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Lease term extensions explained

The latter half of the 20th century saw a significant increase in the number of residential flats sold on long lease, typically for a lease term of 99-125 years.

Most mortgage lenders will require a minimum lease term of 70 years before they will lend on the security of residential flats. Thus, the majority of potential buyers of residential flats granted for a 99-year lease term prior to 1985 will require the lease term to be extended before they can purchase the flat with the assistance of a mortgage.

By the same token, a tenant may have difficulty in selling a flat due to the length of the remaining term.

There are two ways in which a tenant can set about extending their lease, either by informal agreement with the landlord or by statute under the provisions of the Leasehold Reform Housing and Urban Development Act 1993.

Where the tenant makes an informal request of the landlord for an extended term, many landlords are slow to respond to such a request.

Typically, landlords will try to negotiate a capital payment for the grant of the new lease and an extension of the current lease term to just 99 years or 125 years at a ground rent higher than is payable under



The right to a lease extension most commonly applies to a lease originally granted for more than 21 years and the tenant must also have owned the flat for two years

the existing lease, thus securing a regular income stream.

In practice the tenant might be much better off if they were to exercise their rights to an extension under the legislation.

The right to a lease extension most commonly applies to a lease originally granted for more than 21 years and the tenant must also have owned the flat for two years, although there are exceptions.

A tenant who qualifies for the right to extend is entitled to a new lease for a term of 90 years from the end of their existing lease plus the new lease will be at a nil ground rent.

Thus a tenant with only 80 years remaining on their existing lease is entitled to a new 170-year lease on the same terms but without payment of any ground rent.

Where the current lease term has less than 80 years remaining the landlord will be entitled to a higher premium.

This is a simplified overview of the options for tenants wishing to extend their lease and if you would like any more advice please contact Nick Lightbown on 01379 641221.

Women in property

According to The Association of Women in Property, a national organisation which aims to see women equally represented alongside male colleagues, only 15 percent of the industry workforce is represented by women. We asked three women to tell us about their roles and if they think things are changing.

Jan Hytch

Operations partner, Arnolds Keys

Tell us about your job?

I am effectively responsible for the running of the business and making sure all the residential and commercial sales teams have everything they require to be able to do their jobs well. That includes making sure the IT is running smoothly and all the other equipment they need is working properly.

What has changed most significantly about the property industry since you have been working in it?

The biggest changes have been technology and customer service. I think technology has brought a lot of benefits with it but it can also bring complacency and we need to be aware of that. Our customers today quite rightly expect much higher standards of customer service than they did 20 years ago – part of that is down to technology – and we have to

ensure we give them a very high standard of service.

How easy is it for women to carve out a career in the property business these days?

This business can work well for people who want to work around a family and I think property lettings and sales does require a skill set that people traditionally associate with women, such as dealing with customers at a time when they are often feeling quite emotional.

I think it probably is easier for women to get to board level now than it was when I started out, but I also don't know a single woman who wouldn't want to know she had got there on her own merits rather than because it was felt a woman should be there.

What do you enjoy about working in Norfolk?

It is an absolutely delightful

place to work. I live 13 miles out of Norwich and for half an hour every morning I am lucky enough to do 90 percent of my journey to work through beautiful countryside before arriving to work in a beautiful, historic city. The people here are really lovely and it is a safe place to live and bring up a family.

What is the best part of your job?

The fact that every day is different. Every day brings new people and new challenges. That stretches the brain and keeps it interesting.



Janette Churchill

Area manager, Howards

Tell us about your job?

I am area manager for Howards, which involves valuing properties in the area and ensuring all the offices are running smoothly and delivering everything they are supposed to deliver. My job is also to put forward some good ideas.

What has changed most significantly about the property industry since you have been working in it?

Apart from the prices, I would say technology. When I first started, all our marketing was print-based but now, of course, we have the internet too. I still love working with print and getting on the phone to talk to customers as much as possible, but the internet has given us additional ways of working too.

How easy is it for women to carve out a career in the property business these days?

I think it offers brilliant career pos-

sibilities for women. When I first started out – and for years and years, in fact – I was the only female valuer for miles around. Now there are far more women working in the industry and I do think it affords them the opportunity to carve out a niche for themselves.

If you know what you are talking about and do your job well then it doesn't matter whether you are a man or a woman.

What do you enjoy about working in Norfolk?

The people who live here – our customers are amazing. I have worked for Howards for 22 years now and love the fact that I see people again and again. I also love working somewhere that has all the benefits of the city and the country.

What is the best part of your job?

Meeting so many different people and making their homes look lovely.





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Thinking of buying a 'doer upper'?

There are a number of attractions to buying a property which requires renovation or updating. The draw of personalising your home or adding value to an investment is appealing. We have seen clients do this successfully to beautiful effect, or more established developers who have revamped a property for capital growth.

In order to make it work for you, both practically and financially, there are some important considerations.

The purpose

The reason for the purchase will have an impact on the type and cost of the works. If your investment is a purely financial one - you are looking to improve the property and sell it on at a higher price - consider improvements which are essential to the resale of the property. If this is your own home, the renovations will be to improve the quality of your life rather than to increase capital value.

The cost

One of the main advantages of buying a property in need of work is the cost. The assumption is that you will be able to get more for your money than you would buying an equivalent house in tip top condition. This is true to a great extent. However, the total cost of renovating a property can be more than the sum of its parts, particularly if you are doing it alongside a full time job. The cost of materials, labour, skilled trades, design and furnishings is one element, but be wary of the cost of loss of working hours, for example, or the impact the renovations have (albeit temporarily) on your home life.

The location

Whether you are buying in town or in the country, location is everything. Compromising on factors such as the internal decoration and external appearance of your doer upper are all elements you can change and improve upon. But the location must be right. This applies whether the property will be your home or whether you are looking to sell on.

Time taken

Many clients we have met, for whom buying a doer upper is a dream, talk of moving in and making improvements over a series of months (or years!). However, the reality of living in what can feel like a building site can take its toll, as can the co-ordination of professional tradespeople and DIY tasks. Consider whether your renovation would benefit from a project manager - someone who can bring together all the elements and minimise the time lost between each job. If your budget allows, it may also pay to move into rented accommodation for a short period while works are being completed.

This column is sponsored by Savills Norwich, 01603 229229.



Juliette Hopkins

Design director, Fleur Developments

Tell us about your job?

I have been in property a very long time and one of the things I feel particularly strongly about is that the design element that gives new homes character and texture can often be missing. With my creative background, my job at Fleur Developments is very much about working with the architects to bring that in and to set us apart from other developers.

What has changed most significantly about the property industry since you have been working in it?

I do worry now about the government directives for councils to approve such high numbers of new homes each year. I would like to see a much more organic approach to development, with more groups of smaller collections of houses being approved, with consideration for the landscape. Buildings make their mark on the land and are there for a very long time.

How easy is it for women to carve out a career in the property business these days?

It was easy for me because I always knew I wanted to work for myself, but in

the past I know it has been hard for a lot of women. This is changing, however, even in construction: I am currently working on a joint venture where we have a female surveyor and assistant site manager.

In our office, we have a balance of about 50/50 men to women and I think that is important as it brings different approaches to the work.

What do you enjoy about working in Norfolk?

I was born in Norfolk and feel lucky to be working in such a beautiful place. I love the challenge of what we do here, being mindful of the landscape around us and working with such wonderful materials as chalk blocks and lovely flint.

What is the best part of your job?

Looking at each and every house and really imagining how the new owners will live in it - thinking about how the whole house will work for them as a family and considering everything right down to last detail to make sure it is all as good as it really can be.