

## **The Landlord and Tenant Act 1954 and Security of Tenure**

The principal Act confirming security of tenure on business tenants and regulating the manner in which business tenancies can be terminated is Part II of the Landlord & Tenant Act 1954. This section of the Act provides that a business tenancy will not come to an end at the expiration of the fixed term. Instead, the tenancy will automatically continue until such time as it is terminated in one of the ways specified in the Act. It is possible before the grant of a Lease for the parties to apply to the Court to exclude the tenant's right to renewal at the end of the term.

There are currently seven grounds which the Landlord can rely on if he wishes to obtain possession of the property:-

### **Discretionary grounds**

1. The tenant's failure to repair
2. Persistent delay in paying rent
3. Substantial breaches of other obligations in the lease
4. Alternative accommodation has been found for the tenant

### **Mandatory grounds**

5. The current tenancy created has been created by sub-letting of part only of a property in a superior tenancy

6. Demolition or reconstruction. In order to satisfy this ground the landlord must show that on termination of the tenancy:-

(a) he has firm intention;

(b) to demolish or reconstruct the premises in the property (or a substantial part of them) or to carry out substantial work or construction on the property (or part of it); and

(c) that he could not reasonably do so without obtaining possession of the property

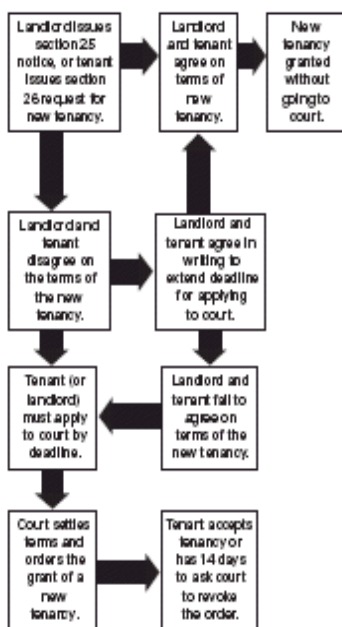
7. The landlord intends to occupy the property. The landlord must prove that on termination of the current tenancy he intends to occupy the property for the purposes or partly for the purposes of a business to be carried on by him or as his residence. The most important limitation on the availability of this ground of opposition is the "five year rule". A landlord cannot rely on this ground if

his interest is purchased or created within five years before the end of the current tenancy. On termination a tenant may be entitled to compensation for any improvements he has made. Additionally, if the tenant is forced to leave the premises he may lose the goodwill which he has built up and he will be faced with all the costs of relocation. The tenant will be entitled to compensation for failing to obtain a new tenancy where the landlord establishes one on the grounds of 5, 6 or 7 but not grounds 1 to 4 but the compensation is limited to one year's rateable value (two x rateable value if in occupation for more than 14 years). Compensation is not based on the tenant's actual loss.

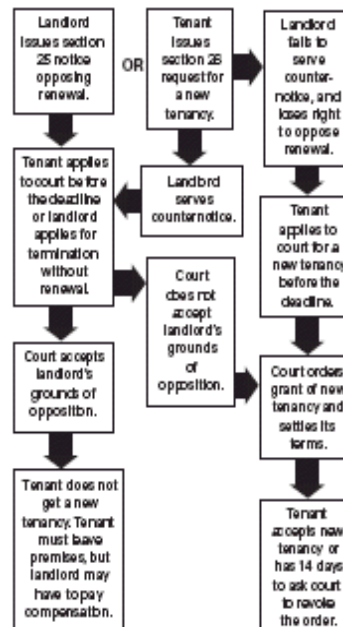
In order to bring a tenancy to an end, the landlord must serve a notice in the form prescribed giving not more than 12 and not less than 6 months' notice of termination. If a tenant wishes to claim a new tenancy he must apply to the court no later than the expiry date of the landlord's notice otherwise he loses the right to apply. The landlord and the tenant should use the notice period to negotiate the terms of any new tenancy. If they are unable to agree, it has to go through the court procedure.

### Landlord and Tenant Act Process Guide

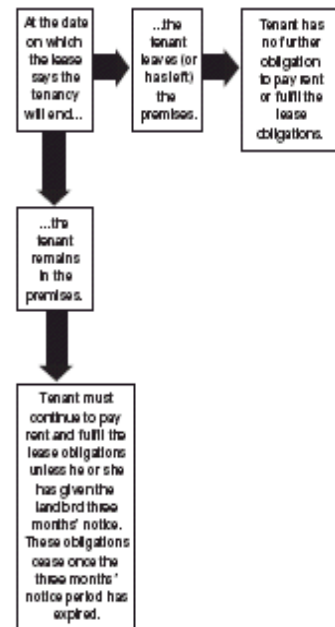
#### Tenant wants a new tenancy, and landlord does not oppose renewal



#### Tenant wants a new tenancy but landlord opposes renewal



#### Tenant does not want to renew the tenancy



Please note: This is a simplified guide to the main steps when a tenant wants to renew a tenancy and the landlord opposes renewal. Only the courts can provide a complete interpretation of the law. You should seek further information about your rights from a professional adviser.