
STATUTORY INSTRUMENTS

2016 No. 870

RENTS AND RENTCHARGES, ENGLAND

The Rentcharges (Redemption Price) (England) Regulations 2016

Made - - - - *5th September 2016*
Laid before Parliament *7th September 2016*
Coming into force - - *1st October 2016*

The Secretary of State makes the following Regulations in exercise of the power conferred by section 10(1) of the Rentcharges Act 1977(1).

Citation and commencement

1. These Regulations may be cited as the Rentcharges (Redemption Price) (England) Regulations 2016 and come into force on 1st October 2016.

Redemption Price

2.—(1) For the purposes of—

- (a) section 9 of the Rentcharges Act 1977(2), and
- (b) section 9 of the Rentcharges Act 1977 as applied by section 20(1) of the Landlord and Tenant Act 1927(3),

the redemption price in relation to land in England is calculated by applying the following formula—

$$P = \pounds \frac{R}{Y} - \frac{R}{Y(1+Y)^n}$$

(2) For the purposes of the formula in paragraph (1)—

P = the redemption price;

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- (1) 1977 c.30; section 10(1) was substituted by the Housing and Planning Act 2016 (c.22), section 137(3). By virtue of article 2(a) of, and Schedule 1 to, the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672) the functions of the Secretary of State exercisable under the Rentcharges Act 1977 were transferred to the National Assembly so far as exercisable in relation to Wales.
 - (2) Section 9 was amended by the Housing and Planning Act 2016, section 137(2).
 - (3) 1927 c.36; section 20 was amended by the Rentcharges Act 1977, Schedule 1, paragraph 3; the Housing Act 1980 (c.51), section 143; and S.I. 1955/554, 1965/143, 1967/156 and 1970/1681. By virtue of article 2(a) of, and Schedule 1 to, the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672) the functions of the Secretary of State under section 20 of the Landlord and Tenant Act 1927 were transferred to the National Assembly so far as exercisable in relation to Wales.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

R = the annual amount of the rentcharge (or, as the case may be, the rent to which section 20(1) of the Landlord and Tenant Act 1927 applies) to be redeemed (in pounds sterling);

Y = the maturity rate, expressed as a decimal fraction, of the “over 30 not over 30.5 year” National Loans Fund interest rate; and

n = the period, expressed in years (rounding up any part of a year to a whole year), for which the rentcharge (or, as the case may be, the rent to which section 20(1) of the Landlord and Tenant Act 1927 applies) would remain payable if it were not redeemed.

(3) In paragraph (2), the maturity rate is the published interest rate at the close of business on the last trading day of the week before the week in which instructions for redemption are served under section 9(4) of the Rentcharges Act 1977.

Signed by authority of the Secretary of State for Communities and Local Government

Gavin Barwell
Minister of State
Department for Communities and Local
Government

5th September 2016

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe the formula to be applied in calculating the redemption price of rentcharges and other rents in England.

The formula uses the published “over 30 not over 30.5 year” National Loans Fund interest rate (this provides the value for “Y” in the prescribed formula). National Loans Fund interest rates are published on the UK Debt Management Office website at www.dmo.gov.uk. The interest rates are published as percentage rates and need to be converted into decimal fractions (divided by 100) before they can be used in the prescribed formula.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sectors is foreseen.

The Explanatory Memorandum is published alongside the instrument on www.legislation.gov.uk.