



Rent Act 1977

1977 CHAPTER 42

PART IX

PREMIUMS, ETC.

127 Allowable premiums in relation to certain long tenancies.

- (1) Where a tenancy is both a long tenancy within the meaning of Part I of the ^{M1}Landlord and Tenant Act 1954 and a protected tenancy, then—
 - (a) if the conditions specified in subsection (2) below are satisfied with respect to it, nothing in this Part of this Act or in Part VII of the ^{M2}Rent Act 1968 (provisions superseded by this Part) or the enactments replaced by the said Part VII shall apply or be deemed ever to have applied to the tenancy;
 - (b) if any of those conditions are not satisfied with respect to it, Part II of Schedule 18 to this Act shall apply and, if the tenancy was granted before the passing of this Act, be deemed always to have applied to it.
- (2) The conditions mentioned in subsection (1)(a) above are—
 - (a) that the tenancy is not, and cannot become, terminable within 20 years of the date when it was granted by notice given to the tenant; and
 - (b) that, unless the tenancy was granted before 25th July 1969 or was granted in pursuance of Part I of the ^{M3}Leasehold Reform Act 1967, the sums payable by the tenant otherwise than in respect of rates, services, repairs, maintenance or insurance are not, under the terms of the tenancy, varied or liable to be varied within 20 years of the date when it was granted nor, thereafter, more than once in any 21 years; and

[^{F1}(c) that the terms of the tenancy do not inhibit both the assignment and the underletting of the whole of the premises comprised in the tenancy.]
- (3) Where the condition specified in subsection (2)(b) above would be satisfied with respect to a sub-tenancy but for a term providing for one variation, within 20 years of the date when the sub-tenancy was granted, of the sums payable by the sub-tenant, that condition shall be deemed to be satisfied notwithstanding that term, if it is satisfied

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 for the Rent Act 1977, Section 127. (See end of Document for details)*

with respect to a superior tenancy of the premises comprised in the sub-tenancy (or of those and other premises).

[^{F2}(3A) If the conditions in subsection (3B) below are satisfied in respect of a tenancy, this Part of this Act shall not apply to that tenancy and, together with Part VII of the ^{M4} Rent Act 1968 and the enactments replaced by Part VII, shall be deemed never to have applied to it.

(3B) The conditions are that—

- (a) the tenancy was granted before 16th July 1980;
- (b) a premium was lawfully required and paid on the grant of the tenancy;
- (c) the tenancy was, at the time when it was granted, a tenancy at a low rent; and
- (d) the terms of the tenancy do not inhibit both the assignment and the underletting of the whole of the premises comprised in the tenancy.

(3C) If the conditions in subsection (3D) below are satisfied in respect of a tenancy, this section shall have effect, in relation to that tenancy, as if for the words “20 years” and “21 years”, in subsection (2)(b) and (3) above there were substituted, respectively, the words “6 years” and “7 years”.

(3D) The conditions are that—

- (a) the tenancy is granted after 15th July 1980;
- (b) at the time when it is granted it is a tenancy at a low rent; and
- (c) the terms of the tenancy ensure that any variation of the sums payable by the tenant otherwise than in respect of rates, services, repairs or maintenance, cannot lead to those sums exceeding an annual rate of two-thirds of the rateable value of the dwelling-house at the date when the variation is made.

For the purposes of this subsection the rateable value of a dwelling-house shall be ascertained in accordance with section 25 of this Act (disregarding subsection (4)) by reference to the value shown in the valuation list at the date when the variation is made.]

(4) Nothing in this section shall affect the recovery, in pursuance of any judgment given or order or agreement made before 20th May 1969, of any amount which it was not lawful to receive under the law in force at the time it was received.

(5) In this section “grant” includes continuance and renewal [^{F3}and for the purposes of subsections (2)(c) and (3B)(d) above the terms of a tenancy inhibit an assignment or underletting if they—]

- [^{F3}(a) preclude it; or
- (b) permit it subject to a consent but exclude section 144 of the ^{M5} Law of Property Act 1925 (no payment in nature of fine); or
- (c) permit it subject to a consent but require in connection with a request for consent the making of an offer to surrender the tenancy.]

Textual Amendments

- F1** S. 127(2)(c) substituted retrospectively by [Housing Act 1980 \(c. 51, SIF 61\), s. 78\(1\)\(2\)](#)
- F2** S. 127(3A)–(3D) inserted by [Housing Act 1980 \(c. 51, SIF 61\), s. 78\(4\)](#)
- F3** Words added retrospectively by [Housing Act 1980 \(c. 51, SIF 61\), s. 78\(1\)\(3\)](#)

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Modifications etc. (not altering text)

C1 S. 127: by [Housing Act 1988 \(c. 50, SIF 75:1\)](#), [s. 115](#) it is provided that with respect to (a) any premium received or required to be paid after the commencement of that 1988 Act or, (b) any loan required to be made after that commencement, section 127 shall have effect subject to the following amendments— (1) for subsections (2) and (3) there shall be substituted “(2) The conditions mentioned in subsection (1)(a) above are—(a) that the landlord has no power to determine the tenancy at any time within twenty years beginning on the date when it was granted; and (b) that the terms of the tenancy do not inhibit both the assignment and the underletting of the whole of the premises comprised in the tenancy; but for the purpose of paragraph (b) above there shall be disregarded any term of the tenancy which inhibits assignment and underletting only during a period which is or falls within the final seven years of the term for which the tenancy was granted. (3) The reference in subsection (2) above to a power of the landlord to determine a tenancy does not include a reference to a power of re-entry or forfeiture for breach of any term or condition of the tenancy.” and, (2) subsections (3C) and (3D) shall be omitted and in subsection (5) for “(2)(c)” there shall be substituted “(2)(b)”

Marginal Citations

M1 1954 c. 27.

M2 1968 c. 23.

M3 1967 c. 88.

M4 1968 c.23

M5 1925 c. 20.

Changes to legislation:

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