



LEASE EXTENSIONS EXPLAINED

This guide is provided to assist you as a Leaseholder/Shared Owner of a flat to understand which procedure to use in order to extend your lease.

For all lease extensions, your current lease is surrendered and we will grant you a new lease for the extended term.

You will have to pay us a premium to extend your lease and this is calculated in accordance with the rules set out in the Leasehold Reform, Housing and Urban Development Act 1993 (the 1993 Act).

Lease extensions for Leaseholders

If you own 100% of your lease and have done so for 2 years, with a term of 21 years or greater you have a statutory right to extend your lease.

Your lease will be extended by 90 years.

As an outright leaseholder, you have two options to extend your lease:

Option 1 – THE STATUTORY PROCESS - serve a formal Notice under the Leasehold Reform, Housing and Urban Development Act 1993 (the 1993 Act) on ISHA

The Notice must include the amount you are offering for the extension.

When you serve a Notice, you start a timetable giving us 2 months to respond to you by serving a Counter Notice, further to engaging a RICS qualified Valuer to assess your proposals.

Should we disagree on the amount offered the statutory rules allow that either party can apply to the Leasehold Valuation Tribunal (LVT) for an independent determination.

In addition to the premium, you will have to pay

- Your Legal and Valuation costs
- Our reasonable Legal and Valuation costs
- ISHA administration fee

Should you wish to follow this route, we recommend you seek independent legal advice to confirm whether you do have the right and to obtain advice about the consequences of following this procedure.



Option 2 – THE VOLUNTARY PROCESS - proceed informally, by legal agreement between you and us (but still following principles of the 1993 Act)

This informal procedure does not involve the service of any Notices; in this case, matters are simply negotiated and agreed by the parties:-

You instruct ISHA to carry out a Lease Extension Valuation by a RICS qualified Valuer.

On receipt of the valuation an offer is made to you, calculated in accordance with the 1993 Act.

If the offer is accepted, you will provide us with your legal advisor's details and we will instruct our Solicitors to handle the transaction.

If we disagree on the valuation or the offer, then you will be required to follow the formal statutory process.

In addition to the premium, you will have to pay

- Your Legal costs (which may be less than option 1)
- Our reasonable Legal and Valuation costs
- ISHA administration fee

You may choose whichever option to extend your lease, but following the formal route will be more expensive.

Lease extensions for property still in Shared Ownership

Shared Ownership Flats

Flat owners who have not staircased to 100% i.e. are still shared owners, are not eligible to extend their lease through the statutory process, as they do not meet the qualifying criteria.

ISHA recognises that such leases are reducing in term and will, in time, become more difficult to remortgage or sell and have introduced a voluntary process that allows shared owners to extend their lease, once they have owned the property for 6 months or more.

This informal procedure does not involve the service of any Notices; in this case, matters are simply negotiated and agreed by the parties:-

You instruct ISHA to carry out a Lease Extension Valuation by a RICS qualified Valuer.



On receipt of the valuation an offer is made to you, calculated in accordance with the 1993 Act.

If the offer is accepted, you will provide us with your legal advisor's details and we will instruct our Solicitors to handle the transaction.

In addition to the premium, you will have to pay

- Your Legal costs (which may be less than option 1)
- Our reasonable Legal and Valuation costs

Contact Us

For more information regarding Lease Extensions please contact Leasehold Team on homeownership@isha.co.uk .