

<b>Policy title:</b>	Leasehold Extension Policy		
<b>Scope:</b>	Aspire Housing		
<b>Policy owner &amp; job title:</b>	Head of Assets and Sustainability		
<b>Approver:</b>	Executive Director of Place		
<b>Date:</b>	1 November 2025	<b>Review Due Date:</b>	31 October 2028

## POLICY SUMMARY

This policy covers how Aspire Housing will manage lease extension requests from leaseholders. Leasehold interests have arisen through a number of routes:

- Sales of flats to tenants under the Right to Buy, Right to Acquire or Voluntary Right to Buy scheme over a 125 year term
- Sales of properties under the shared ownership scheme which grants an equity lease to the shared owner. The circumstances of shared ownership leases being granted are as follows-
  - Houses which Aspire own the freehold
  - Houses which Aspire have purchased on a leasehold basis and then granted a sublease to a shared owner
  - Flats within a block which may be mixed or single tenure.

These leases have generally been granted over a 99, 125 or 999 year term and have a right to staircase to 100% of the leasehold interest (providing the lease is not in a Protected Area). Following the introduction of the Affordable Homes Programme 2021-2026 ("AHP 21-26") new shared ownership leases have been granted on a 990 year basis.

The company will ensure qualifying leaseholders have the opportunity to extend their lease in accordance with legislation and will ensure all leaseholders including shared owners have a clear understanding of the procedure and costs involved.

## Associated Acts and Reforms

- Leasehold Reform Act 1967 (the "1967 Act")
- Landlord & Tenant Act 1985
- Landlord & Tenant Act 1987

- Leasehold Reform, Housing & Urban Development Act 1993 (“1993 Act”)
- Commonhold & Leasehold Reform Act 2002
- Leasehold Reform (Ground Rent) Act 2022
- Leasehold and Freehold Reform Act 2024

## **Associated Policies & Procedures:**

Leasehold Management Policy

## **POLICY STATEMENT**

### **1.1 Overview**

Aspire Housing Limited (“Aspire”) is a Registered Provider (“RP”) which disposes of properties to leaseholders by granting a long lease. There are three ways in which Aspire will grant a lease:

1. Aspire have flats and maisonettes which it owns as a freeholder. These leases to leaseholders have either been granted through the Right to Buy (RTB) (including the preserved RTB) or Right to Acquire (RTA) process or through the company’s disposals programme. These leases have been granted on a 125 year term.
2. Aspire also sells properties under the shared ownership scheme which grants an equity lease to the shared owner. A shared owner is granted a lease on a 99 or 125 year term and has the right to staircase to 100% of the leasehold interest (provided this lease is not in a Protected Area). Aspire now grants shared ownership leases on a 990 year term for properties developed through the AHP 2021-26 and/or acquired via Section 106 agreements with a planning permission date post December 28<sup>th</sup> 2021.
3. Aspire (or a for profit subsidiary) may during the course of this policy sell properties on a 100% leasehold basis as part of a market sale offer.

Leases are assets that depreciate over time and sellers, prospective purchasers and mortgage lenders may start to become concerned as the term diminishes and may request an increase in the term of the lease. Forthcoming changes to the Leasehold and Reform Act 2024 will see the number of years added to a lease increase to 990 years and change how the premium payable on extension is calculated.

### **1.2 Who can extend their lease?**

There are two ways a lease can be extended:

1. The statutory (legal) right; and

## 2. The voluntary process.

Some leaseholders have the ability to extend their term through the statutory right under the 1967 Act or 1993 Act, subject to certain criteria and the payment of a premium. (Under the 1967 Act, leaseholders may also have the right to purchase the freehold of their property and it is likely that leaseholders would probably choose to exercise that right rather than extend the lease: this does not fall within the remit of this policy.)

Leaseholders that own 100% share of their home can either use the statutory route or the voluntary process.

Leaseholders who do not own a 100% share of their home must use the voluntary process to extend their lease as they do not otherwise meet the statutory criteria.

Another option for those living in a leasehold house would be to staircase up to 100% equity (where the lease permits) and complete the transfer of the freehold interest to them in accordance with the lease terms and then the lease would no longer exist. Aspire will support shared owners to understand if buying more shares in their property is possible and a better option than extending their lease: leaseholders will also be encouraged to take independent advice about the best approach for them personally.

Although shared owners do not have a statutory right to extend their leases, Aspire will be proactive in working with shared owners to grant voluntary lease extensions and review requests on a case by case basis.

Where a property is subject to a head lease, as Aspire has purchased on a leasehold basis, a voluntary lease extension will be restricted by the remaining term left on the head lease held by Aspire (i.e we are unable to grant a voluntary lease extension for longer than the head lease date). It will also be subject to Aspire having the ability to grant the voluntary lease extension under the terms of the lease it holds.

### **1.3 Statutory Lease Extensions**

Leasehold and Freehold Reform Act 2024 (Commencement No 2 and Transitional Provision) Regulations 2025 were passed and came into force on 31st January 2025. The provisions brought into force section 27 of the 2024 Act, which removes the existing 2-year qualifying period for lease extensions and enfranchisement claims which leaseholders previously needed to meet before extending their lease or purchasing their freehold. This means there is no minimum ownership period before a leasehold can extend their rights.

A leaseholder of a flat who owns 100% can request an extension to their lease, subject to the following conditions being met. These conditions are:

- The original term of the lease exceeded 21 years

- Owns 100% of the lease

If the above criteria is met, the leaseholder is entitled to purchase a new lease for an additional 90 years on top of the remaining term by following the statutory procedure. This requires a formal section 42 notice being served on Aspire to request an extension which triggers the statutory process.

Once the lease extension is completed, the ground rent paid under the existing lease is reduced to a peppercorn. This effectively means the lease is ground rent free. Any service charges or similar will remain payable under the lease. The other terms of the new lease will generally be the same as the existing lease (except for the end date) subject to any negotiations as part of the process.

#### **1.4 Shared Ownership Voluntary Lease Extensions (outside the terms of the 1967 Act and 1993 Act)**

Shared owners who have not staircased to 100% or whose lease is granted of a property in a Designated Protected Area so staircasing is capped are not eligible to extend their leases through the statutory process as they do not meet the qualifying conditions. However, we appreciate as lease periods and terms reduce it may hinder any re-mortgage or sale. Aspire may (subject to the particular circumstances) offer these individuals the opportunity to apply for a lease extension through the voluntary process should they wish to do so. This will include (but not be limited to):

- Ensuring this is not restricted by any head lease that Aspire itself has of the property;
- Ensuring this is not prevented by any other third party agreements Aspire has entered into including any funding agreements; and
- Agreement of terms between to the parties.

For shared ownership leaseholders this usually means the granting of a lease for a term of 90 years on top of the remaining term. If the shared owner has a mortgage this can only be done if the lender agrees to accept a deed of substituted security. If this option is chosen the specified rent would continue to be payable until the end of the original lease term (or if the leaseholder staircases to 100% if sooner), followed by a peppercorn rent for the extended term.

Alternatively, if the existing shared ownership lease has 21 years or less left to run then a new lease can be granted to take effect after the existing lease has expired or has been fully staircased (where possible). The premium will be on a 100% premium basis with no rent but the original lease will remain in place and the shared owner will continue to pay the specified rent for that lease until expiry or staircase to 100%.

#### **1.5 Lease Extension Fees**

Both the statutory process and voluntary process will require the leaseholder to be liable for the following fees as well as their own legal fees:

- Aspire's legal fees
- Valuation costs
- Administration fees
- Any consent fee required
- Any legal fees or costs of a Superior Landlord (if applicable)
- Any Land Registry fees
- Lease extension premium (this premium is determined by an independent specialist Chartered Surveyor using standard calculation methodology)

For voluntary lease extensions the legal and valuation fees will be required in advance whether or not the matter proceeds to completion (unless an undertaking is provided by solicitors acting for the leaseholders). For statutory extensions fees cannot be collected in advance.

For the statutory route, should we be unable to agree on the premium and/or lease terms following a period of negotiation, the statutory rules allow the leaseholder or us to apply to the First-tier Tribunal (Property Chamber) to decide on the premium to be paid and the new lease terms.

Any service charges will remain payable under the lease. The terms of the lease will remain generally the same, except for the end date and the rent payable.

### **1.6 Requesting an Extension**

Enquiries for lease extension will be dealt with by the Asset and Sustainability team and requests need to be received in writing from the leaseholder. Help and guidance in line with this policy will be provided to the leaseholder along with outlining costs. Alongside this we will recommend that the leaseholder seeks their own independent legal advice as soon as possible.

Upon receipt of the written enquiry about a lease extension, Aspire will formally respond within 14 days and confirm if the request can in theory be granted, noting that this will be subject to agreement of lease terms, legal advice and (where applicable) compliance with the statutory framework. Aspire will also promptly instruct solicitors to assist. Along with this the following will be requested:

- The basis upon which they are requesting the lease extension- voluntary/statutory
- The initial enquiry fee to be paid
- Reason for the lease extension request
- Details of any re-mortgage
- Details of any proposed resale

This letter will also clearly outline further costs associated with the process for the leaseholder to consider.

This step may not always take place if the leaseholder just proceeds to formal claim notice under the statutory route.

Once we are in receipt of the above information, (if applicable) formal notice of claim and the relevant checks have been made by the Asset and Sustainability team to confirm the leaseholder is eligible, a valuation will be commissioned from an independent Royal Institution of Chartered Surveyors (RICS) registered valuer to identify the premium. The leaseholder will cover the cost of this instruction. Upon receipt of the valuation, the terms of the lease extension will be drafted by the appointed solicitor and approval will be sought from the Head of Asset and Sustainability for the extension. Once approved, the terms will be issued to the leaseholder for consideration: for the statutory route, this will be via formal counter-notice.

Should the leaseholder not agree to the premium a period of negotiation will be carried out with us seeking advice from our commercial agent. If agreement cannot be reached:

- For the statutory route a referral can be made to the First-tier Tribunal (Property Chamber) to decide the premium within statutory timescales
- For the voluntary route the extension will not be granted by the Company

### **Equality & Diversity:**

This policy has been considered against our Equality and Diversity Policy.

We will adapt our support as necessary on a case by case basis (and subject to reasonable changes), for example by providing information by large text or by letter instead of email and recommend customers take their own independent legal advice to ensure they are fully informed.

Some customers may be disadvantaged owing to age and being unable to loan under usual mortgage terms however these criteria would be determined by the lender's requirements and outside of our control.

## **RESPONSIBILITIES OF EMPLOYEE**

### Asset and Sustainability Team

- Advise leaseholders to seek their own legal advice
- Provide clear and helpful guidance to leaseholders enquiring for an extension
- Ensure all reasonable costs in extending a lease are covered from the leaseholder in accordance with statutory provisions or (where applicable) this policy
- Appoint qualified RICS surveyor with the relevant area of expertise to assess the premium
- Calculate the premium paid by the leaseholder in accordance with the requirements of the 1967 Act or 1993 Act (as applicable) so far as possible.
- Consider whether any additional terms of the original lease need to be varied, added or deleted
- Seek approval from the Head of Asset and Sustainability for the lease extension term and premium
- Instruct legal representation as soon as formal notice is received from the leaseholder
- Seek the appropriate lender and funder consent for the extension (if required)
- Ensure all relevant paperwork is saved in the appropriate location and lease extension documents are stored in Documotive
- Update any core systems following the lease extension to ensure effective management

## **RESPONSIBILITY OF ASPIRE**

To comply with the 1967 Act and 1993 Act (as applicable)

To ensure that lease extension requests for shared ownership properties with less than 100% equity, which lie outside the statutory process, meet the guidance set out by Homes England.