

Daily Telegraph: Robert Jenrick MP

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Leasehold Britain is a rip-off. We must end it for good

It's an affront to the British dream of owning a home and the peace of mind that comes with ownership

'Who was more likely to be a contented citizen, the man who was a freeholder and who was in his property, or the man who was at the mercy of a colossal landowner?' asked Churchill. Such is the long history of the leasehold debate in this country, these are not the words of Winston Churchill but of his father, Randolph, supporting one of the early attempts at leasehold reform in 1884.

Needless to say, that attempt failed, blocked by landed interests in Parliament. Many others were to follow, but far from ending the feudal practice of leasehold, it only grew.

The baton was picked up again by Margaret Thatcher's Conservative government when it introduced the Landlord and Tenant Act 1987, giving leaseholders a right of first refusal where landlords wished to sell their freeholds, and again by John Major's government, when it enabled leaseholders of any kind to extend their leases or acquire their freehold. The great landed estates squealed, but both Thatcher and Major, instinctive believers in the moral and political value of a property-owning democracy, overrode them.

To Thatcher, there was "no prouder word in our history than freeholder". None the less, her revolution was an unfinished one and leasehold survived.

Tony Blair's Labour government introduced the new tenure of commonhold – freehold ownership of flats with joint responsibility for the common parts – but poorly drafted law and lacklustre promotion meant that it never gained traction, particularly among mortgage lenders. Once more, the leasehold reform question was left only partly answered: the Gordian knot loosened, but never untied.

And so, 140 years after Randolph Churchill's speech, much the same argument applies to the five million leaseholders in England and Wales – the only two nations in the world that have still not abolished an archaic system that dates back to the Domesday Book.

Today, leasehold stands not as a curiously British anomaly, but as an affront to the distinctly British dream of owning a home and the peace of mind that comes with ownership, rather than the insecurity of renting or leasing. What's more, in recent years, it has become a symbol of rip-off Britain, where hidden bills lurk around every corner, and of the growth of crony capitalism, where rent-seekers milk consumers despite adding no value.

That's why, in the 2019 Conservative manifesto, we committed to ending the sale of new leasehold homes. As housing secretary, I proposed the law effectively to end leasehold for new houses by reducing ground rents to a peppercorn as this was the fastest way to end the practice. More fundamentally, I concluded that we needed to bring leasehold to an end, both for homes and flats, once and for all.

To their credit, my successors, Michael Gove, Lee Rowley and Rachel Maclean, took on these reforms and brought forward another instalment in the extensive repertoire of leasehold reform bills, which Parliament is presently considering. The Bill does a number of good and important things

and deserves fulsome support. But if the Government brought forward additional amendments, it could end this saga for good.

First, it should set an end date for all new leasehold properties. This could be some time off to enable the market to adapt, which while imperfect for the house-buyers of today, would enable this Parliament to be the one that finally brings the curtain down on leasehold.

Secondly, it should end the practice of forfeiture, which enables freeholders to confiscate leases in the event of a breach, however minor that might be in monetary terms. As Rachel Maclean has written, “the nearest analogy would be like having your whole house taken off you by the local council for missing a couple of months of council tax.”

Thirdly, it must address the “fleecehold” scandal, exposed by Neil O’Brien MP, whereby freehold homes are being sold subject to egregious management fees run by murky and uncontactable firms. “Fleecehold” is the collusion between big developers and poorly run councils, whereby the developer profiteers out of the homeowner who is trapped in ever-increasing management fees – an arrangement to which the council agrees in order to dodge its basic duties of repairing roads and maintaining verges. Ordinary families are effectively taxed twice for one service: once by the council, the other time by the management company.

We should end this scam entirely, returning to the time-honoured tradition of councils agreeing with developers to adopt roads and communal facilities as and when developments are completed. And we should provide in law a clear and simple way for residents and councils to take back control of their communities and liberate themselves from the management companies.

As conservatives, we defend property rights and are cautious about interfering in markets. But we also believe markets sometimes require government intervention to ensure that they work in the interests of the consumer rather than vested interests, rent-seekers and rogues.

The Government has a golden opportunity, in the words of Churchill, to create a future generation of “contented citizens”: it should be bold and seize it.