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Customer guide

Lease Extensions

Customer Guide: Lease Extensions

A simple guide to what a lease extension is, why it matters, and what to do if you are interested.

This guide is for leaseholders and shared owners who want to understand lease extensions in plain English. It explains the main things to consider before making a decision and the steps to take if you would like to explore extending your lease.

What is a lease extension?

A lease extension is the legal process of adding more years to the remaining term of your lease. A lease gives you the right to occupy and use your home for a fixed number of years. As time passes, the remaining lease term reduces. Extending the lease can help protect the value of your home and make it easier to sell, remortgage, or staircase in the future.

For many flat owners who qualify for the formal statutory route, a lease extension usually adds 90 years to the existing lease term and reduces ground rent to a peppercorn, which means no ground rent is payable. Shared owners who have not staircased to 100% may need to use an informal route agreed with their landlord or housing provider, depending on their lease and the organisation's policy.

Why lease length matters

The length of your lease can affect the value, saleability, and mortgageability of your home. The shorter the lease becomes, the more important it is to get advice early.

- **Property value:** A shorter lease can reduce the market value of your home.
- **Mortgage and remortgage options:** Some lenders may be reluctant to lend on homes with shorter leases.
- **Selling your home:** Buyers may find it harder to get a mortgage if the lease is short, which can affect the sale.
- **Cost:** Lease extension costs often increase as the lease gets shorter. The 80-year point is especially important because, under current rules, costs can rise significantly once a lease falls below 80 years.
- **Peace of mind:** A longer lease can make future plans easier, particularly if you may sell, remortgage, or staircase later.

Things you should know before applying

- **Check your lease length:** Your lease will show the original lease term and the date it started. This allows you to work out how many years are left.

- **Understand the route available to you:** Some leaseholders may have a formal legal right to extend. Shared owners who own less than 100% may need to request a voluntary or informal extension.
- **Expect costs:** You may need to pay a lease extension premium, valuation fees, legal fees, Land Registry fees, and in some cases the landlord's reasonable costs.
- **Get independent advice:** You should consider speaking to a solicitor and a qualified surveyor before committing to a lease extension.
- **Do not leave it too late:** Acting early can help you understand your options and may reduce the risk of higher costs later.

Shared ownership customers

If you are a shared owner, your lease still reduces each year, even if you do not own 100% of the property. A short lease can affect your ability to sell, remortgage, or staircase. If you own less than 100%, you may not have the same statutory rights as a 100% leaseholder, so you should ask your landlord or housing provider what informal lease extension options are available.

What to do if you are interested in extending your lease

1. **Find out how many years are left on your lease.** Check your lease documents or ask your landlord or housing provider.
2. **Contact us to register your interest.** We can explain the information we need from you and confirm the route that may apply.
3. **Consider independent professional advice.** A solicitor and surveyor can help you understand the legal process, likely premium, and overall costs.
4. **Ask for a valuation or estimate.** This can help you decide whether you want to proceed.
5. **Review the offer and costs carefully.** Make sure you understand the new lease length, any changes to rent, and all fees before agreeing.
6. **Complete the legal process.** If you decide to proceed, solicitors will prepare and complete the lease extension documentation.

Information you may need to provide

- Your full name and property address.
- A copy of your lease, if available.
- The date your lease started and the original lease term.
- The percentage share you own, if you are a shared owner.
- Details of any mortgage lender.
- Whether you are planning to sell, remortgage, or staircase.

Important note

This guide is general information only and is not legal, financial, or valuation advice. Lease extension rules, costs, and timescales depend on your lease, property, ownership type, and personal circumstances. You should seek independent professional advice before making a decision.

Interested in a lease extension? Please contact sharedownership@karbonhomes.co.uk and we will explain the next steps, what information we need from you, and how the process works.