

Florence Eshalomi MP
Chair, Housing, Communities and Local Government Committee
House of Commons
London
SW1A 0AA

(via email only: florence.eshalomi.mp@parliament.uk & hclgcom@parliament.uk)

18 March 2026

Dear Florence Eshalomi,

Re: Draft Commonhold and Leasehold Reform Bill

I am Chief Executive of the ExtraCare Charitable Trust (ExtraCare), a leading operator of modern housing-with-care schemes for older people – known as Integrated Retirement Communities (IRCs).

I am writing to you in regard of the pre-legislative scrutiny of the draft Commonhold and Leasehold Reform Bill being carried out by the Housing, Communities and Local Government Committee.

I want the Committee to understand the risks of the IRC sector not having a workable tenure in future. I need to be very clear: without a workable tenure model for IRC operators like ExtraCare, our plans to expand our portfolio of housing-with-care schemes will be put on hold indefinitely.

The reason for this is that commonhold as a tenure is not compatible with our operational model due to legal barriers, operational and financial complexity and reasons of affordability. I will address these areas in turn.

About the ExtraCare Charitable Trust

The Trust is a not-for-profit charity that has been supporting older people for over 35 years. We operate 18 IRCs across the Midlands and South, offering a mix of social and affordable rent, shared ownership, and leasehold apartments, alongside care and wellbeing services that support independence, health and community engagement – in total, our c1,300 staff currently provide housing, care and support to over 4,300 customers in more than 3,600 apartments.

In the absence of any previous commitment from the government to consider the implications for the housing-with-care sector of its plans to ban new leaseholds, the charity has already taken the difficult decision to suspend plans to develop 138 additional properties by extending two of our retirement villages - an investment of approximately £60 million - despite having the funding to undertake the developments and having secured the necessary planning permissions.

Legal barriers

A key feature of the Trust's leasehold model is our 'guaranteed buy-back scheme'. This allows us to sell apartments at lower prices on the initial sale – aiding affordability and local demand.

When we sell a leasehold unit, we also commit to purchasing the property back for the price paid minus a 1% deduction per year capped at 10% - typically within six weeks of probate – giving the owner and their family peace of mind (media stories about long delays in reselling retirement properties are therefore entirely inapplicable to our model). We then issue a new lease to the next resident – in short, this is very different from the 'long leasehold' model.

The Trust uses the uplift in value of the leasehold unit that it receives to take responsibility for refurbishment and capital expenditure, with a rolling programme of major renovations (based on stock condition surveys), and in addition, the Trust spends c£3m-4m per village roughly every 10 years to keep our offer modern and attractive for future customers. It also enables us to cross-subsidise our care services (which sit outside the leasehold model) which on their own are not viable and require a subsidy of c£2.5m per year. We have also been subsidising our residents energy costs, at a total cost of c£8.5m to the Trust for the three years 2023/24 to 2025/26 inclusive.

This model of new leases for each new resident – enabling up-to-date contracts, which are aligned to current standards and services – has clear similarities to the model used in the New Zealand retirement villages sector and has proven both very successful and very popular with older customers.

However, a key feature of commonhold is also that there can be no restriction on a commonholder's decision to sell their unit and it is impossible to stipulate that customers would need to sell their unit back to us – therefore, commonhold is legally incompatible with our model of selling back apartments to us as the operator.

Operational and financial complexity

Under commonhold, unit owners also have full control over all aspects of service delivery, income and expenditure in their scheme (including having legal and financial responsibility).

It is important to highlight the differences between traditional long-leasehold property management, and the service-intensive model run by ExtraCare: only around a third of our operational budgets are made up of service-charge eligible items, with care, wellbeing, catering and support services also run by the Trust. On average, our budgeted income and expenditure per leasehold housing-with-care unit is approximately £17,000 – 10 times the median service charge of £1,720 (according to the English Housing Survey). Only c£5,700 of this is recovered by the service charge.

We should also point out that on average, each of our retirement villages employs c53 staff. While the Trust employs staff typically also found in other housing management roles in the general needs housing market (for example, gardeners and handymen), each of our locations will also employ a general manager, chefs and kitchen staff, a CQC registered care manager and care staff, a physiotherapist, wellbeing nurses, activity coordinators, dementia specialists, benefits advisors – also training our staff in specialist skills such as bereavement support, dementia awareness and food allergies.

This highlights that apart from the legal incompatibility of commonhold with our model, we believe that it is not feasible to expect groups of older people (who on average will be around 83 years of age) to take on the financial risk and complexity of running service and staff-heavy housing-with-care developments for older people.

Affordability

Finally, I want to underline that as we would be unable under commonhold to subsidise both initial purchase prices (as we would no longer be buying them back later) and ongoing costs, and we believe that the costs of buying into and living in a retirement community would become simply unaffordable to the vast majority of our customers.

At a time when it is more important than ever to create affordable alternatives to care homes (which increasingly focus on high-acuity, end-of-life residents), we believe this would be an entirely inappropriate outcome – underlining our firm belief that commonhold as a tenure is incompatible with the housing-with-care model for older people.

The need for alternatives

We believe it is vital that the Commonhold and Leasehold Reform Bill eventually tabled before Parliament is accompanied by a clear commitment from Ministers to finding a sustainable and credible solution for the housing-with-care sector that protects both consumers but also the sustainability of operators trying to offer innovative solutions to older customers in need of housing, care and support.

I am Vice Chair of ARCO, the national membership body for charity, not-for-profit and private operators of IRCs.

The Trust supports ARCO's proposals for a new approach to occupancy in the IRC sector, building on the lessons of New Zealand's highly successful retirement village sector in which residents do not buy property, but rather a contract-based 'license-to-occupy'.

As you know, as a stepping-stone toward a New Zealand model, ARCO and its members are proposing the introduction of a 'Retirement Occupancy Lease' (ROL) for the IRC sector.

This would reproduce key features of the New Zealand contract model, but could be implemented within 12 months. Strict conditions would be associated with using a ROL– given the recent media stories associated with poor resale values and escalating service charges, we fully understand that a blanket exemption from a ban on leasehold is unlikely to be appropriate at this time.

ARCO has written to Ministers and to your Committee proposing that primary legislation to implement a ROL is included in the Commonhold and Leasehold Reform Bill.

We were disappointed to see that the government did not respond to this recommendation in the draft Bill that was published.

However, we hope that in completing its pre-legislative scrutiny of the Bill, the Housing, Communities and Local Government Committee will endorse ARCO's position, and recommend the government to include the primary legislation required to implement a ROL in the final Bill that is laid before Parliament.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mick Lavery', written in a cursive style.

Mick Lavery
Chief Executive
ExtraCare Charitable Trust