



Leasehold Reform (Ground Rent) Act 2022

2022 CHAPTER 1

An Act to make provision about the rent payable under long leases of dwellings; and for connected purposes. [8th February 2022]

BE IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Application of Act

1 Regulated leases

- (1) In this Act a “regulated lease” means a lease which meets the following conditions—
 - (a) it is a long lease of a single dwelling,
 - (b) it is granted for a premium,
 - (c) it is granted on or after the relevant commencement day, otherwise than in pursuance of a contract made before that day, and
 - (d) when it is granted, it is not an excepted lease,(but see [subsection \(5\)](#)).
- (2) The “relevant commencement day”, in relation to a lease, is the day on which this Act comes fully into force in relation to leases of that kind (see section 25).
- (3) For the purposes of [subsection \(1\)\(c\)](#) “contract” does not include an option or right of first refusal.
- (4) In this Act references to the grant of a lease include the case where, by virtue of any variation of a lease, there is a deemed surrender and regrant.
- (5) Where there is a deemed surrender and regrant by virtue of the variation of a lease which is—

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- (a) a regulated lease, or
 - (b) a lease granted before the relevant commencement day,
- subsection (1) applies as if paragraph (b) were omitted.

2 Excepted leases

Business leases

- (1) A lease is an excepted lease if—
 - (a) the terms of the lease expressly permit premises demised by the lease to be used for purposes which are business purposes (and do not require any further consent from the landlord for such use),
 - (b) the nature of the business purposes permitted by the lease is such that the use of premises demised by the lease as a dwelling significantly contributes to the business purposes, and
 - (c) at or before the time the lease is granted, the landlord and tenant (or prospective landlord and tenant) each give the other a written notice to the effect that they intend premises demised (or to be demised) by the lease to be used, and to continue to be used, for the purposes mentioned in paragraph (a).
- (2) The Secretary of State may by regulations make further provision about the form and content of notices under subsection (1)(c).
- (3) “Business” includes a trade, profession or employment, but does not include a home business within the meaning of Part 2 of the Landlord and Tenant Act 1954 (see section 43ZA of that Act).

Statutory lease extensions

- (4) A lease is an excepted lease if it is granted under Part 1 of the Leasehold Reform Act 1967 (tenant of leasehold house entitled to extended lease).
- (5) A lease is an excepted lease if it is granted under Chapter 2 of Part 1 of the Leasehold Reform, Housing and Urban Development Act 1993 (tenant of flat entitled to extended lease).

Community housing leases

- (6) A lease is an excepted lease if—
 - (a) it is a community housing lease, and
 - (b) it meets any further conditions specified in regulations made by the relevant authority.
- (7) A lease is a community housing lease if—
 - (a) the landlord under the lease is a community land trust within the meaning of section 79 of the Housing and Regeneration Act 2008, or
 - (b) it is a lease of a dwelling in a building within paragraph 2B of Schedule 14 to the Housing Act 2004 (buildings controlled or managed by co-operative societies), disregarding sub-paragraph (3)(b) of that paragraph.

Home finance plan leases

- (8) A lease is an excepted lease if—

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- (a) it is a home finance plan lease, and
 - (b) it meets any further conditions specified in regulations made by the Secretary of State.
- (9) A lease is a home finance plan lease if—
 - (a) it is granted pursuant to an arrangement which is a regulated home reversion plan for the purposes of Chapter 15A of Part 2 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ([S.I. 2001/544](#)), or
 - (b) it is granted by a finance provider to a home buyer pursuant to a rent to buy arrangement.
- (10) A “rent to buy arrangement” is an arrangement in relation to which the following conditions are met—
 - (a) a person (the “finance provider”) buys a qualifying interest, or an undivided share of a qualifying interest, in land, and
 - (b) the arrangement provides for the obligation of another person (the “home buyer”) to buy the interest bought by the finance provider over the course of, or at the end of, a specified period.
- (11) A “qualifying interest in land” means an estate in fee simple absolute or a term of years absolute, whether subsisting at law or in equity.

Prohibited and permitted rent

3 Prohibited rent

- (1) The landlord under a regulated lease must not require the tenant to make a payment of a prohibited rent.
- (2) For the purposes of subsection (1), a landlord requires a tenant to make a payment of a prohibited rent where the landlord, or a person acting on behalf of the landlord, does either or both of the following in relation to the payment—
 - (a) asks the tenant for the payment;
 - (b) having received the payment, fails to refund it to the tenant before the end of the period of 28 days beginning with the day after its receipt.
- (3) In this section—
 - (a) references to a landlord include a person who has ceased to be a landlord, and
 - (b) references to a tenant include—
 - (i) a person who has ceased to be a tenant;
 - (ii) a person acting on behalf of a tenant;
 - (iii) a person who has guaranteed the payment of rent by a tenant.
- (4) In this Act “prohibited rent” means any rent, to the extent that it exceeds the permitted rent (see sections 4 to 6).

4 Permitted rent: general rule

- (1) This section applies to a regulated lease, other than a regulated lease to which section 5 or 6 applies.

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- (2) The permitted rent is a peppercorn rent.
- (3) In this Act a “peppercorn rent” means an annual rent of one peppercorn.

5 Permitted rent: shared ownership leases

- (1) This section applies to a regulated lease which is a relevant shared ownership lease.
- (2) The permitted rent is—
 - (a) in respect of the tenant’s share in the demised premises, a peppercorn rent;
 - (b) in respect of the landlord’s share in the demised premises, any rent.
- (3) A shared ownership lease is a lease—
 - (a) granted on payment of a premium calculated by reference to a percentage of the value of the demised premises or the cost of providing them, or
 - (b) under which the tenant (or the tenant’s personal representatives) will or may be entitled to a sum calculated by reference, directly or indirectly, to the value of those premises.
- (4) A relevant shared ownership lease is a shared ownership lease where the tenant’s share in the demised premises is less than 100%.
- (5) The tenant’s share in the demised premises is the tenant’s initial share in the demised premises, plus any additional share or shares in the demised premises which the tenant has acquired.
- (6) The landlord’s share in the demised premises is the share in the demised premises which is not comprised in the tenant’s share.
- (7) Where a shared ownership lease does not reserve separate rents in respect of the tenant’s share in the demised premises and the landlord’s share in the demised premises, any rent reserved is to be treated as reserved in respect of the landlord’s share.
- (8) This section does not apply to a regulated lease if section 6 applies to it.

6 Permitted rent: leases replacing pre-commencement leases

- (1) This section applies where—
 - (a) the tenant under a pre-commencement lease is granted a new lease (a “replacement lease”) of premises which consist of, or include, some or all of the premises demised by the pre-commencement lease,
 - (b) the term of the replacement lease begins before the end of the term of the pre-commencement lease, and
 - (c) the replacement lease is a regulated lease.
- (2) The permitted rent under the replacement lease is—
 - (a) in respect of the excepted period, a rent not exceeding the rent that would have been payable under the pre-commencement lease in respect of that period;
 - (b) in respect of the regulated period (if any), a peppercorn rent.
- (3) The “excepted period” is the period which—
 - (a) begins with the first day of the term of the replacement lease, and

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- (b) ends with the last day of the term of the pre-commencement lease.
- (4) The “regulated period” is the period which—
 - (a) begins immediately after the excepted period, and
 - (b) ends with the last day of the term of the replacement lease.
- (5) Where—
 - (a) the tenant under a lease to which [subsection \(2\)](#) applies is granted a new lease of premises which consist of, or include, some or all of the premises demised by that lease,
 - (b) the term of the new lease begins before the end of the term of the pre-commencement lease, and
 - (c) the new lease is a regulated lease,

[subsections \(2\) to \(4\)](#) apply to the new lease, reading references to the replacement lease as references to the new lease.
- (6) Where the pre-commencement lease is a relevant shared ownership lease, [subsection \(2\)\(a\)](#) applies as if after “payable” there were inserted “in respect of the tenant’s share in the demised premises”.
- (7) Where a lease to which [subsection \(2\)](#) applies is a relevant shared ownership lease—
 - (a) that subsection applies as if after “replacement lease” there were inserted “in respect of the tenant’s share in the demised premises”, and
 - (b) the permitted rent in respect of the landlord’s share in the demised premises is any rent.
- (8) In this section—
 - (a) “pre-commencement lease” means a long lease of a dwelling which is granted before the day which is the relevant commencement day in relation to the replacement lease;
 - (b) references to the end of the term of the pre-commencement lease are to what would have been the end of the term of the pre-commencement lease if the replacement lease had not been granted.
- (9) Section [5\(3\) to \(7\)](#) applies for the purposes of this section.

Effect of term reserving prohibited rent

7 Term reserving prohibited rent treated as reserving permitted rent

- (1) This section applies where any term of a regulated lease to which a section specified in column 1 of the table applies reserves a prohibited rent.
- (2) The term has effect as if, in place of the prohibited rent, it reserved the rent specified in column 2 of the table.
- (3) Where the prohibited rent is reserved in respect of a period specified in column 3 of the table, or a share in the demised premises specified in column 4 of the table, or both, the term is treated as reserving the rent specified in column 2 of the table in respect of that period, that share, or that period and that share.