

Ground Rents Act (Northern Ireland) 2001

Guidance for Rent-Payers

The aim of the legislation

The Ground Rents Act (NI) 2001 provides a mechanism for the holders of long leases on residential property in Northern Ireland to buy out ('redeem') their ground rents. The Act also applies to residential property held under a fee farm grant, a freehold estate subject to a perpetual rent. A copy of the Act can be found on the OPSI website:

- www.opsi.gov.uk/legislation/northernireland/ni_legislation.htm

How can a ground rent be bought out?

The Act contains two schemes, one voluntary and one compulsory. Voluntary redemption allows someone who pays a ground rent to redeem it and thereby secure the freehold to the property free from any obligation to pay a ground rent. The rent-owner will be informed that the redemption process has been commenced, but cannot object to it.

Compulsory redemption requires a purchaser of residential property to buy out the ground rent before his or her title to the property can be registered in the Land Registry. As with voluntary redemption, the rent-owner will be informed that the ground rent is being purchased but has no power to object.

When does the Act not apply?

The Act does not cover redemption of a ground rent charged on commercial property, on residential leasehold property where there is less than 50 years of the lease to run, on property owned by the National Trust or on property connected with co-ownership schemes administered by the Northern Ireland Co-Ownership Housing Association. Nor does it apply to flats. The issue of commonhold ownership of flats is being considered separately by the Department.

Many leasehold properties have covenants attaching to them. Redeeming a ground rent under the Act will cause some covenants, but not all, to fall. Amongst the covenants which are not affected by redeeming the ground rent are covenants not to use the land for specified purposes or otherwise than for the purposes of a private dwelling, and covenants prohibiting or restricting building works or the erection of structures.

What is the procedure?

The procedure for buying out the ground rent is as follows.

Step 1

Obtain an application form (Form GR1) from Land & Property Services. This is available on Department of Finance website:

- <https://www.finance-ni.gov.uk/publications/redemption-ground-rent-forms>

Because the application concerns ownership of land, the form is a 'solemn declaration'. You will need to declare before a solicitor that what you have written is true, and have him or her sign the form.

Step 2

Return the form to the Land Registry with:

- i. a copy of your lease. To protect rent-payers and rent-owners, this needs to be certified as a true copy by a solicitor or estate agent. If the lease has been lost, you should submit an affidavit setting out the history of your occupation of the land and explaining why you are unable to produce the lease;
- ii. a receipt for the last payment of ground rent;
- iii. confirmation that all arrears of ground rent have been paid. If there are outstanding arrears, you need to enclose payment of these with your application;
- iv. the compensation money which is due to the rent-owner (nine times the annual ground rent). Land Registers will hold this on behalf of the rent-owner and the statutory fee. Land Registers can advise on the current fee, and also on the procedure if your lease makes provision for a future increase in your ground rent.

Cheques should be made payable to the Department of Finance and Personnel.

Step 3

When returning the form to Land Registry, give notice to the rent-owner that the process has begun. This is to alert the rent-owner that compensation money will be available from Land Registers. The noticed should be on Form GR2, available from Land Registers. You need to enclose a copy of the lease (not necessarily a certified copy) when sending it to the rent-owner.

Step 4

When Land Registry is satisfied that everything on the application form is correct, it will issue a “certificate of redemption” to the rent-payer. It is this certificate which will enable you to have your ownership of the house registered as freehold.

Step 5

The rent-owner will then be able to claim the compensation money from Land Registry. There is a separate note of guidance for rent-owners.

Step 6

In many cases it would be advisable to apply separately to Land Registry for merger of your new freehold and the existing freehold held by the rent-owner. This will again help to simplify the title ownership and its extent to residential property in Northern Ireland.

When did the Act come into operation?

The Act commenced in three stages:

- first, the voluntary redemption scheme. This came into effect on 29 July 2002;
- second, compulsory redemption in relation to unregistered land;
- third, compulsory redemption in relation to existing registered land.

The compulsory redemption scheme shall not be introduced until the review of the operation of the voluntary scheme (which the Office Legislative Reform is currently conducting) is complete.

Where can I contact Land Registers?

Land Registration
Lanyon Plaza
7 Lanyon Place
Town Parks
BELFAST
BT1 3LP

Email: landregistration@lpsni.gov.uk

July 2006