with in Part 6 of Schedule 4 to the Leasehold and Freehold Reform Act 2024 has not been determined does not stop this section from applying.
- (2) Where this section applies, the appropriate tribunal may, on the application of the tenant or the landlord, make an order—
  - (a) appointing a person to execute the conveyance or lease on behalf of a party to the transaction;
  - (b) requiring the tenant to pay the price and other sums payable into the tribunal or to a person specified in the order.
- (3) A conveyance or lease executed on behalf of a party in consequence of an order under this section has the same force and effect (for all purposes) as if it had been executed by that party.

(4) This section does not prevent a party to a transaction seeking other remedies in connection with a breach of an obligation."

# Commencement Information I14 S. 40 not in force at Royal Assent, see s. 124(3)

#### 41 References to "the court" in Part 1 of the LRA 1967

- (1) The LRA 1967 is amended as follows.
- (2) In the following provisions, for "the court" substitute "the appropriate tribunal" in each place it occurs—
  - (a) section 2;
  - (b) section 27;
  - (c) in Schedule 1—
    - (i) paragraph 3;
    - (ii) paragraph 4;
  - (d) in Schedule 3—
    - (i) paragraph 6(3);
    - (ii) paragraph 7(5);
  - (e) in Schedule 4A—
    - (i) paragraph 3(3);
    - (ii) paragraph 3A(3);
    - (iii) paragraph 4A(6).
- (3) In the following provisions, for "into court" substitute "into the tribunal" in each place it occurs—
  - (a) sections 11 to 13, including the heading of section 13;
  - (b) section 27;
  - (c) in Schedule 1, paragraph 4(3)(c).
- (4) In the following provisions, after "court" insert "or tribunal"—
  - (a) section 5(7);
  - (b) section 13(3)(b);
  - (c) section 37(7);
  - (d) in Schedule 3, paragraph 5, in both places it occurs.
- (5) In section 11(5), for "in court" substitute "in the tribunal".
- (6) In section 13(3), in the words after paragraph (b)—
  - (a) after "a court" insert "or tribunal";
  - (b) omit "other than the county court";
  - (c) after "the court" insert "or tribunal".
- (7) In section 27A(7)(b)—
  - (a) after "the court" insert "or the appropriate tribunal";
  - (b) after "court order" insert "or order of a tribunal".

#### **Commencement Information**

I15 S. 41 not in force at Royal Assent, see s. 124(3)

#### 42 Amendment of Part 1 of the LRHUDA 1993

- (1) The LRHUDA 1993 is amended as follows.
- (2) After section 27 insert—

#### "27A Power relating to completion of Chapter 1 claims

- (1) This section applies where—
  - (a) the completion of a conveyance has not taken place in accordance with the terms of a binding contract entered into in pursuance of an initial notice because—
    - (i) a party to the transaction has failed to execute the conveyance, or
    - (ii) the nominee purchaser has failed to pay the price and other sums payable or due under the contract, and
  - (b) that failure is in breach of an obligation arising under the contract.
- (2) Where this section applies, the appropriate tribunal may, on the application of the nominee purchaser or the reversioner, make an order—
  - (a) appointing a person to execute the conveyance on behalf of a party to the transaction;
  - (b) requiring the nominee purchaser to pay the price and other sums payable or due under the contract into the tribunal or to a person specified in the order.
- (3) A conveyance executed on behalf of a party in consequence of an order under this section has the same force and effect (for all purposes) as if it had been executed by that party.
- (4) This section does not prevent a party to a transaction seeking other remedies in connection with a breach of an obligation."
- (3) In section 48 (applications where terms in dispute or failure to enter into new lease)—
  - (a) after subsection (3) insert—
    - "(3A) An order under subsection (3) may—
      - (a) appoint a person to execute the new lease on behalf of a party to the transaction;
      - (b) require that the price and other sums payable are paid into the tribunal or to a person specified in the order.

A lease executed on behalf of a party to a transaction in consequence of an order under subsection (3) has the same force and effect (for all purposes) as if it had been executed by that party.";

(b) in subsection (4), for "Any such order" substitute "An order under subsection (3)".

- (4) In section 49 (applications where landlord fails to give counter-notice or further counter-notice)—
  - (a) after subsection (4) insert—
    - "(4A) An order under subsection (4) may—
      - (a) appoint a person to execute the new lease on behalf of a party to the transaction;
      - (b) require that the price and other sums payable are paid into the tribunal or to a person specified in the order.

A lease executed on behalf of a party to a transaction in consequence of an order under subsection (4) has the same force and effect (for all purposes) as if it had been executed by that party.";

- (b) in subsection (5), for "Any such order" substitute "An order under subsection (4)".
- (5) In section 90 (jurisdiction of county courts)—
  - (a) omit subsection (2);
  - (b) in subsection (3), for "or (2)" substitute "or section 91A";
  - (c) omit subsection (4).
- (6) For section 91 (jurisdiction of tribunals) substitute—

#### "91 Jurisdiction of tribunals

- (1) Any question arising in relation to any of the following matters is, in default of agreement, to be determined by the appropriate tribunal—
  - (a) the terms of acquisition relating to—
    - (i) any interest which is to be acquired by a nominee purchaser in pursuance of Chapter 1, or
    - (ii) any new lease which is to be granted to a tenant in pursuance of Chapter 2,

including in particular any matter which needs to be determined in accordance with section 37 of, or Schedule 4 to, the Leasehold and Freehold Reform Act 2024;

- (b) the terms of any lease which is to be granted in accordance with section 36 and Schedule 9;
- (c) the amount of any payment falling to be made by virtue of section 18(2);
- (d) the amount of any compensation payable under section 37A or 61A;
- (e) the amount of any costs payable by virtue of any provision of Chapter 1 or 2;
- (f) the apportionment between two or more persons of any amount (whether of costs or otherwise) payable by virtue of any such provision;
- (g) whether (and what) costs are payable under any of sections 89B to 89F:
- (h) the terms on which a lease is to be severed under paragraph 7 of Schedule A1;

- (i) any matter arising under paragraph 12 of Schedule 11 (reduction of rent under intermediate leases on grant of a new lease), including what rent under an intermediate lease is apportioned to the flat;
- (j) whether a person is entitled to be paid a share of the market value, and what share of the market value a person is entitled to be paid, in accordance with Part 6 of Schedule 4 to the Leasehold and Freehold Reform Act 2024;
- (k) any matter arising under Schedule 10 to the Leasehold and Freehold Reform Act 2024 (variation of lease to reduce rent to peppercorn).
- (2) Where in connection with—
  - (a) any exercise of the right to collective enfranchisement under Chapter 1, or
  - (b) any acquisition of a new lease under Chapter 2,
  - it is necessary to apportion the rent payable under a tenancy (whether immediate, superior or reversionary), the apportionment must be made by the appropriate tribunal.
- (3) The appropriate tribunal may, when determining the property in which any interest is to be acquired in pursuance of a notice under section 13 or 42, specify in its determination property which is less extensive than that specified in that notice.
- (4) Where the appropriate tribunal has determined the amount of compensation payable under section 37A or 61A, it may make an order requiring the tenant concerned to pay that amount to the person entitled to it.
- (5) Where the appropriate tribunal has determined the amount of any costs payable by virtue of any provision of Chapter 1 or 2 or that costs are payable under any of sections 89B to 89F, it may make an order requiring a person to pay those costs.
- (6) In relation to paragraph 12 of Schedule 11—
  - (a) if the landlord under a qualifying intermediate lease cannot be found or their identity cannot be ascertained, the appropriate tribunal may make such order as it thinks fit, including—
    - (i) an order dispensing with the requirement to give notice under paragraph 12(3) of Schedule 11 to that landlord, or
    - (ii) an order that such a notice has effect and has been properly served even though it has not been served on that landlord;
  - (b) the appropriate tribunal may make an order appointing a person to vary a lease in accordance with paragraph 12 of Schedule 11 on behalf of the landlord or tenant;
  - (c) if the appropriate tribunal makes a determination that a notice under paragraph 12(3) of Schedule 11 was of no effect, it may—
    - (i) determine whether another landlord or tenant could have given such a notice, and
    - (ii) if it determines that they could have done so, order that paragraph 12 of Schedule 11 is to apply as if they had done so.
- (7) The variation of a lease on behalf of a party in consequence of an order under subsection (6)(b) has the same force and effect (for all purposes) as if it had been executed by that party.

(8) In this section—

"nominee purchaser" has the same meaning as in Chapter 1;

"terms of acquisition" is to be construed in accordance with section 24(8) or section 48(7), as appropriate.

- (9) For the purposes of this Chapter "appropriate tribunal" means—
  - (a) in relation to property in England, the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal;
  - (b) in relation to property in Wales, a leasehold valuation tribunal.
- (10) See section 44 of the Leasehold and Freehold Reform Act 2024, which restricts the first-instance jurisdiction of the High Court in respect of tribunal matters.

## 91A Jurisdiction for other proceedings

- (1) This section applies to proceedings—
  - (a) in relation to any matter arising under or by virtue of Chapter 1 or 2 or this Chapter, and
  - (b) for which jurisdiction has not otherwise been conferred under or by virtue of this Act.
- (2) Jurisdiction is conferred on the appropriate tribunal for proceedings to which this section applies.
- (3) But jurisdiction is instead conferred on the court where a purpose of the proceedings is to obtain a remedy that could not be granted by the appropriate tribunal but could be granted by the court.
- (4) If, in proceedings before the court to which this section applies, it appears to the court that—
  - (a) the remedy (or remedies) sought could be granted by the appropriate tribunal, it must by order transfer the proceedings to the appropriate tribunal:
  - (b) a remedy sought could be granted by the appropriate tribunal and another remedy sought could only be granted by the court, it may by order transfer the proceedings to the appropriate tribunal insofar as the proceedings relate to the remedy that could be granted by the appropriate tribunal.
- (5) Following a transfer of proceedings under subsection (4)(b)—
  - (a) the court may dispose of all or any remaining proceedings pending the determination of the transferred proceedings by the appropriate tribunal,
  - (b) the appropriate tribunal may determine the transferred proceedings, and
  - (c) when the appropriate tribunal has done so, the court may give effect to the determination in an order of the court.
- (6) Rules of court may prescribe the procedure to be followed in a court in connection with or in consequence of a transfer under this section.

- (7) A reference in Chapter 1 or 2 or this Chapter to the jurisdiction conferred on the appropriate tribunal or the court includes that conferred by this section."
- (7) In section 92 (enforcement of obligations under Chapters 1 and 2)—
  - (a) in the heading, for "Enforcement of" substitute "Power to order compliance with";
  - (b) in subsection (1), after "The court" insert "or appropriate tribunal";
  - (c) after subsection (2) insert—
    - "(3) An application may not be made under subsection (1) to the court unless the application relates to proceedings in respect of which the court has jurisdiction under or by virtue of any provision of Chapter 1, 2 or 7 (including section 91A).
    - (4) Where an order other than an order to pay a sum of money has been made under subsection (1) by the appropriate tribunal—
      - (a) a person may apply to the court for enforcement of the order;
      - (b) the appropriate tribunal may by order transfer proceedings to the court for enforcement of the order,

and the order is to be enforceable by the court in the same way as an order of the court.

(5) See section 176C of the Commonhold and Leasehold Reform Act 2002 for general provision about the enforcement of tribunal decisions and section 27 of the Tribunals, Courts and Enforcement Act 2007 for provision about the enforcement of an order to pay a sum of money."

#### **Commencement Information**

I16 S. 42 not in force at Royal Assent, see s. 124(3)

## 43 References to "the court" in Part 1 of the LRHUDA 1993

- (1) The LRHUDA 1993 is amended as follows.
- (2) In the following provisions, for "the court" substitute "the appropriate tribunal" in each place it occurs—
  - (a) sections 22 to 27;
  - (b) sections 46 to 51;
  - (c) section 74(3)(c);
  - (d) in Schedule 1—
    - (i) paragraphs 2 to 5;
    - (ii) paragraphs 5B to 5E;
    - (iii) paragraph 6(3);
  - (e) in Schedule 3, paragraph 15(2);
  - (f) in Schedule 5—
    - (i) paragraph 1(1);
    - (ii) paragraph 2(1);
  - (g) in Schedule 11, paragraph 6(3);

- (h) in Schedule 12, paragraph 9(2).
- (3) In the following provisions, for "into court" substitute "into the tribunal" in each place it occurs—
  - (a) section 27;
  - (b) section 51;
  - (c) in Schedule 1, paragraph 6(3)(c);
  - (d) in Schedule 5, paragraphs 2 to 4, including the heading of paragraph 4;
  - (e) in Schedule 8, paragraphs 2 and 4, including the heading of paragraph 4.
- (4) In section 19(6), after "any court" insert "or tribunal".
- (5) In section 26(9), for "Rules of court" substitute "Tribunal Procedure Rules, and regulations under Schedule 12 to the Commonhold and Leasehold Reform Act 2002 (leasehold valuation tribunals: procedure),".
- (6) In section 37A(8)(b)—
  - (a) after "the court" insert "or the appropriate tribunal";
  - (b) after "court order" insert "or order of a tribunal".
- (7) In section 61A(7)(b)—
  - (a) after "the court" insert "or the appropriate tribunal";
  - (b) after "court order" insert "or order of a tribunal".
- (8) In section 101(9), in the words before paragraph (a), after "a decision" insert "or order".
- (9) In Schedule 1, in paragraph 6(2), in the words after paragraph (b), for "the court" substitute "the appropriate tribunal".
- (10) In Schedule 3—
  - (a) in paragraph 10(1)(d)(ii), after "the court" insert "or the appropriate tribunal";
  - (b) in paragraph 10(2), after "a court" insert "or tribunal".
- (11) In Schedule 8, in paragraph 4(3)—
  - (a) in paragraph (b), after "any court" insert "or tribunal";
  - (b) in the words after paragraph (b)—
    - (i) after "a court" insert "or tribunal";
    - (ii) omit "other than the county court";
    - (iii) after "the court" insert "or tribunal".
- (12) In Schedule 11, in paragraph 6(1), in the words after paragraph (c), for "the court" substitute "the appropriate tribunal".
- (13) In Schedule 12—
  - (a) in paragraph 8(1)(c)(ii), after "the court" insert "or the appropriate tribunal";
  - (b) in paragraph 8(2), after "a court" insert "or tribunal".
- (14) In the headings before sections 22 and 46, omit "court or".

#### **Commencement Information**

I17 S. 43 not in force at Royal Assent, see s. 124(3)

#### Jurisdiction of the High Court

## 44 No first-instance applications to the High Court in tribunal matters

- (1) Where jurisdiction in respect of a matter is conferred on the appropriate tribunal exclusively under the LRA 1967 or a specified provision of the LRHUDA 1993, a person may not apply to the High Court in respect of that matter.
- (2) Subsection (1) has no effect in relation to any proceedings that may be brought in the High Court for the purpose of challenging a decision, declaration, direction or order of the appropriate tribunal.
- (3) The specified provisions of the LRHUDA 1993 are—
  - (a) Chapters 1, 2, 4 and 7 of Part 1;
  - (b) section 88.
- (4) In subsection (1) "appropriate tribunal" has the same meaning as in the LRA 1967 or the specified provision of the LRHUDA 1993 (whichever is relevant).
- (5) For the purposes of this section, jurisdiction in respect of a matter is conferred on the appropriate tribunal exclusively where—
  - (a) a provision of the LRA 1967 or the LRHUDA 1993 provides for the matter to be determined by the appropriate tribunal alone (and not by a court or the appropriate tribunal), or
  - (b) proceedings in respect of the matter fall within the jurisdiction of the appropriate tribunal by virtue of section 21A of the LRA 1967 or section 91A of the LRHUDA 1993.

#### **Commencement Information**

I18 S. 44 not in force at Royal Assent, see s. 124(3)

Enfranchisement and extension: miscellaneous amendments

#### 45 Miscellaneous amendments

Schedule 8 contains miscellaneous further amendments to existing legislation relating to enfranchisement and extension.

#### **Commencement Information**

I19 S. 45 not in force at Royal Assent, see s. 124(3)

Preservation of existing law for certain purposes

## 46 LRA 1967: preservation of existing law for certain enfranchisements

After section 7 of the LRA 1967 insert—

# "7A Tenant's right to choose that pre-2024 Act law is to apply to freehold acquisition

(1) The tenant of a leasehold house may choose that this Act is to have effect in relation to the acquisition of the freehold of the house and premises without the amendments made by the Leasehold and Freehold Reform Act 2024, if the house and premises would be valued under section 9(1) (as it would have effect without those amendments).

#### (2) If—

- (a) a person makes a claim to acquire a freehold under the preserved law, and
- (b) as a result of that claim, further notices by that person are void by virtue of a statutory bar under the preserved law,

only further notices making claims under the preserved law are void by virtue of that statutory bar.

#### (3) In subsection (2)—

"preserved law" means this Part as it has effect (by virtue of subsection (1)) without the amendments made by the Leasehold and Freehold Reform Act 2024;

"statutory bar" means—

- (a) section 9(3)(b), or
- (b) an order under section 20(6) or paragraph 4(3) of Schedule 3.
- (4) Subsection (1) does not apply in any of the following cases—
  - (a) the tenancy was created by the grant of a lease under Part 5 of the Housing Act 1985 (a "right to buy lease");
  - (b) the tenancy is, by virtue of section 3(3), treated as a single tenancy with a tenancy created by the grant of a right to buy lease;
  - (c) the tenancy is a sub-tenancy directly or indirectly derived out of a tenancy falling within paragraph (a) or (b);
  - (d) the tenancy was granted under this Part in substitution for a tenancy or sub-tenancy falling within paragraph (a), (b) or (c)."

## **Commencement Information**

I20 S. 46 not in force at Royal Assent, see s. 124(3)

Consequential amendments to other legislation

# 47 Part 2: consequential amendments to other legislation

Schedule 9 contains amendments to other legislation that are consequential on this Part.

# **Commencement Information**

I21 S. 47 not in force at Royal Assent, see s. 124(3)

# **Status:**

This version of this part contains provisions that are prospective.

# **Changes to legislation:**

There are currently no known outstanding effects for the Leasehold and Freehold Reform Act 2024, Part 2.