

Are you an owner of a property containing residential flats? Did you know that if you want to sell your freehold you may have to give the flat owners or some tenants the

Right of first refusal?

By law, you must first offer to sell the freehold to them before offering it on the open market. The offer must be made to long leasehold flat owners and to tenants with the protection of the 1977 Rent Act – but not assured tenants, including assured shorthold tenants, or business tenants. It is a criminal offence not to make the offer if you are required to do so by law.

Would this apply to me if I wanted to sell my freehold?

It will apply if the building contains at least two flats, no more than 50% of it is non-residential and more than 50% of the flats in the building are held by 'qualifying tenants'. There are exceptions for certain types of landlord such as local authorities and housing associations, and for resident landlords where:

- the building is not a purpose-built block of flats (ie a house converted into flats) and
- you genuinely live in the building as your only or principal residence and have done so for more than 12 months.

What do I need to do to comply with the law?

You need to serve a notice in a prescribed form on at least 90% of your qualifying tenants. This must state the price and other terms at which you wish to sell. You cannot then sell your freehold until they have had an opportunity to take up the offer if they wish to do so within the period specified in the notice which must not be less than two months. The 'requisite majority' of tenants must write to accept being more than 50% of qualifying tenants. If the tenants do not respond within the specified period you are free to sell your freehold within 12 months but not at a lower price or on better terms.

This is just a brief summary of the right of first refusal. If you need advice or help with your property please contact Helen Matthews at Bolt Burdon on 020 7288 4733 or at helenmatthews@boltburdon.co.uk or visit our website at www.boltburdon.co.uk