

A large, thick teal arc that curves from the top left towards the bottom right, partially framing the text.

PORTER  
DODSON

Commercial & Private Law

**Collective Enfranchisement in  
the UK: *A Comprehensive Guide***

A smaller, dark teal arc in the bottom left corner, mirroring the style of the larger teal arc above.

[porterododson.co.uk](http://porterododson.co.uk)

Collective Enfranchisement offers leaseholders a valuable opportunity to acquire the freehold of their property, effectively ending their dependence on the landlord and granting them more control over their living environment. This process can be particularly appealing for leaseholders who are dissatisfied with their current landlord or management. Tenants may seek to increase the value of their property, or wish to gain greater power in decision-making regarding the building they live in. This can be a complex process, so it is essential that you are given the right advice and are aware of the risks before proceeding.

## 1. What is Collective Enfranchisement?

Collective enfranchisement is the process by which a group of leaseholders collectively acquire the freehold from their landlord, with immediate interest in their property. This legal right is provided under the Leasehold Reform, Housing and Urban Development Act 1993 (as amended). By exercising this right, leaseholders can gain control over the management of their building and potentially improve the value of the lease by later extending the term or collectively agreeing variations to the leases in the block.

## 2. Am I Eligible for Collective Enfranchisement?

Eligibility for collective enfranchisement is governed by the Leasehold Reform, Housing and Urban Development Act 1993. To qualify, the following criteria must be met:

- **The Building:** The property must be a self-contained building or a part of a building (e.g., a block of flats) that comprises at least two flats. The properties inside the building must be at least 75% residential.
- **Leaseholders:** At least 50% of the leaseholders in the building must participate in the enfranchisement process.
- **Lease Term:** A 'qualified leaseholder' refers to a leaseholder whose lease originally exceeded more than 21 years from the commencement date.
- **Landlord's Role:** The freeholder must not be a charitable or non-profit organisation.

These conditions ensure that collective enfranchisement is pursued by a sufficient number of eligible leaseholders to make the process effective and manageable.

## 3. How Does Collective Enfranchisement Work?

The process of collective enfranchisement involves several key steps:

1. **Initial Consultation:** Leaseholders should consult with legal and surveying professionals to assess the feasibility of enfranchisement.
2. **Formation of a Group:** A minimum of 50% of leaseholders must agree to participate. A nominee purchaser must be chosen. This may be named leaseholders or a freshly created company for that purpose.
3. **Initial Notice of claim:** The participating leaseholders must serve a formal notice of claim

to the freeholder, detailing their intention to acquire the freehold.

4. Valuation: A surveyor is appointed to value the freehold interest and determine the purchase price.
5. Negotiation: The terms of the sale are negotiated between the leaseholders and the freeholder.
6. Completion: Once an agreement is reached, the sale is completed, and the freehold is transferred to the leaseholders or company set up by them to own the freehold.

The process is designed to be comprehensive, ensuring that all parties have a clear understanding of their rights and obligations throughout.

## 4. How Do I Start the Process of Collective Enfranchisement?

To initiate collective enfranchisement:

1. Research Freeholder Information: Identify and verify the contact details of the freeholder, which can be obtained from land registry records. If your landlord is unable to be found, and you show reasonable efforts to identify them, the courts may make a vesting order to progress the application.
2. Survey/Valuation: Commission a professional surveyor to value the freehold and provide a realistic assessment of the purchase price.
3. Choose a Nominated Tenant: Elect a representative (a solicitor or a nominated tenant) who will be responsible for communicating with the freeholder / their agents or solicitors, and managing the enfranchisement process.
4. Serve Notice: Serve a formal notice of claim to the freeholder under section 13 of the Leasehold Reform, Housing and Urban Development Act 1993. This notice must be served by post and must comply with statutory requirements. No binding contract is created until one is specifically entered into by *all* the parties.

## 5. What Does a Participation Agreement Do?

A participation agreement is a crucial document that formalises the commitment of all participating leaseholders to the enfranchisement process. It ensures that all parties are bound by the same terms and conditions, which facilitates a smooth and coordinated approach to acquiring the freehold. The agreement also outlines each leaseholder's financial contributions and responsibilities, which is essential for avoiding disputes and ensuring equitable participation.

## 6. Can My Landlord Refuse Enfranchisement?

A freeholder may attempt to refuse enfranchisement by serving a counter-notice within two months of receiving the notice of claim. Common grounds for refusal include:

- Invalid Claim: The claim does not meet the statutory requirements.

- Ineligible Building: The building does not meet the criteria for collective enfranchisement.
- Leaseholder Participation: Not enough leaseholders have agreed to participate.

However, if the freeholder's grounds for refusal are deemed unjustified, the leaseholders may apply to the First-tier Tribunal (Property Chamber) for a determination.

## 7. What If My Landlord Is Missing?

If the freeholder cannot be located, leaseholders can apply to the First-tier Tribunal for an order to appoint a manager or to determine the missing landlord's interests. Additionally, leaseholders may request the appointment of an 'administrator' under section 41 of the Landlord and Tenant Act 1954 to facilitate the enfranchisement process.

## 8. What Happens After a Freehold Sale is Agreed?

Once a freehold sale is agreed, the leaseholders and the freeholder will complete the necessary legal formalities, including the drafting and execution of the transfer documents. The leaseholders will then pay the agreed purchase price, and the freehold interest will be formally transferred to the leaseholders' nominated purchaser.

## 9. What Are the Benefits and Drawbacks of Collective Enfranchisement?

### Benefits:

- Control: Leaseholders gain control over the management of their building.
- Value Increase: Owning the freehold can increase the value of individual flats because they can extend leases and also vary unwelcome lease provisions (if everyone agrees).
- Management Flexibility: Leaseholders can make decisions regarding maintenance and improvements.

### Drawbacks:

- Cost: If the freeholder is resistant to a sale and unreasonable in terms of their expectations for the premium, the process can be expensive, involving legal and valuation fees.
- Complexity: The procedure can feel complex and time-consuming without the support of specialist legal advisors.
- Disputes: There is the potential for disagreements among leaseholders regarding management decisions once the transfer has taken place.

## 10. Are There Any Alternatives to Collective Enfranchisement?

Yes, there are alternatives:

- Right to Manage (RTM): Allows leaseholders to take over the management of their building without purchasing the freehold.
- Residents Management Company (RMC): Leaseholders can form a company to manage their building, providing a degree of control without acquiring the freehold.

These alternatives may be suitable for leaseholders seeking management control without the financial commitment involved in collective enfranchisement.

In conclusion, collective enfranchisement provides a powerful means for leaseholders to gain control over their property, but it requires careful planning and consideration.

Understanding the process and your rights under the law is crucial to achieving a successful outcome.

Porter Dodson LLP has a specialist property disputes team with extensive expertise of collective enfranchisement and lease extension.

## Contact us:

**Helen Williams** Partner

[helen.williams@porterdodson.co.uk](mailto:helen.williams@porterdodson.co.uk)

01935 846758

**Will Bartley** Associate

[will.bartley@porterdodson.co.uk](mailto:will.bartley@porterdodson.co.uk)

01305 756301