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SCHEDULE 2

PRESCRIBED FORMS

Form 7

LANDLORD'S NOTICE ENDING A BUSINESS TENANCY (WITH REASONS FOR REFUSING A NEW TENANCY) WHERE THE LEASEHOLD REFORM ACT 1967 MAY APPLY

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LANDLORD'S NOTICE ENDING A BUSINESS TENANCY (WITH REASONS FOR REFUSING A NEW TENANCY) WHERE THE LEASEHOLD REFORM ACT 1967 MAY APPLY

Section 25 of the Landlord and Tenant Act 1954 and paragraph 10 of Schedule 3 to the Leasehold Reform Act 1967

IMPORTANT NOTE FOR THE LANDLORD: Use this form where you wish to oppose the grant of a new tenancy, and the tenant may be entitled to acquire the freehold or an extended lease. Complete this form and send it to the tenant. If you are opposed to the grant of a new tenancy, and the tenant is not entitled to acquire the freehold or an extended lease, use form 2 in Schedule 2 to the Landlord and Tenant Act 1954, Part 2 (Notices) Regulations 2004 instead of this form.

To: *(insert name and address of tenant)*

From: *(insert name and address of landlord)*

1. This notice relates to the following property: *(insert address or description of property)*
 2. I am giving you notice under section 25 of the Landlord and Tenant Act 1954 to end your tenancy on *(insert date)*.
 3. I am opposed to the grant of a new tenancy.
 4. You may ask the court to order the grant of a new tenancy. If you do, I will oppose your application on the ground(s) mentioned in paragraph(s)* of section 30(1) of that Act. I draw your attention to the Table in the Notes below, which sets out all the grounds of opposition.
- * *(insert letter(s) of the paragraph(s) relied on)*
5. If you wish to ask the court for a new tenancy you must do so by the date in paragraph 2 unless, before that date, we agree in writing to a later date
 6. I can ask the court to order the ending of your tenancy without granting you a new tenancy. I may have to pay you compensation if I have relied only on one or more of the grounds mentioned in paragraph (c), (f) and (g) of section 30(1). If I ask the court to end your tenancy, you can challenge my application.
 7. If you have a right under Part 1 of the Leasehold Reform Act 1967 to acquire the freehold or an extended lease of property comprised in the tenancy, notice of your desire to have the freehold or an extended lease cannot be given more than two months after the service of this notice. If you have that right, and give notice of your desire to have the freehold or an extended lease within those two months, this notice will not operate, and I may take no further proceedings under Part 2 of the Landlord and Tenant Act 1954.

*8. If you give notice of your desire to have the freehold or an extended lease, I will be entitled to apply to the court under section 17/section 18** of the Leasehold Reform Act 1967, and propose to do so. If I am successful I may have to pay you compensation. (**delete the reference to section 17 or section 18, as the circumstances require)

OR

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*8. If you give notice of your desire to have the freehold or an extended lease, I will be entitled to apply to the court under section 17/section 18** of the Leasehold Reform Act 1967, but do not propose to do so. (***delete the reference to section 17 or section 18, as the circumstances require*)

OR

*8. If you give notice of your desire to have the freehold or an extended lease, I will not be entitled to apply to the court under section 17 or section 18 of the Leasehold Reform Act 1967.

** DELETE TWO versions of this paragraph, as the circumstances require*

*9. I know or believe that the following persons have an interest superior to your tenancy or to be the agent concerned with the property on behalf of someone who has such an interest (*insert names and addresses*):

** delete if inapplicable*

10. Please send all correspondence about this notice to:

Name:

Address:

Signed:

Date:

*[Landlord] *[On behalf of the landlord] *[Mortgagee] *[On behalf of the mortgagee]

*(*delete if inapplicable)*

IMPORTANT NOTE FOR THE TENANT

This Notice is intended to bring your tenancy to an end on the date specified in paragraph 2.

Your landlord is not prepared to offer you a new tenancy. You will not get a new tenancy unless you successfully challenge in court the grounds on which your landlord opposes the grant of a new tenancy.

If you want to continue to occupy your property you must act quickly. The notes below should help you to decide what action you now need to take. If you want to challenge your landlord's refusal to renew your tenancy, get advice immediately from a solicitor or a surveyor.

NOTES

Unless otherwise stated, the sections mentioned below are sections of the Landlord and Tenant Act 1954, as amended, (most recently by the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003)

Ending of your tenancy

This notice is intended to bring your tenancy to an end on the date given in paragraph 2. Section 25 contains rules about the date that the landlord can put in paragraph 2 of this notice.

Your landlord is not prepared to offer you a new tenancy. If you want a new tenancy you will need to apply to the court for a new tenancy and successfully challenge the landlord's opposition (see the section below headed "*Landlord's opposition to new tenancy*"). If you wish to apply to the court you must do so before the date given in paragraph 2 of this notice, unless you and your landlord have agreed in writing, before that date, to extend the deadline (sections 29A and 29B).

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If you apply to the court your tenancy will continue after the date given in paragraph 2 of this notice while your application is being considered (section 24). You may not apply to the court if your landlord has already done so (section 24(2A) and (2B)).

You may only stay in the property after the date given in paragraph 2 (or such later date as you and the landlord may have agreed in writing) if before that date you have asked the court to order the grant of a new tenancy or the landlord has asked the court to order the ending of your tenancy without granting you a new one.

If you are in any doubt about what action you should take, get advice immediately from a solicitor or a surveyor.

Landlord's opposition to new tenancy

If you apply to the court for a new tenancy, the landlord can only oppose your application on one or more of the grounds set out in section 30(1). If you match the letter(s) specified in paragraph 4 of the notice with those in the first column in the Table below, you can see from the second column the ground(s) on which the landlord relies.

<i>Paragraph of section 30(1)</i>	<i>Grounds</i>
(a)	Where under the current tenancy the tenant has any obligations as respects the repair and maintenance of the holding, that the tenant ought not to be granted a new tenancy in view of the state of repair of the holding, being a state resulting from the tenant's failure to comply with the said obligations.
(b)	That the tenant ought not to be granted a new tenancy in view of his persistent delay in paying rent which has become due.
(c)	That the tenant ought not to be granted a new tenancy in view of other substantial breaches by him of his obligations under the current tenancy, or for any other reason connected with the tenant's use or management of the holding.
(d)	That the landlord has offered and is willing to provide or secure the provision of alternative accommodation for the tenant, that the terms on which the alternative accommodation is available are reasonable having regard to the terms of the current tenancy and to all other relevant circumstances, and that the accommodation and the time at which it will be available are suitable for the tenant's requirements (including the requirement to preserve goodwill) having regard to the nature and class of his business and to the situation and extent of, and facilities afforded by, the holding.
(e)	Where the current tenancy was created by the sub-letting of part only of the property comprised in a superior tenancy and the landlord is the owner of an interest in reversion expectant on the termination of that superior tenancy, that the aggregate of the rents reasonably obtainable on separate lettings of the holding and the remainder of that property would be substantially less than the rent reasonably obtainable on a letting of that property as a whole, that on the termination of the current tenancy the landlord requires possession of the holding for the purposes of letting or otherwise disposing of the said property as a whole, and that in view thereof the tenant ought not to be granted a new tenancy.

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(f)	That on the termination of the current tenancy the landlord intends to demolish or reconstruct the premises comprised in the holding or a substantial part of those premises or to carry out substantial work of construction on the holding or part thereof and that he could not reasonably do so without obtaining possession of the holding.
(g)	On the termination of the current tenancy the landlord intends to occupy the holding for the purposes, or partly for the purposes, of a business to be carried on by him therein, or as his residence.

In this Table “the holding” means the property that is the subject of the tenancy.

In ground (e), “the landlord is the owner an interest in reversion expectant on the termination of that superior tenancy” means that the landlord has an interest in the property that will entitle him or her, when your immediate landlord’s tenancy comes to an end, to exercise certain rights and obligations in relation to the property that are currently exercisable by your immediate landlord.

If the landlord relies on ground (f), the court can sometimes still grant a new tenancy if certain conditions set out in section 31A are met.

If the landlord relies on ground (g), please note that “the landlord” may have an extended meaning. Where a landlord has a controlling interest in a company then either the landlord or the company can rely on ground (g). Where the landlord is a company and a person has a controlling interest in that company then either of them can rely on ground (g) (section 30(1A) and (1B)). A person has a “controlling interest” in a company if, had he been a company, the other company would have been its subsidiary (section 46(2)).

The landlord must normally have been the landlord for at least five years before he or she can rely on ground (g).

Rights under the Leasehold Reform Act 1967

If the property comprised in your tenancy is a house, as defined in section 2 of the Leasehold Reform Act 1967 (“the 1967 Act”), you may have the right to buy the freehold of the property or an extended lease. If the house is for the time being let under two or more tenancies, you will not have that right if your tenancy is subject to a sub-tenancy and the sub-tenant is himself or herself entitled to that right.

You will have that right if all the following conditions are met:

- (i) your lease was originally granted for a term of more than 35 years, or was preceded by such a lease which was granted or assigned to you; and
- (ii) your lease is of the whole house; and
- (iii) your lease is at a low rent. If your tenancy was entered into before 1 April 1990 (or later if you contracted before that date to enter into the tenancy) “low rent” means that your present annual rent is less than two-thirds of the rateable value of your house as assessed either on 23 March 1965, or on the first day of the term in the case of a lease granted to commence after 23 March 1965; and the property had a rateable value other than nil when the tenancy began or at any time before 1 April 1990. If your tenancy was granted on or after 1 April 1990, “low rent” means that the present annual rent is not more than £1,000 in London or £250 elsewhere; and
- (iv) you have been occupying the house (or any part of it) as your only or main residence (whether or not it has been occupied for other purposes) either for the whole of the last two years, or for a total of two years in the last ten years; and
- (v) the rateable value of your house was at one time within certain limits.

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Claiming your rights under the 1967 Act

If you have a right to buy the freehold or an extended lease and wish to exercise it you must serve the appropriate notice on the landlord. A special form is prescribed for this purpose; it is Form 1 as set out in the Schedule to the Leasehold Reform (Notices) (Amendment) (England) Regulations 2002 (S.I. 2002/1715) or, if the property is in Wales, the Leasehold Reform (Notices) (Amendment) (Wales) Regulations 2002 (S.I. 2002/3187) (W.303). Subject to the two exceptions mentioned below, you must serve the notice claiming to buy the freehold or an extended lease within two months after the date of service of this notice. The first exception is where, within that two-month period, you apply to the court to order the grant of a new tenancy. In that case your claim to buy the freehold or an extended lease must be made when you make the application to the court. The second exception is where the landlord agrees in writing to your claim being made after the date on which it should have been made.

There are special rules about the service of notices. If there has been any delay in your seeing this notice, you may need to act very quickly.

If you are in any doubt about your rights under the 1967 Act or what action you should take, get advice immediately from a solicitor or a surveyor.

Landlord's opposition to claims under the 1967 Act

If your landlord acquired his or her interest in the house not later than 18 February 1966 he or she can object to your claim to buy the freehold or an extended lease on the grounds that he or she needs to occupy the house or that the house is needed for occupation by a member of his or her family. This objection will be under section 18 of the 1967 Act.

If you claim an extended lease, your landlord can object under section 17 of the 1967 Act on the grounds that he or she wishes to redevelop the property.

You will be able to tell from paragraph 8 of this notice whether your landlord intends to apply to the court and, if so, whether for the purposes of occupation or redevelopment of the house.

Compensation

If you cannot get a new tenancy solely because one or more of grounds (c), (f) and (g) in section 30(1) applies, you may be entitled to compensation under section 37. If your landlord has opposed your application on any of the other grounds as well as (c), (f) or (g) you can only get compensation if the court's refusal to grant a new tenancy is based solely on one or more of grounds (c), (f) and (g). In other words, you cannot get compensation under section 37 if the court has refused your tenancy on other grounds, even if one or more of grounds (c), (f) and (g) also applies.

If your landlord is an authority possessing compulsory purchase powers (such as a local authority) you may be entitled to a disturbance payment under Part 3 of the Land Compensation Act 1973.

If you have a right under the 1967 Act to buy the freehold or an extended lease but the landlord is able to obtain possession of the premises, compensation is payable under section 17(2) or section 18(4) of the 1967 Act. Your solicitor or surveyor will be able to advise you about this.

Negotiations with your landlord

If you try to buy the property by agreement or negotiate an extended lease with the landlord, remember:

- that your present tenancy will not be extended under the 1954 Act after the date in paragraph 2 of this notice unless you agree in writing to extend the deadline for applying to the court under the 1954 Act or you (or the landlord) has applied to the court before that date (sections 29, 29A and 29B), and

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- that you may lose your right to serve a notice claiming to buy the freehold or an extended lease under the 1967 Act if you do not observe the two-month time limit referred to in the note headed *Claiming your rights under the 1967 Act*.

Validity of this notice

The landlord who has given you this notice may not be the landlord to whom you pay your rent (sections 44 and 67). This does not necessarily mean that the notice is invalid.

If you have any doubts about whether this notice is valid, get advice immediately from a solicitor or a surveyor.

Further information

An explanation of the main points to consider when renewing or ending a business tenancy, "Renewing and Ending Business Leases: a Guide for Tenants and Landlords", can be found at www.odpm.gov.uk. Printed copies of the explanation, but not of this form, are available from 1st June 2004 from Free Literature, PO Box 236, Wetherby, West Yorkshire, LS23 7NB (0870 1226 236).