

Several large, stylized blue leaf shapes are scattered across the page, primarily on the right side. They vary in size and orientation, adding a decorative, organic feel to the layout. One large leaf is dark blue and points towards the top left, while others are lighter blue and point in various directions.

Leasehold and Freehold Reform Bill

Will MPs build on it?

By Fionnuala Quinn

Contents

Introduction	2
Aims of the Leasehold and Freehold Reform Bill	2
Stakeholder reactions.....	3
Dods Insight – Fionnuala Quinn, Political Consultant for housing, levelling up, and communities	5
About Dods Political Intelligence	7

Introduction

The Conservative government's Leasehold and Freehold Reform Bill aims to make it cheaper and easier for leaseholders in England and Wales to buy their freehold and ensure service charges and ground rents are transparent and reasonable. But although Housing Secretary Michael Gove has said leasehold was an outdated feudal system that needed to go, some critics have said the Bill does not go far enough and is missing key elements, while others said the measures could drive professional freeholders from the market.

This Dods Political Intelligence report provides an outline of the Bill introduced to Parliament along with a range of initial political and stakeholder reactions ahead of the second reading of the legislation in the House of Commons.

Aims of the Leasehold and Freehold Reform Bill

In their 2019 election manifesto the Conservatives pledged to reform leaseholds including implementing a ban on the sale of new leasehold homes, restricting ground rents to a so-called peppercorn rate, and providing redress for tenants. Four years later the government introduced its [Leasehold and Freehold Reform Bill](#) in the King's Speech which it said would bring fairness to the housing market by making it cheaper and easier for leaseholders to purchase their freehold and tackle the exploitation of millions of homeowners through punitive service charges.

The freeholder of a property owns it outright, including the land it is built on. Leaseholders can own a property for a fixed period through a legal agreement, or lease, with the freeholder, also known as the landlord. Ownership of the property reverts to the freeholder once the lease runs out. The lease sets out the conditions of the time-limited ownership, for example whether permission is needed to make alterations, and responsibilities for maintenance of the property. Most flats are leasehold. Houses can also be leasehold, for example if they are bought through a shared ownership scheme. The residential leasehold sector accounts for about one fifth of the housing stock in England, or nearly 5 million properties, and 16 percent in Wales or 235,000 properties. Scotland introduced legislation to abolish its feudal property rights system in 2004.

Leaseholders have long argued that the system is unfair and penalises them, including with high and opaque maintenance charges, unreasonable costs to extend leases or purchase the freehold, bad practices and abuse by managing agents acting for freeholders, and the possibility of having to pay the freeholder's legal costs.

The Leasehold and Freehold Reform Bill, which was introduced in the House of Commons on Nov 27, aims to build on the Leasehold Reform (Ground Rent) Act 2022, which put an end to ground

rents for new long residential leasehold properties in England and Wales. The Leasehold and Freehold Reform Bill will also be informed by a six-week [consultation](#) the government launched on Nov 9 on measures to cap ground rents for leaseholders.

Key measures of the new bill aim to:

1. Scrap the existing requirement for a leaseholder to own a flat or house for two years before they can extend the lease, and in the case of a house, buy their freehold.
2. Introduce a new right to a lease extension for leaseholders of houses and flats, for a term of 990 years at a peppercorn ground rent upon payment of a premium.
3. Remove the requirement for marriage value to be paid. Marriage value refers to the possible increase in the value of the property arising from a lease extension.
4. Cap ground rent at 0.1 percent of the property's value.
5. Ensure that leaseholders who plan to extend their lease, buy their freehold or exercise their right to manage will no longer pay the landlord's costs for dealing with the claim so each party bears their own costs.
6. Increase the transparency around financial and non-financial information that leaseholders and tenants receive regarding service charges, including:
 - a. how service charge costs are presented
 - b. the provision of key information including insurance costs
 - c. greater financial information through the annual preparation of written statements of account
 - d. the ability to compel landlords to provide other relevant information that the tenant needs to know as an occupier of a building where a service charge is payable

The bill will also prohibit commissions from the placer/manager of insurance from being recovered from leaseholders through service charges, and instead introduce a transparent handling fee system where those placing or managing insurance can charge for their work.

7. Give homeowners living on managed estates new rights to make it easier to hold estate management companies to account, including the power to challenge the "reasonableness" of charges. The Bill also contains provisions for homeowners on managed estates to get greater transparency of information over their costs and the ability to obtain other information.
8. Ensure the rentcharge owner is not able to take possession or grant a lease on the property where the rentcharge remains unpaid for a short period of time.

The Bill introduced to Parliament did not include several measures that were mentioned in the outline of the legislation when it was announced in the King's Speech. However, the government has signalled that it will make amendments to the legislation as it makes its passage through Parliament. These missing measures included banning the creation of new leasehold houses; making buying and selling of a leasehold property quicker and easier by introducing deadlines and capped fees for the freeholder to provide relevant information; ensuring freeholders who manage the building they own are part of a redress scheme; and protecting freeholders by extending the Building Safety Act 2022.

Stakeholder reactions

The following is a collection of reactions to the Bill since it was outlined in the King's Speech, including hyperlinks to original sources.

"As we laid out on Monday [Nov 27], we will bring forward amendments as the bill progresses through parliament and that includes the ban on leasehold houses." Government spokesperson, quoted by [Guardian](#).

"People work hard to own a home. But for far too long too many have been denied the full benefits of ownership through the unfair and outdated leasehold system... So today marks a landmark moment for millions of leaseholders across the country, as we unveil laws to deliver significant new rights and protections, slash unfair costs and crack down on exploitation." Housing Secretary Michael Gove in [statement](#) launching the legislation.

"Not only does the government's Leasehold and Freehold reform Bill not ensure that new flats will be sold as freehold, contrary to what ministers have claimed it doesn't even do what it says on the tin and ban the sale of new leasehold houses! What a joke" Shadow Minister for Housing Matthew Pennycook, [said](#) on X.

"Over the coming days, I'll be scrutinising the Bill and working with the Two Cities Leasehold Working Group which I set up, to ensure this Bill reflects your views and concerns." Nickie Aiken, MP for Cities of London and Westminster, [said](#) on X.

"It is absolutely surreal that the leasehold new-build houses ban, the one leasehold policy that has survived six years and four prime ministers, doesn't feature in the actual wording of this government's supposedly landmark leasehold and freehold reform bill. More seriously, the bigger crime is not to commit to a ban on future leasehold flats, where the real money is being made and abuse of homeowners [is] routine." Harry Scoffin, founder of campaign group Free Leaseholders, [told](#) Guardian.

"We welcome reforms of the leasehold sector...but the Government must ensure that legitimate investments and property rights are respected. Retrospectively capping ground rents would be a totally unjustified interference with the legitimate property rights of freeholders and the pension holders who have invested in the sector...These proposals would drive professional freeholders from the market, a move which the Government's own research suggests a majority of leaseholders are unlikely to be in favour of, given the consequences include greater responsibilities for the block stewardship and an increased cost burden being placed on residents." Residential Freehold Association says in a [statement](#) after announcement of Leasehold and Freehold Bill in King's Speech Nov 7.

"Research I have done with my colleague James Culley suggests that the reform proposed could have unintended negative consequences on leasehold prices, housing affordability and household wealth." Mark Andrew, senior lecturer in Housing Economics, City, University of London, [said](#) in a post.

"As I write this, today [Nov 28] is the day for that particular [Leasehold and Freehold Reform] Bill to begin its path to legislation, and it feels like a real step forward and indeed the culmination of a significant amount of work carried out by the CA and many other stakeholders in order to bring a level of fairness and transparency to leasehold that has been sorely missing for many years. One of the big questions however surrounding this particular Bill is whether we have enough time to see it move onto the Statute Book before the end of Parliament," Rob Griffiths, PR/Media Contact, The Conveyancing Association, said in a [blog](#).

"The Leasehold and Freehold Reform Bill is designed to create systems which are fairer for leaseholders. The reforms have been worked on by the government and the Law Commission since 2017 supported by members of Parliament with input from a wide range of stakeholders along with the campaign groups LKP and NLC. LEASE will be working with both the government and members of Parliament and the Select Committee during the passage of the bill to help provide the expert knowledge of the LEASE lawyers." Martin Boyd, Chair of the Leasehold Advisory Service, said in a [statement](#) Nov 27.

"We welcome the changes in the Bill requiring greater transparency over leaseholder service charges, but the Bill presents the right opportunity to go further and professionalise the sector, most immediately through the introduction of mandatory qualifications." Andrew Bullmer, CEO of The Property Institute, [said](#) in a statement.

"It is also unclear when much of the proposed new law will come into force. The only part with a fixed commencement date at the moment is the part dealing with regulating rentcharge arrears, although that may change as the Bill goes through Parliament." Liam Spender, litigation lawyer at Velitor and trustee at Leasehold Knowledge Partnership, [said](#) on X Nov 27.

"The King's Speech made clear the Government's commitment to creating a fair and just housing system. If the Gov has not included in the bill things that are clearly necessary, the Prime Minister will know that we in the Commons and others in the Lords will improve it." Peter Bottomley, Father of House and long-standing advocate of leasehold reform, [said](#) on X Nov 13.

"My Lords, I can reassure noble Lords that it is the Government's intention to bring forward clauses to ban the sale of new leasehold houses within this Bill. We intend to bring forward those clauses during the Commons stages. When it comes to flats, on the other hand, reform is more complicated. They have shared fabric and infrastructure and therefore require some form of arrangement to facilitate management." Baroness Penn [tells](#) House of Lords during debate on Residential Leasehold for Flats on Nov 30.

"The fact this Bill is being introduced so swiftly after the King's Speech is hugely positive and demonstrates that the Government recognised how important and urgently needed leasehold reform is." Katie Kendrick, founder of National Leasehold Campaign (NLC), [said](#) on X Nov 27.

"The bill should go further and not just ban the sale of new leasehold houses but new leasehold flats as well." Sebastian O'Kelly, CEO, Leasehold Knowledge Partnership, was quoted as saying Nov 29.

"We welcome an attempt to bring land tenure in line with the rest of the world by embracing commonhold, [...] However, any intervention to end the arcane system of leasehold must be done consistently with property rights and without decreasing the supply of houses." Lauren Thomas, Research Manager at Priced Out, [told](#) PoliticsHome.

Dods Insight – Fionnuala Quinn, Political Consultant for housing, levelling up, and communities

"After Housing Secretary Michael Gove said leasehold was an outdated feudal system that needed to go, leaseholders will be glad the government is finally addressing their calls for greater transparency around service charges. The Leasehold and Freehold Reform Bill will be particularly welcome at a time when rising prices in the economy have left some leaseholders struggling to make large payments to the landlord or freeholder.

However, while the government has committed to bring forward clauses to ban the sale of new leasehold houses within the bill during the Commons stages, it has not included the same ban for new flats, which make up the majority of new homes sold under leasehold. That will be bitter to swallow for some buyers and comes despite apparent support for a ban on new leasehold flats from MPs from both sides of the House of Commons. The government has said that reform for flats is more complicated as the fabric of the building is owned by multiple people. While it has said it plans further reforms to the commonhold system to replace the leasehold system, it has not set a date for this and is running out of time with the next general election due by January 2025.



This Bill has been welcomed by campaigners as a significant step in the direction to righting the harms some say they have suffered at the hands of freeholders from unreasonable and opaque service charges and other abuses. However, the government may also face resistance from freeholders who want to guard their interests. It looks likely that MPs will build on this Bill by adding amendments with other reform measures during its passage through Parliament."



About Dods Political Intelligence

We provide intelligence, insight, and impact through a comprehensive suite of policy tools. Our services comprise of three main elements:

- **Intelligence** - Dods Monitoring – our platform offers real-time alerts, diaries and legislative trackers, inhouse parliamentary coverage, and a powerful historical search function of policy information from over 13,000 sources in the UK, EU, France and Germany.
- **Insight** - Dods Consultancy – our sector-specialist consultants provide analysis, bespoke research, and impartial guidance on the latest policy developments and trends.
- **Impact** - Dods People – our constantly updated database of biographical and contact information for UK and EU parliamentarians, the digital version of the original who's who in politics established in 1832, enables you to identify and address the right policymaking audience.

For further information and to request a complimentary trial, visit dodspoliticalintelligence.com or contact us at: customer.service@dodsgroup.com

UK customer service +44 207 593 5500

EU customer service +32 274 182 30

Political monitoring. Set apart by heritage, personal touch and breadth of coverage.

