

First challenge to the Leasehold and Freehold Reform Act 2024 – Annington Homes v DCHLG



The first judicial challenge to provisions of the Leasehold and Freehold Reform Act 2024 (“LAFRA 2024”), introduced earlier this summer have been issued by Annington Funding PLC.

The proceedings seek to challenge provisions of LAFRA 2024 that are not yet in force, but which relate to the mechanism for the calculation of compensation (the premium) payable to a landlord where there is a claim for enfranchisement of a lease. Annington have noted their concern that as the Act is currently drafted, a lessee could acquire a freehold and intermediate leasehold interest from the landlord for a price lower than market value.

Annington hold an intermediate leasehold interest in the Married Quarters Estate (now referred to as Service Family Accommodation). The Estate comprises almost 500 military housing sites across England and Wales of which nearly 40,000 homes are owned by Annington Funding PLC. The Service Family Accommodation property portfolio is split into two categories. The first provides homes to military families and the second, the non-Married Quarters portfolio of homes, is rented on the open market.

Whilst Annington currently have for all intents and purposes, immunity from the provisions of the Act as a result of their ongoing contractual agreements with the MOD, concern has understandably shifted to what may happen in the future if that agreement comes to an end or how any future challenge or claim against them may be interpretation by the courts may impact them.

Annington say that the terms of the Act as drafted,



“Create a new mechanism to calculate compensation payable to a landlord when the landlord is subject to a claim for enfranchisement of a lease. The mechanism as currently drafted in the Act, appears to give rise to the possibility that, in certain specific circumstances, a lessee could acquire the freehold and intermediate leasehold interests for a very low valuation that does not reflect market value”.

This claim has been issued on a protective basis seeking clarity from the Government on how the provision of the Act should be interpreted. Whilst the basis of the claim is unique to the relationship which Annington have with the MOD, but we anticipate that other challenges will be issued, and which might relate to issues of more general applicability to landlords.

How we can help

If you wish to discuss any of the new provisions under LAFRA or are considering a lease extension claim, please [get in touch with us](#).



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