



Leasehold Reform Act 1967

1967 CHAPTER 88

PART I

ENFRANCHISEMENT AND EXTENSION OF LONG LEASEHOLDS

Right to enfranchisement or extension

1 Tenants entitled to enfranchisement or extension.

- (1) This Part of this Act shall have effect to confer on a tenant of a leasehold house, occupying the house as his residence, a right to acquire on fair terms the freehold or an extended lease of the house and premises where—
- (a) his tenancy is a long tenancy at a low rent and the rateable value of the house and premises on the appropriate day is not (or was not) more than £200 or, if it is in Greater London, than £400 ; and
 - (b) at the relevant time (that is to say, at the time when he gives notice in accordance with this Act of his desire to have the freehold or to have an extended lease, as the case may be) he has been tenant of the house under a long tenancy at a low rent, and occupying it as his residence, for the last five years or for periods amounting to five years in the last ten years;
- and to confer the like right in the other cases for which provision is made in this Part of this Act.
- (2) In this Part of this Act references, in relation to any tenancy, to the tenant occupying a house as his residence shall be construed as applying where, but only where, the tenant is, in right of the tenancy, occupying it as his only or main residence (whether or not he uses it also for other purposes); but—
- (a) references to a person occupying a house shall apply where he occupies it in part only ; and
 - (b) in determining in what right the tenant occupies, there shall be disregarded any mortgage term and any interest arising in favour of any person by his attorning tenant to a mortgagee or chargee.

Status: This is the original version (as it was originally enacted).

- (3) This Part of this Act shall not confer on the tenant of a house any right by reference to his occupation of it as his residence (but shall apply as if he were not so occupying it) at any time when—
- (a) it is let to and occupied by him with other land or premises to which it is ancillary; or
 - (b) it is comprised in an agricultural holding within the meaning of the Agricultural Holdings Act 1948.
- (4) In subsection (1)(a) above, " the appropriate day ", in relation to any house and premises, means the 23rd March 1965 or such later day as by virtue of section 43(3) of the Rent Act 1965 would be the appropriate day for purposes of that Act in relation to a dwelling house consisting of that house.

2 Meaning of " house " and " house and premises and adjustment of boundary.

- (1) For purposes of this Part of this Act, " house " includes any building designed or adapted for living in and reasonably so called, notwithstanding that the building is not structurally detached, or was or is not solely designed or adapted for living in, or is divided horizontally into flats or maisonettes; and—
- (a) where a building is divided horizontally, the flats or other units into which it is so divided are not separate " houses ", though the building as a whole may be; and
 - (b) where a building is divided vertically the building as a whole is not a " house " though any of the units into which it is divided may be.
- (2) References in this Part of this Act to a house do not apply to a house which is not structurally detached and of which a material part lies above or below a part of the structure not comprised in the house.
- (3) Subject to the following provisions of this section, where in relation to a house let to and occupied by a tenant reference is made in this Part of this Act to the house and premises, the reference to premises is to be taken as referring to any garage, outhouse, garden, yard and appurtenances which at the relevant time are let to him with the house and are occupied with and used for the purposes of the house or any part of it by him or by another occupant.
- (4) In relation to the exercise by a tenant of any right conferred by this Part of this Act there shall be treated as included in the house and premises any other premises let with the house and premises but not at the relevant time occupied and used as mentioned in subsection (3) above (whether in consequence of an assignment of the term therein or a subletting or otherwise), if—
- (a) the landlord at the relevant time has an interest in the other premises and, not later than two months after the relevant time, gives to the tenant written notice objecting to the further severance of them from the house and premises; and
 - (b) either the tenant agrees to their inclusion with the house and premises or the court is satisfied that it would be unreasonable to require the landlord to retain them without the house and premises.
- (5) In relation to the exercise by a tenant of any right conferred by this Part of this Act there shall be treated as not included in the house and premises any part of them which lies above or below other premises (not consisting only of underlying mines or minerals), if—

Status: This is the original version (as it was originally enacted).

- (a) the landlord at the relevant time has an interest in the other premises and, not later than two months after the relevant time, gives to the tenant written notice objecting to the further severance from them of that part of the house and premises; and
 - (b) either the tenant agrees to the exclusion of that part of the house and premises or the court is satisfied that any hardship or inconvenience likely to result to the tenant from the exclusion, when account is taken of anything that can be done to mitigate its effects and of any undertaking of the landlord to take steps to mitigate them, is outweighed by the difficulties involved in the further severance from the other premises and any hardship or inconvenience likely to result from that severance to persons interested in those premises.
- (6) The rights conferred on a tenant by this Part of this Act in relation to any house and premises shall not extend to underlying minerals comprised in the tenancy if the landlord requires that the minerals be excepted, and if proper provision is made for the support of the house and premises as they have been enjoyed during the tenancy and in accordance with its terms.
- (7) Where by virtue of subsection (4) above a tenant of a house acquiring the freehold or an extended lease is required to include premises of which the tenancy is not vested in him, this Part of this Act shall apply for the purpose as if in the case of those premises a tenancy on identical terms were vested in him and the holder of the actual tenancy were a sub-tenant; and where by virtue of subsection (5) or (6) above a tenant of a house acquiring the freehold or an extended lease is required to exclude property of which the tenancy is vested in him, then unless the landlord and the tenant otherwise agree or the court for the protection of either of them from hardship or inconvenience otherwise orders, the grant to the tenant shall operate as a surrender of the tenancy in that property and the provision to be made by the grant shall be determined as if the surrender had taken place before the relevant time.

3 Meaning of " long tenancy ".

- (1) In this Part of this Act " long tenancy " means, subject to the provisions of this section, a tenancy granted for a term of years certain exceeding twenty-one years, whether or not the tenancy is (or may become) terminable before the end of that term by notice given by or to the tenant or by re-entry, forfeiture or otherwise, and includes a tenancy for a term fixed by law under a grant with a covenant or obligation for perpetual renewal unless it is a tenancy by sub-demise from one which is not a long tenancy:

Provided that a tenancy granted so as to become terminable by notice after a death or marriage is not to be treated as a long tenancy.

- (2) Where the tenant of any property under a long tenancy at a low rent, on the coming to an end of that tenancy, becomes or has become tenant of the property or part of it under another tenancy (whether by express grant or by implication of law), then the later tenancy shall be deemed for the purposes of this Part of this Act, including any further application of this subsection, to be a long tenancy irrespective of its terms.
- (3) Where the tenant of any property under a long tenancy, on the coming to an end of that tenancy, becomes or has become tenant of the property or part of it under another long tenancy, then in relation to the property or that part of it this Part of this Act shall apply as if there had been a single tenancy granted for a term beginning at the same time as the term under the earlier tenancy and expiring at the same time as the term under the later tenancy.

Status: This is the original version (as it was originally enacted).

- (4) Where a tenancy is or has been granted for a term of years certain not exceeding twenty-one years, but with a covenant or obligation for renewal without payment of a premium (but not for perpetual renewal), and the tenancy is or has been once or more renewed so as to bring to more than twenty-one years the total of the terms granted (including any interval between the end of a tenancy and the grant of a renewal), then this Part of this Act shall apply as it would apply if the term originally granted had been one exceeding twenty-one years.
- (5) References in this Part of this Act to a long tenancy include any period during which the tenancy is or was continued under Part I or II of the Landlord and Tenant Act 1954 or under the Leasehold Property (Temporary Provisions) Act 1951.
- (6) Where at any time there are separate tenancies, with the same landlord and the same tenant, of two or more parts of a house, or of a house or part of it and land or other premises occupied therewith, then in relation to the property comprised in such of those tenancies as are long tenancies this Part of this Act shall apply as it would if at that time there were a single tenancy of that property and the tenancy were a long tenancy, and for that purpose references in this Part of this Act to the commencement of the term or to the term date shall, if the separate tenancies commenced at different dates or have different term dates, have effect as references to the commencement or term date, as the case may be, of the tenancy comprising the house (or the earliest commencement or earliest term date of the tenancies comprising it):

Provided that this subsection shall have effect subject to the operation of subsections (2) to (5) above in relation to any of the separate tenancies.

4 Meaning of " low rent ".

- (1) For purposes of this Part of this Act a tenancy of any property is a tenancy at a low rent at any time when rent is not payable under the tenancy in respect of the property at a yearly rate equal to or more than two-thirds of the rateable value of the property on the appropriate day or, if later, the first day of the term:

Provided that a tenancy granted between the end of August 1939 and the beginning of April 1963 otherwise than by way of building lease (whether or not it is, by virtue of section 3(3) above, to be treated for other purposes as forming a single tenancy with a previous tenancy) shall not be regarded as a tenancy at a low rent if at the commencement of the tenancy the rent payable under the tenancy exceeded two-thirds of the letting value of the property (on the same terms).

For the purposes of this subsection—

- (a) " appropriate day " means the 23rd March 1965 or such later day as by virtue of section 43(3) of the Rent Act 1965 would be the appropriate day for purposes of that Act in relation to a dwelling-house consisting of the house in question; and
- (b) " rent " means rent reserved as such, and there shall be disregarded any part of the rent expressed to be payable in consideration of services to be provided, or of repairs, maintenance or insurance to be effected by the landlord, or to be payable in respect of the cost thereof to the landlord or a superior landlord; and
- (c) there shall be disregarded any term of the tenancy providing for suspension or reduction of rent in the event of damage to property demised, or for any penal addition to the rent in the event of a contravention of or non-compliance with the terms of the tenancy or an agreement collateral thereto ; and

Status: This is the original version (as it was originally enacted).

- (d) " building lease " means a lease granted in pursuance or in consideration of an agreement for the erection or the substantial re-building or reconstruction of the whole or part of the house in question or a building comprising it.
- (2) Where on a claim by the tenant of a house to exercise any right conferred by this Part of this Act a question arises under section 1(1) above whether his tenancy of the house is or was at any time a tenancy at a low rent, the question shall be determined by reference to the rent and rateable value of the house and premises as a whole, and in relation to a time before the relevant time shall be so determined whether or not the property then occupied with the house or any part of it was the same in all respects as that comprised in the house and premises for purposes of the claim; but, in a case where the tenancy derives (in accordance with section 3(6) above) from more than one separate tenancy, the proviso to subsection (1) above shall have effect if, but only if, it applies to one of the separate tenancies which comprises the house or part of it.
- (3) Where on a claim by the tenant of a house to exercise any right conferred by this Part of this Act a question arises under section 3(2) above whether a tenancy is or was a long tenancy by reason of a previous tenancy having been a long tenancy at a low rent, the question whether the previous tenancy was one at a low rent shall be determined in accordance with subsection (2) above as if it were a question arising under section 1(1), and shall be so determined by reference to the rent and rateable value of the house and premises or the part included in the previous tenancy, exclusive of any other land or premises so included:
- Provided that where an apportionment of rent or rateable value is required because the previous tenancy did not include the whole of the house and premises or included other property, the apportionment shall be made as at the end of the previous tenancy except in so far as, in the case of rent, an apportionment falls to be made at an earlier date under subsection (6) below.
- (4) For purposes of subsection (2) or (3) above a house and premises shall be taken as not including any premises which are to be or may be included under section 2(4) above in giving effect to the tenant's claim, and as including any part which is to be or may be excluded under section 2(5) or (6).
- (5) Where on a claim by the tenant of a house to exercise any right conferred by this Part of this Act a question arises whether a tenancy granted as mentioned in the proviso to subsection (1) above is or was at any time a tenancy at a low rent, it shall be presumed until the contrary is shown that the letting value referred to in that proviso was such that the proviso does not apply.
- (6) Any entire rent payable at any time in respect of both a house and premises or part thereof and of property not included in the house and premises shall for purposes of this section be apportioned as may be just according to the circumstances existing at the date of the severance giving rise to the apportionment, and references in this section to the rent of a house and premises or of part thereof shall be construed accordingly.

5 General provisions as to claims to enfranchisement or extension.

- (1) Where under this Part of this Act a tenant of a house has the right to acquire the freehold or an extended lease and gives notice of his desire to have it, the rights and obligations of the landlord and the tenant arising from the notice shall inure for the benefit of and be enforceable against them, their executors, administrators and assigns to the like extent (but no further) as rights and obligations arising under a contract for

Status: This is the original version (as it was originally enacted).

a sale or lease freely entered into between the landlord and tenant; and accordingly, in relation to matters arising out of any such notice, references in this Part of this Act to the tenant and the landlord shall, in so far as the context permits, include their respective executors, administrators and assigns.

- (2) Notwithstanding anything in subsection (1) above, the rights and obligations there referred to of a tenant shall be assignable with, but not capable of subsisting apart from, the tenancy of the entire house and premises; and if the tenancy is assigned without the benefit of the notice, or if the tenancy of one part of the house and premises is assigned to or vests in any person without the tenancy of another part, the notice shall accordingly cease to have effect, and the tenant shall be liable to make such compensation as may be just to the landlord in respect of the interference (if any) by the notice with the exercise by the landlord of his power to dispose of or deal with the house and premises or any neighbouring property.
- (3) In the event of any default by the landlord or the tenant in carrying out the obligations arising from any such notice, the other of them shall have the like rights and remedies as in the case of a contract freely entered into.
- (4) The provisions of Schedule 1 to this Act shall have effect in relation to the operation of this Part of this Act where a person gives notice of his desire to have the freehold or an extended lease of a house and premises, and either he does so in respect of a sub-tenancy or there is a tenancy reversionary on his tenancy; but any such notice given in respect of a tenancy granted by sub-demise out of a superior tenancy other than a long tenancy at a low rent shall be of no effect if the grant was made in breach of the terms of the superior tenancy and there has been no waiver of the breach by the superior landlord.
- (5) No lease shall be registrable under the Land Charges Act 1925 or be deemed to be an estate contract within the meaning of that Act by reason of the rights conferred on the tenant by this Part of this Act to acquire the freehold or an extended lease of property thereby demised, nor shall any right of a tenant arising from a notice under this Act of his desire to have the freehold or to have an extended lease be an overriding interest within the meaning of the Land Registration Act 1925 ; but any such notice shall be registrable under the Land Charges Act 1925 or may be the subject of a notice or caution under the Land Registration Act 1925, as if it were an estate contract.
- (6) A notice of a person's desire to have the freehold or an extended lease of a house and premises under this Part of this Act—
 - (a) shall be of no effect if at the relevant time any person or body of persons who has or have been, or could be, authorised to acquire the whole or part of the house and premises compulsorily for any purpose has or have, with a view to its acquisition for that purpose, served notice to treat on the landlord or on the tenant, or entered into a contract for the purchase of the interest of either of them, and the notice to treat or contract remains in force; and
 - (b) shall cease to have effect if before the completion of the conveyance in pursuance of the tenant's notice any such person or body of persons serves notice to treat as aforesaid;

but where a tenant's notice ceases to have effect by reason of a notice to treat served on him or on the landlord, then on the occasion of the compulsory acquisition in question the compensation payable in respect of any interest in the house and premises (whether or not the one to which that notice to treat relates) shall be determined on the basis of the value of the interest subject to and with the benefit of the rights and obligations arising from the tenant's notice and affecting that interest.

- (7) Where any such notice given by a tenant entitled to acquire the freehold or an extended lease has effect, then (without prejudice to the general law as to the frustration of contracts) the landlord and all other persons shall be discharged from the further performance, so far as relates to the disposal in any manner of the landlord's interest in the house and premises or any part thereof, of any contract previously entered into and not providing for the eventuality of such a notice (including any such contract made in pursuance of the order of any court):

Provided that, in the case of a notice of the tenant's desire to have an extended lease, this subsection shall not apply to discharge a person from performance of a contract unless the contract was entered into on the basis, common to both parties, that vacant possession of the house and premises or part thereof would or might be obtainable on the termination of the existing tenancy.

- (8) A tenant's notice of his desire to have an extended lease under this Part of this Act shall cease to have effect if afterwards (being entitled to do so) he gives notice of his desire to have the freehold.

6 Rights of trustees.

- (1) Where a tenant of a house is occupying it as his residence, his occupation of it at any earlier time shall for purposes of this Part of this Act be treated as having been an occupation in right of the tenancy if at that time—
- (a) the tenancy was settled land for purposes of the Settled Land Act 1925, and he was sole tenant for life within the meaning of that Act; or
 - (b) the tenancy was vested in trustees and he, as a person beneficially interested (whether directly or derivatively) under the trusts, was entitled or permitted to occupy the house by reason of that interest.

References in this section to trustees include persons holding on the statutory trusts arising by virtue of sections 34 to 36 of the Law of Property Act 1925 in cases of joint ownership or ownership in common.

- (2) Where a tenancy of a house is settled land for purposes of the Settled Land Act 1925, a sole tenant for life within the meaning of that Act shall have the same rights under this Part of this Act in respect of his occupation of the house as if the tenancy of it belonged to him absolutely, but without prejudice to his position under the settlement as a trustee for all parties entitled under the settlement; and—
- (a) the powers under that Act of a tenant for life shall include power to accept an extended lease under this Part of this Act; and
 - (b) an extended lease granted under this Part of this Act to a tenant for life or statutory owner shall be treated as a subsidiary vesting deed in accordance with section 53(2) of that Act.
- (3) Where a tenancy of a house is vested in trustees (other than a sole tenant for life within the meaning of the Settled Land Act 1925), and a person beneficially interested (whether directly or derivatively) under the trusts is entitled or permitted by reason of his interest to occupy the house, then the trustees shall have the like rights under this Part of this Act in respect of his occupation as he would have if he were the tenant occupying in right of the tenancy.
- (4) Without prejudice to any powers exercisable under the Settled Land Act 1925 by tenants for life or statutory owners within the meaning of that Act, where a tenancy

Status: This is the original version (as it was originally enacted).

of a house is vested in trustees, then unless the instrument regulating the trusts (being made after the passing of this Act) contains an explicit direction to the contrary, the powers of the trustees under that instrument shall include power, with the like consent or on the like direction (if any) as may be required for the exercise of their powers (or ordinary powers) of investment, to acquire and retain the freehold or an extended lease under this Part of this Act.

- (5) The purposes authorised for the application of capital money by section 73 of the Settled Land Act 1925, or by that section as applied by section 28 of the Law of Property Act 1925 in relation to trusts for sale, and the purposes authorised by section 71 of the Settled Land Act 1925 or by that section as applied as aforesaid as purposes for which moneys may be raised by mortgage, shall include the payment of any expenses incurred by a tenant for life or statutory owners or by trustees for sale, as the case may be, in or in connection with proceedings taken by him or them by virtue of subsection (2) or (3) above.

7 Rights of members of family succeeding to tenancy on death.

- (1) Where the tenant of a house dies while occupying it as his residence, and on his death a member of his family resident in the house becomes tenant of it under the same tenancy, then for the purposes of any claim by that member of the family to acquire the freehold or an extended lease under this Part of this Act he shall be treated as having been the tenant, and occupying the house as his residence, during any period when—
- (a) he was resident in the house, and it was his only or main place of residence; and
 - (b) the deceased person was, as the tenant under that tenancy, occupying the house as his residence (or would for the purposes of a claim made by him at the time of his death have been treated as having been so occupying it).
- (2) For purposes of this section—
- (a) a member of a tenant's family on whom the tenancy devolves on the tenant's death by virtue of a testamentary disposition or the law of intestate succession shall, on the tenancy vesting in him, be treated as having become tenant on the death; and
 - (b) a member of a tenant's family who, on the tenant's death, acquires the tenancy by the appropriation of it in or towards satisfaction of any legacy, share in residue, debt or other share in or claim against the tenant's estate, or by the purchase of it on a sale made by the tenant's personal representatives in the administration of the estate, shall be treated as a person on whom the tenancy devolved by direct bequest; and
 - (c) a person's interest in a tenancy as personal representative of a deceased tenant shall be disregarded, but references in paragraphs (a) and (b) above to a tenancy vesting in, or being acquired by, a member of a tenant's family shall apply also where, after the death of a member of the family, the tenancy vests in or is acquired by the personal representatives of that member.
- (3) Where a tenancy of a house is settled land for purposes of the Settled Land Act 1925, and on the death of a tenant for life within the meaning of that Act a member of his family resident with him becomes entitled to the tenancy in accordance with the settlement or by any appropriation by or purchase from the personal representatives in respect of the settled land, this section shall apply as if the tenancy had belonged to the tenant for life absolutely and the trusts of the settlement taking effect after his death had been trusts of his will.

Status: This is the original version (as it was originally enacted).

- (4) Where in a case not falling within subsection (3) above a tenancy of a house is held on trust and—
- (a) a person beneficially interested (whether directly or derivatively) under the trust is entitled or permitted by reason of his interest to occupy the house; and
 - (b) on his death a member of his family resident with him becomes tenant of the house in accordance with the terms of the trust or by any appropriation by or purchase from the trustees;
- then this section shall apply as if the deceased person while so occupying the house had been tenant of it occupying in right of the tenancy, and as if after his death the trustees had held and dealt with the tenancy as his executors (the remaining trusts being trusts of his will).
- (5) Subsections (3) and (4) above shall apply, with any necessary adaptations, where a person becomes entitled to a tenancy on the termination of a settlement or trust as they would apply if he had become entitled in accordance with the settlement or trust.
- (6) The reference in section 6(3) above to the rights which a beneficiary under a trust would have if he were the tenant occupying in right of the tenancy includes any rights which he would have by virtue of this section.
- (7) For purposes of this section a person is a member of another's family if that person is—
- (a) the other's wife or husband ; or
 - (b) a son or daughter or a son-in-law or daughter-in-law of the other, or of the other's wife or husband; or
 - (c) the father or mother of the other, or of the other's wife or husband.

In paragraph (b) above any reference to a person's son or daughter includes a reference to any stepson or stepdaughter, any illegitimate son or daughter, and any adopted son or daughter, of that person, and " son-in-law " and " daughter-in-law " shall be construed accordingly.

- (8) In Schedule 2 to the Intestates' Estates Act 1952 (which gives a surviving spouse a right to require the deceased's interest in the matrimonial home to be appropriated to the survivor's interest in the deceased's estate, but by paragraph 1(2) excludes tenancies terminating, or terminable by the landlord, within two years of the death), paragraph 1 (2) shall not apply to a tenancy if—
- (a) the surviving wife or husband would in consequence of an appropriation in accordance with that paragraph become entitled by virtue of this section to acquire the freehold or an extended lease under this Part of this Act, either immediately on the appropriation or before the tenancy can determine or be determined as mentioned in paragraph 1(2); or
 - (b) the deceased husband or wife, being entitled to acquire the freehold or an extended lease under this Part of this Act, had given notice of his or her desire to have it and the benefit of that notice is appropriated with the tenancy.
- (9) This section shall have effect in relation to deaths occurring before this Act was passed as it has effect in relation to deaths occurring after.