

*Status: This version of this part contains provisions that are prospective.*  
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Leasehold and Freehold Reform Act 2024, Part 2. (See end of Document for details)

PROSPECTIVE

## SCHEDULES

### SCHEDULE 8

#### LEASEHOLD ENFRANCHISEMENT AND EXTENSION: MISCELLANEOUS AMENDMENTS

#### PART 2

#### SHARED OWNERSHIP LEASES AND THE LRA 1967

##### *Amendment of the LRA 1967*

10 The LRA 1967 is amended in accordance with this Part of this Schedule.

##### **Commencement Information**

**I1** Sch. 8 para. 10 not in force at Royal Assent, see [s. 124\(3\)](#)

##### *Repeal of exclusions of shared ownership leases from Part 1 of the LRA 1967*

- 11 (1) In section 1 (tenants entitled to enfranchisement or extension), omit subsection (1A).
- (2) In section 3(2) (tenancies deemed to be long tenancies), omit the words from “(other than” to “this Act)”.
- (3) Omit section 33A and Schedule 4A (exclusion of certain shared ownership leases).

##### **Commencement Information**

**I2** Sch. 8 para. 11 not in force at Royal Assent, see [s. 124\(3\)](#)

##### *Rateable value limits and low rent tests not to apply to shared ownership leases*

- 12 In section 1 (tenants entitled to enfranchisement or extension), after subsection (6) insert—
- “(6A) In determining whether a tenant under a tenancy which is a shared ownership lease has the right to acquire a freehold or extended lease under this Part, the following requirements of this section do not apply—
- (a) any requirement for the tenancy to be at a low rent;
  - (b) any requirement in subsection (1)(a)(i) or (ii) for the house and premises or the tenancy to be above a certain value.”

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### Commencement Information

**I3** Sch. 8 para. 12 not in force at Royal Assent, see [s. 124\(3\)](#)

### *No right of enfranchisement for certain shared ownership leases*

13 Before section 36 insert—

#### **“33B Shared ownership leases which provide for 100% acquisition etc**

- (1) A notice of a person’s desire to have the freehold of a house and premises under this Part is of no effect if, at the relevant time, the tenancy—
  - (a) is a shared ownership lease, and
  - (b) meets conditions A to D.
- (2) But conditions C and D do not need to be met if the shared ownership lease is of a description prescribed for this purpose in regulations made by the Secretary of State.
- (3) *Condition A*: the tenancy allows for the tenant to increase the tenant’s share in the demised premises by increments of 25% or less (whether or not the tenancy also provides for increments of more than 25%).
- (4) *Condition B*: the tenancy provides—
  - (a) for the price payable for an increase in the tenant’s share in the demised premises to be proportionate to the market value of the premises at the time the share is to be increased, and
  - (b) if the tenant’s share is increased, for the rent payable by the tenant in respect of the landlord’s share in the demised premises to be reduced by an amount reflecting the increase in the tenant’s share.
- (5) *Condition C*: the tenancy allows for the tenant’s share in the demised premises to reach 100%.
- (6) *Condition D*: if and when the tenant’s share of the demised premises is 100%, the tenancy—
  - (a) allows for the tenant to acquire the freehold of the premises (if the landlord has the freehold), or
  - (b) provides that the terms of the lease which make the lease a shared ownership lease cease to have effect (if the landlord does not have the freehold),
 without the payment of any further consideration.
- (7) Regulations under this section are to be made by statutory instrument.
- (8) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.
- (9) In this section “demised premises” means the premises demised under the shared ownership lease.”

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### Commencement Information

**I4** Sch. 8 para. 13 not in force at Royal Assent, see [s. 124\(3\)](#)

#### *Inclusion of terms for sharing staircasing payments*

14 In Schedule 1 (enfranchisement and extension by sub-tenants), after paragraph 12A insert—

- “12B (1) This paragraph applies if—
- (a) at the relevant time—
    - (i) the tenancy in possession is a shared ownership lease (the “original shared ownership lease”), and
    - (ii) the tenant’s share of the dwelling is less than 100%, and
  - (b) the landlord who grants the new tenancy (the “new shared ownership lease”) is not the immediate landlord under the original shared ownership lease.
- (2) At any time after the grant of the new shared ownership lease—
- (a) the immediate landlord under the new shared ownership lease, or
  - (b) the landlord under any relevant intermediate lease,
- may apply to the appropriate tribunal for an order making provision to secure that each relevant intermediate lease is varied to include (if or to the extent that it does not already do so) a payment sharing term.
- (3) A “payment sharing term” is a term under which staircasing payments are to be shared between—
- (a) the immediate landlord under the new shared ownership lease, and
  - (b) each landlord under a relevant intermediate lease,
- in a way which fairly and reasonably reflects staircasing losses that are incurred after the variation of the lease to include this term.
- (4) An order under this paragraph may include—
- (a) an order relating to a relevant intermediate lease not specified in the application;
  - (b) an order appointing a person who is not party to a relevant intermediate lease to execute a variation of the lease.
- (5) A lease is a “relevant intermediate lease” if—
- (a) the lease demises some or all of the shared ownership premises, and
  - (b) the lease is intermediate between—
    - (i) the new shared ownership lease, and
    - (ii) the interest of the landlord who granted the new shared ownership lease.
- (6) In this paragraph—

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“shared ownership premises” means the premises demised by the new shared ownership lease;

“staircasing loss”, in relation to a staircasing payment, means the loss that a landlord incurs because of the increase in the tenant’s share in the shared ownership premises to which the staircasing payment relates;

“staircasing payment” means a payment made by the tenant under the new shared ownership lease to their immediate landlord in consideration of an increase in the tenant’s share in the shared ownership premises.”

**Commencement Information**

**I5** Sch. 8 para. 14 not in force at Royal Assent, see [s. 124\(3\)](#)

*Meaning of “shared ownership lease”*

15 In section 37(1) (interpretation of Part 1)—

(a) after paragraph (b) insert—

“(bza) “landlord’s share”, in relation to a shared ownership lease, means the share in the premises demised by the lease which is not comprised in the tenant’s share;”;

(b) after paragraph (d) insert—

“(da) “shared ownership lease” means a lease of premises—

- (i) granted on payment of a premium calculated by reference to a percentage of the value of the premises or of the cost of providing them, or
- (ii) 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 the premises;

(db) “tenant’s share”, in relation to a shared ownership lease, means the tenant’s initial share in the premises demised by the lease, plus any additional share or shares in those demised premises which the tenant has acquired;”.

**Commencement Information**

**I6** Sch. 8 para. 15 not in force at Royal Assent, see [s. 124\(3\)](#)

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