

Subject: Review of Ground Rents, North Yarmouth

Report to: Scrutiny Committee 10<sup>th</sup> April 2014

Report by: Group Manager – Property & Construction

<b>SUBJECT MATTER/RECOMMENDATIONS</b>
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<b>To review Ground rents held by the Council in North Yarmouth</b>
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**1. INTRODUCTION/BACKGROUND**

Historically the Council disposed of land by way of plots on long leases rather than selling freeholds.

In 1993 the majority of the Council's residential ground rents were disposed of as a package.

**2. GROUND RENTS IN NORTH YARMOUTH**

The Council currently retains ownership of 51 properties held on 999 year ground rents (identified on the attached plan). The Leasehold Reform Act 1967 (as amended) gives the tenant of a leasehold house who fulfils certain rules of qualification the right to acquire the freehold

To qualify three conditions need to be met; namely:

- (i) It must be a house, this can mean a shop with a flat above, or a building converted to flats.
- (ii) The lease must comprise the whole of the house and it must be a long tenancy, i.e., a lease with an original term of more than 21 years.
- (iii) The tenant must have owned the lease of the house for a period of at least two years before the date of the claim.

Ownership of these properties was retained as they did not meet the requirements of the Leasehold Reform Act at that time. This was primarily as they were being used on a commercial basis.

A leaseholder may, subject to the rules above, enact an enfranchisement by serving a notice on the Council, agreeing to pay all associated costs. In reality the costs far exceed the enfranchisement value. Enfranchisement usually occurs when the leaseholder is trying to sell the property and being able to offer a freehold rather than a leasehold can be more attractive, particularly in

a sluggish housing market. In these cases the overall costs are seen as minimal and give the owner a stronger negotiating position.

## 2 CURRENT POSITION

The remaining ground leases involve no management by the Council, whilst bringing in a modest income. There are companies that purchase ground rents but this is only economic if there are large numbers in a package. Informal enquiries have been made of these companies and the remaining leases in North Yarmouth are not sufficient to be seen as an attractive investment.

## 3 RECOMMENDATION

As the Leasehold Reform Act gives a qualifying Leaseholder the ability, at any time, to purchase their freehold and there are minimal management costs in holding the leases to the Council, the status quo should remain whereby the Council will deal with claims as they are submitted.

### FINANCIAL IMPLICATIONS:

None

### LEGAL IMPLICATIONS:

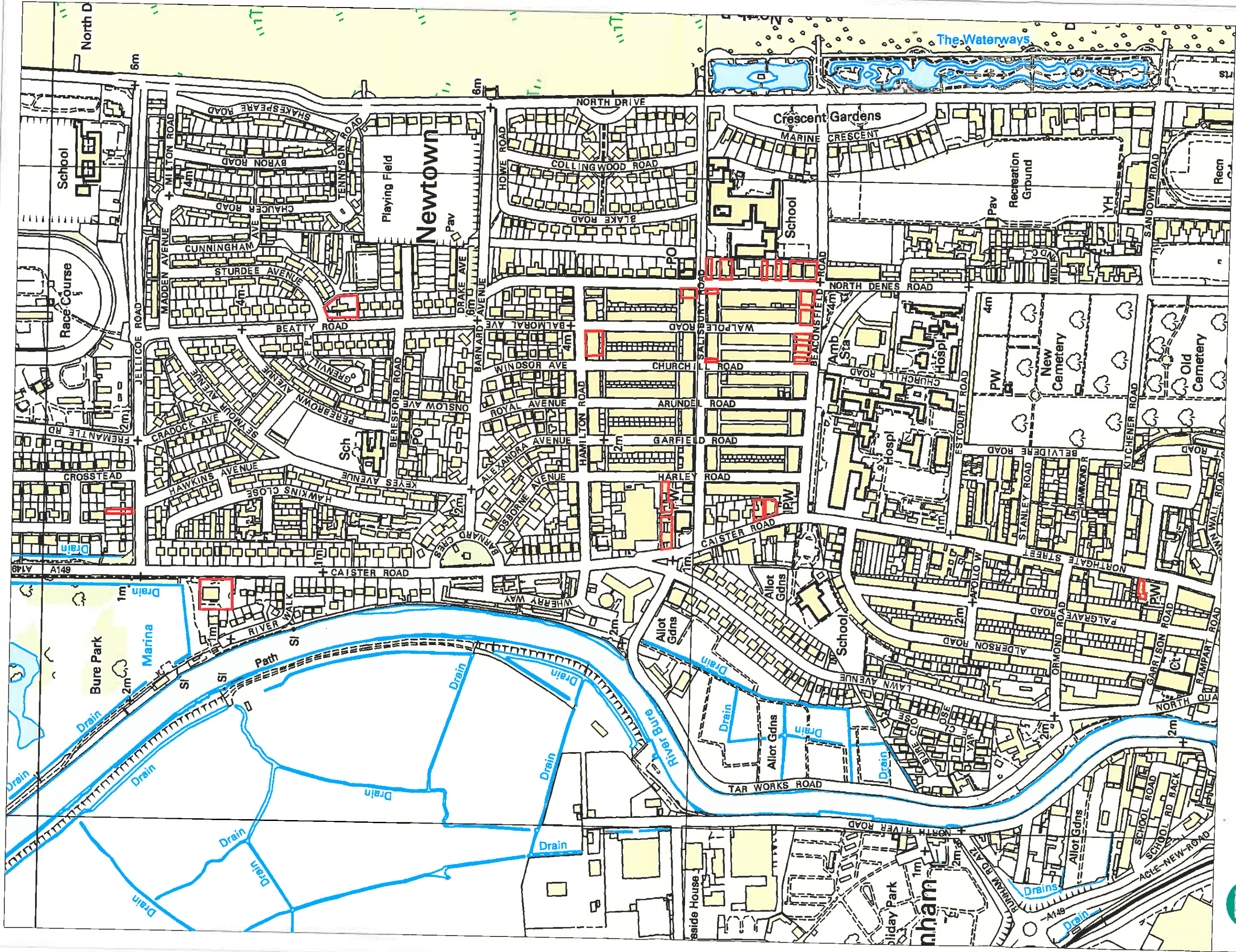
None

### EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

Director of Resources, Governance and Growth.

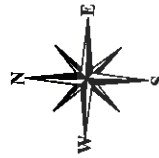
## RECOMMENDATIONS

Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered?	Issues	
	Legal	No
	Financial	No
	Risk	No
	Sustainability	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No
	Equality	No
	EqlA Form completed	N/A



# 999 year ground Rents

Property Services  
 Great Yarmouth Borough Council  
 Town Hall  
 Great Yarmouth  
 Norfolk NR30 2QF



Scale = 1:5000 @ A3

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