

STOCKFIELD COMMUNITY ASSOCIATION (SUBSIDIARY) LIMITED
LEASEHOLDERS "RIGHT TO BUY"
LEASEHOLD REFORM ACT 1967

1 BACKGROUND

The purpose of this leaflet is to give advice to people who have purchased properties on a long lease from Stockfield Community Association (Subsidiary) Limited as the immediate landlord and who wish to exercise their right to purchase the freehold of that property.

2 WHO CAN EXERCISE THE RIGHT TO BUY?

The rights of a long leaseholder to purchase the freehold of a property are set out in the Leasehold Reform Act 1967 ("the Act"). The Act lays down a number of requirements a leaseholder must satisfy in order to exercise the right to buy.

Briefly these are:-

- The applicant must have been the owner of a leasehold house for at least two years (or for periods amounting to two years in the last ten years);
- The rateable value of the house must not exceed a certain level;
- The lease must be for a term of over 21 years;
- A low rent must be payable by the leaseholder.

It is probable that properties on the estate will fall within the value and low rent requirements.

3 WHAT HAPPENS NEXT?

HOW IS THE RIGHT TO BUY EXERCISED?

The leaseholder has to give a written notice to the landlord stating his or her wish to buy the freehold of the property. The notice has to be in a special form and can either be served on Birmingham City Council ("the Council") as the freehold owner of the property or the Association as the head landlord of the property.

4 WHAT HAPPENS THEN?

The Council or the Association will serve a notice stating whether or not it agrees that the leaseholder is entitled to purchase the freehold. The parties will then agree a price for the freehold and the conveyancing formalities will proceed. Information about initial procedures can be obtained from the Association's Financial Adviser A W Baker Limited. The telephone number is 0121 360 4110 and your initial contact will be Philip Baker his email address is awbakerlimited@hotmail.co.uk

The Council estimates (2007) that the cost of the freehold will be around £415 plus an administration charge of £150. The Association estimates (2016) that the cost of its interest as immediate landlord will be around £4,850 plus an administration charge of £250. These figures are, however, estimates and are subject to review and detailed valuation as required. Queries with regard to Freehold valuations should be made to Birmingham City Council's Home Sales Team on 0121 303 7929.

5 LEGAL COSTS

In order to acquire the freehold of the property the leaseholder will need to purchase the head leasehold owned by the Association. This means that both the Association and the Council will need to instruct solicitors. In law the leaseholder is responsible for their legal costs.

On the basis that the sale proceeds reasonably smoothly the Association estimates (2016) that its legal costs on each sale will amount to around £1,100 plus VAT and disbursements. The Council estimates (2009) that its legal costs will amount to £200 plus VAT and disbursements. Total disbursements (2009) are unlikely to exceed £50. The likely total costs (2016) of acquiring the freehold (including legal costs and disbursements) should be approximately £7,500 (excluding the leaseholder's own legal costs and disbursements). All prices quoted are, however, indicative only and assume that the price of the freehold is agreed and that no formal valuations are required.

6 LEGAL ADVICE FOR LEASEHOLDERS

The Act is complex as are the procedures for acquiring the freehold. Leaseholders will therefore need to consult their own solicitors for preliminary advice as to whether they are entitled to purchase the freehold and then to carry out any valuation and conveyancing formalities on their behalf. Neither the Council nor the Association are able to give advice to individual leaseholders in this respect.