

COMMONHOLD AND LEASEHOLD REFORM ACT 2002

EXPLANATORY NOTES

COMMENTARY ON THE SECTIONS: PART 1

Qualifying rules

Section 143: Abolition of limits on rights after lease extension

237. *Section 143* amends section 16 of the 1967 Act. Section 16 currently limits the rights of leaseholders of houses who have exercised their right to extend their lease. By removing paragraph (a) of subsection (1), leaseholders with extended leases will be given the right to acquire the freehold. Similarly, the removal of subsection (4) will also give sub-tenants of a tenant with an extended lease the right to acquire the freehold if otherwise qualified to do so. These rights will apply to leases extended before these provisions come into force in the same way as it will apply to those extended after that date.
238. *Subsection (2)* replaces section 16(1B) of the 1967 Act. The existing subsection (1B) prevents an extended tenancy from being an assured tenancy and disapplies the provisions of Schedule 10 to the Local Government and Housing Act 1989. It will be replaced with a provision that allows those with extended leases to benefit from security of tenure even if they can no longer meet the relevant low rent test. This is necessary because the higher ground rent payable under an extended lease will normally be above the limits of that test.
239. *Subsection (3)* makes it clear that the above changes apply to leases which have been extended before the coming into force of these provisions. *Subsection (4)* clarifies the operation of the valuation principles in section 9(1A) of the 1967 Act after the original term date of the lease.