

Leasehold Properties and Ground Rent Information Sheet

Throughout the country there are a significant number of properties sold on a long leasehold. Sheffield is a city that has a particularly large number of leasehold properties.

The freehold owner of all Sheffield Housing Company (SHC) land and properties is Sheffield City Council. For this reason, SHC sells its properties on a long leasehold of over 245 years.

What does it mean to own a long leasehold property?

Owning a long leasehold property means owning a property subject to a long tenancy (or 'period of rent') in relation to the land on which the property stands. The land remains within the ownership of the freeholder. The lease of the land grants the leasehold owner all of the rights of freehold ownership but is subject to certain conditions and regulations, which are set out in the lease. As a leaseholder you will pay an annual ground rent to the landlord to lease the land on which your property is built. Additionally, you may be charged a fee by the landlord where consent is required. Consent may be required if you wish to alter your property or build an extension for example. This consent is a way for the landlord to ensure that nothing is being done to the property that negatively affects the integrity and value of the land on which it stands.

What is my ground rent and will it increase during the lease term?

Under the terms of your lease there is a requirement to pay £175 per year in ground rent directly to your landlord or its managing agent. Your lease states that in 2028, the ground rent will be reviewed and potentially increase. However, any rise will be linked to the Retail Price Index. This is one of the main measures of consumer inflation in the UK and is produced by the Office for National Statistics. Your ground rent will then be fixed for a further 15 years, when another review will take place. This 15-year review cycle will continue until the end of the lease term.

Who is my landlord?

Depending on when you bought your home, your landlord will be either SHC or Adriatic Ltd. For all homes bought before 2016, and some - but not all - bought in the first six months of 2016, SHC transferred its landlord interests to Adriatic Ltd. If this applied to your leasehold, you will have been informed of this change at the time. The main difference for you will be that your ground rent will now be collected by a company called Home Ground, whereas Great Places Housing Group collects ground rent on behalf of SHC. It is important to note that regardless of who your landlord is, the terms of your lease, including your ground rent terms and the amount you have to pay, have **not** changed.

Can I buy the freehold from the land owner?

As explained above, Sheffield City Council is the freehold owner of the land on which your property is built.

The Leasehold Reform Act 1967 allows the leaseholder to purchase the freehold of their property so long as they are a 'qualifying tenant'. There are a number of requirements to being a 'qualifying tenant' with the principal one being that the tenant needs to have been the registered owner of the property for two years. If you are a qualifying tenant, your solicitor needs to serve a notice to Sheffield City Council and your landlord, under the Leasehold Reform Act 1967, giving notice of your intention to purchase the freehold of your property. The value can then be calculated and sent to you, along with details of how

to proceed with the purchase. It is advised that you seek your own independent legal advice should you wish to purchase your freehold.

Please note, if you pay a service charge for maintaining communal areas on your site, this annual cost will continue into the future, as it is separate and distinct from the annual ground rent.

IMPORTANT: For general enquiries related to the above please feel free to contact SHC on customerservices@sheffieldhousingcompany.co.uk or 0114 2730119 and we will do our best to give you the information that you need. However, we recommend that you seek independent legal advice from your solicitor to clarify any specific legal issues relating to your circumstances.

The Lease Advisory Service provides independent advice and information on the subject of purchasing freeholds and on leasehold in general. The website is: <https://www.lease-advice.org>.