

House of Commons Library

Leasehold and Freehold Reform

Published Tuesday, 12 March, 2024

An overview of proposed leasehold reforms and the timetable.

Leasehold and Freehold Bill 2023-24

The Leasehold and Freehold Reform Bill 2023-24 was introduced to the House of Commons on 27 November 2023. The Bill's second reading took place on 11 December 2023. It was considered by a Public Bill Committee between 16 January and 1 February 2024. The Bill's report stage and third reading took place on 27 February 2024. The Bill has now moved to the House of Lords.

The Bill applies to England and Wales. It implements commitments in the 2017 housing white paper to "improve consumer choice and fairness in leasehold" and in the Conservative Party Manifesto 2017 (PDF) to "crack down on unfair practices in leasehold". It also takes forward many of the leasehold reform recommendations made by the Law Commission in their reports of 2020.

The Bill's main provisions would:

- make it cheaper and easier for leaseholders in houses and flats to extend their lease and buy the freehold.
- increase the standard lease extension term to 990 years, with ground rent reduced to a peppercorn (zero financial value), upon payment of a premium.
- change the qualifying criteria to give more leaseholders the right to extend their lease, buy their freehold and take over management of their building.
- ban the granting of new leasehold houses (with some exceptions).
- improve the transparency of service charges and ensure leaseholders receive key information on a regular basis.
- give leaseholders a new right to request information about service charges and the management of their building.
- improve the transparency of administration charges and buildings insurance commissions.
- ensure leaseholders are not subject to any unjustified legal costs and can claim their own legal costs from their freeholder.
- **give freehold homeowners who pay charges for the maintenance of communal areas and facilities on a private or mixed-tenure residential estate the right to 1) challenge the reasonableness of charges and standard of services provided; and 2) apply to the tribunal to appoint a substitute manager where their estate management company is failing.**
- **improve the transparency of estate charges and give freehold homeowners access to redress schemes.**
- **ensure that relevant property sales information is provided to leaseholders and freeholders on estates in a timely manner.**
- **ensure a rentcharge owner is not able to take possession or grant a lease on a freehold property where the rentcharge remains unpaid for a short period of time.**
- strengthen the leaseholder protections in the Building Safety Act 2022.

Alongside the Bill, the Government launched a consultation seeking views on options to restrict ground rents for existing leaseholders. The consultation closes on 17 January 2024. Subject to that consultation, the Government will look to introduce a ground rent cap through the Bill.

Leasehold reform in two stages

The Bill is the second part of a legislative package to reform leasehold law. It follows on from the Leasehold Reform (Ground Rent) Act 2022, which put an end to ground rents for most new residential leasehold properties in England and Wales.

Related Government proposals

The Government has said it will:

- Reinvigorate the commonhold tenure. Commonhold was introduced in 2002 as a way of enabling the freehold ownership of flats and avoiding the shortcomings of leasehold ownership. However, fewer than 20 commonhold developments have been established since the commonhold legislation came into force. The Law Commission put forward proposals for improving commonhold in 2020. The Government established an advisory Commonhold Council on 13 May 2021. It has also consulted on a number of Law Commission commonhold recommendations. The Government has said reinvigorating commonhold remains part of its “long-term approach”.
- Require the regulation of all property managing agents “to protect leaseholders and freeholders alike”. A working group developed recommendations for the regulatory regime, see: Regulation of Property Agents Working Group: Final Report (July 2019). The Government is considering the group’s recommendations.