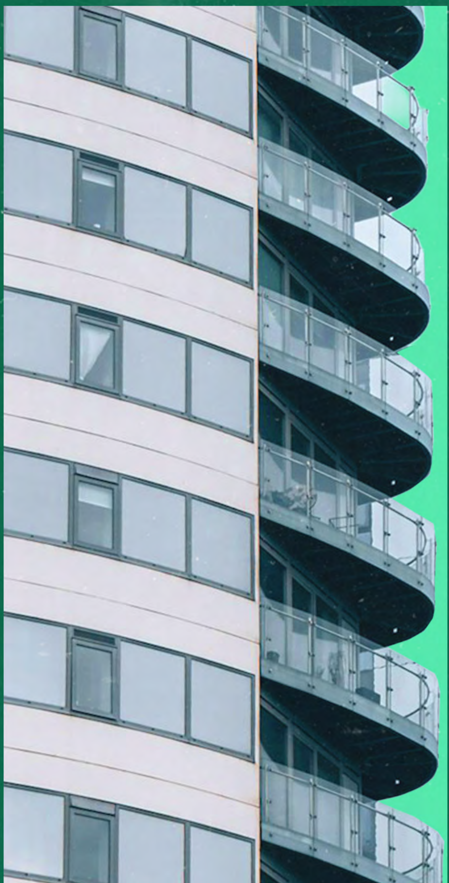
House of Commons



Housing, Communities and Local Government Committee

Pre-legislative scrutiny of the draft Commonhold and Leasehold Reform Bill

First Report of Session 2026–27

HC 40

Housing, Communities and Local Government Committee

The Housing, Communities and Local Government Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Housing, Communities and Local Government and its associated public bodies.

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Publication

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Committee Reports are published on the Committee's website at www.parliament.uk/hclg and in print by Order of the House.

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Summary

On 27 January 2026, the government published a draft Commonhold and Leasehold Reform Bill for our pre-legislative scrutiny. The draft bill seeks to deliver on manifesto commitments which the government made to the five million leaseholders across England and Wales, including an overall pledge to "bring the feudal leasehold system to an end". In this report, we test the draft bill's provisions against those commitments and the government's wider policy objectives. We find that the draft bill would make a significant step towards giving leasehold homeowners greater control of their buildings, but that the final bill requires several changes and additions to meet leaseholders' expectations and previous government pledges.

Three successive UK governments have now secured electoral mandates to address ground rents in existing leases—charges which many leaseholders are required to pay but which do not relate to any specific service provision. We welcome that the draft bill will cap these charges at £250 per year for all existing leaseholders. However, it is not clear to us why the government has decided that a 40-year transitional period before a change to zero ground rent is the most justified and fair policy. Based on information which the government has provided so far, and consideration of extensive evidence gathered from leaseholders, freeholders and institutional investors, it is not clear to us why a shorter transitional period of 20 years would not also represent a fair balance between the parties. We therefore call on the government to provide further evidence to justify their proposal for a longer transitional period. We also recommend that the £250 ground rent cap could come into force in late 2027—one year sooner than the government's current timeline.

For many leaseholders, the lack of control over faceless managing agents is among the most frustrating and unjust aspects of the leasehold system. For too long, some of the biggest professional managing agents have got away with delivering appalling standards of service, because they have operated in the interests of freeholders as their clients, rather than the leaseholders who pay rising bills for their services. We conclude that regulation of managing agents is a necessary intervention to support all leaseholders, particularly those who cannot benefit from conversion to commonhold. The final bill must therefore include provisions for an independent Regulator with proper teeth which will sanction rogue agents with penalties, including removal of their licence to operate. The Regulator will also help

professionalise the property management sector so that commonholders who contract with agents can be confident that they will receive high quality services.

The draft bill establishes the new legal framework for a modern commonhold tenure, which will be the long-term replacement for the leasehold system across England and Wales. Commonhold promises to give homeowners greater control and a real say in decisions which affect their blocks. Our report makes recommendations on technical changes which the government can make to ensure commonhold works as intended in the interests of homeowners. In particular, we recommend that the government should make conversion to commonhold the default outcome of a collective enfranchisement. This change would streamline the conversion process and better align it with the government's policy objective of promoting commonhold as the preferred, default tenure of blocks of flats.

We are concerned, however, that several vital recommendations previously made by the Law Commission are entirely missing from the draft bill. These measures, which the government's manifesto promised to enact, would make it easier and more affordable for existing leaseholders to convert to commonhold. The government must enact the Law Commission's recommendations, or the government risks making commonhold an unattainable escape for homeowners trapped in the leasehold system.

Our inquiry heard from many shared ownership homeowners, who purchased their properties through the affordable housing scheme, who are concerned that the draft bill is not clear about what voting rights they will have in commonhold associations. Specifically, during the 10-year 'initial repair period', the draft bill proposes that the shared ownership provider will have some control over commonhold decisions, in place of the shared owner, with further detail to be determined in secondary legislation. The government must urgently clarify this, by amending the final bill to allow shared owners and their providers to share the property's vote during the initial repair period. Shared owners must not be shut out of decisions which directly affect them.

The government has said that this legislation will "bring the feudal leasehold system to an end", which has raised high expectations among leaseholders of what these reforms will achieve. To meet those expectations—which it must—the government will need to make some amendments and additions to the final bill before it is introduced to Parliament. If the government does so, it is likely that there will be widespread support for the Commonhold and Leasehold Reform Bill from parliamentarians, as there is cross-party consensus on the fundamental need for leasehold reform. We therefore call on the government to make the necessary changes set out in this report before introducing the final bill in autumn 2026, so that this will be the Parliament which finally tackles the longstanding inequities of leasehold.

1 Introduction

1. In July 2025, the government indicated its intention to publish a draft bill on leasehold reform for pre-legislative scrutiny by our Committee.[1] The government subsequently published the draft Commonhold and Leasehold Reform Bill on 27 January 2026.[2] This report makes our conclusions and recommendations to the government on what changes should be made to the legislation before the final bill is introduced to Parliament.

Policy background

2. There are currently around five million leasehold homes in England and Wales.[3] Leasehold flats and houses have a long lease which effectively grants the homeowner the right to use and live in their property for a period of time, and creates a landlord and tenant relationship between a freeholder and homeowner. The lease is granted for a fixed term, typically of 99, 125 or 999 years, though sometimes for a shorter period.[4] Once a lease expires, the freeholder is entitled to possession of the property, so the remaining term of a lease can have a significant impact on the value of a leasehold home. Once there are fewer than 80 years remaining on the lease, it can become more difficult for a leaseholder to sell their home or remortgage. For this reason, most leaseholders seek to extend their lease or buy the freehold before the lease term drops to 80 years, in a process called enfranchisement.[5]

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1 Letter from the Leaders of both Houses to the Liaison Committee regarding pre-legislative scrutiny, dated 22 July 2025; Letter from the Liaison Committee to the Leaders of both Houses regarding pre-legislative scrutiny, dated 29 September 2025. Scrutiny of draft legislation which falls within a committee's remit is one of the core tasks of select committees. See: Liaison Committee, Fourth Report of Session 2017-19, The effectiveness and influence of the select committee system, HC 1860, p.18, Box 1. The House has endorsed the core tasks of select committees, see: HC Deb, vol557, cc1125-1148

2 MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026

3 Letter from the Minister of State for Housing and Planning to the Chair regarding the publication of the draft Commonhold and Leasehold Reform Bill, 18 December 2025

4 Leasehold Advisory Service, An introduction to leasehold: Overview (accessed 19 May 2026)

5 Law Commission, Leasehold home ownership: buying your freehold or extending your lease, HC 584 (2019-21), para 2.18

3. Over the past decade, there have been growing calls from campaigners, parliamentarians, and homeowners for reforms to the residential leasehold system. Our predecessor Committee's 2019 inquiry on Leasehold Reform examined the inequities of the leasehold system and options for reform, and recommended that the then government should make commonhold the primary model of ownership for blocks of flats in England and Wales. The report highlighted a number of ways in which leasehold does not work in homeowners' best interests, including:

- a concerning trend of new leasehold homes with onerous ground rents, some of which doubled every 10- or 15-years, leaving some homeowners unable to sell or re-mortgage;[6]

- high service charges and one-off bills, unfair permission charges, and alleged mis-selling of leasehold properties by developers;[7]

- concerns that the enfranchisement process can be costly, complex and inconsistent. The Committee found that leaseholders were not always clear about the statutory process, leading many to accept worse terms than those to which they were legally entitled;[8] and

- a growth in the number of leasehold houses, particularly in the North West of England. The Committee found that leasehold was an inappropriate tenure for houses and it should cease to be used in this way.[9]

Our predecessor Committee concluded that:

> too often leaseholders, particularly in new-build properties, have been treated by developers, freeholders and managing agents, not as homeowners or customers, but as a source of steady profit. The balance of power in existing leases, legislation and public policy is too heavily weighted against leaseholders, and this must change.[10]

4. Successive governments have acknowledged the need to reform specific aspects of the leasehold system, and to address the imbalance of power between leaseholders and freeholders, including through legislation (see Box 1 below). In 2017, the then government commissioned the Law

6 Housing, Communities and Local Government Committee, Twelfth Report of Session 2017–19, Leasehold Reform, HC 1468, para 79, paras 86-91
7 Housing, Communities and Local Government Committee, Twelfth Report of Session 2017–19, Leasehold Reform, HC 1468, paras 147-153, para 51
8 Housing, Communities and Local Government Committee, Twelfth Report of Session 2017–19, Leasehold Reform, HC 1468, para 203 and para 208
9 Housing, Communities and Local Government Committee, Twelfth Report of Session 2017–19, Leasehold Reform, HC 1468, para 26
10 Housing, Communities and Local Government Committee, Twelfth Report of Session 2017–19, Leasehold Reform, HC 1468, para 25

Commission to conduct a wide-ranging review of residential leasehold and commonhold legislation, and to make recommendations on potential changes to the law "to promote transparency and fairness in the residential leasehold sector" and "to provide a better deal for leaseholders as consumers".[11] The Law Commission published its findings and recommendations in four substantial reports in 2020, which focussed on leasehold enfranchisement,[12] the right to manage (RTM) process,[13] and reinvigorating commonhold.[14]

5. In 2019, the Competition and Markets Authority (CMA) launched an investigation into potential ground rent mis-selling and unfair terms, to consider whether there had been breaches of consumer protection law in the leasehold housing market.[15] The CMA has since published several updates on its investigation, and has accepted undertakings from several freeholders and developers to address over 18,000 problematic terms in leases to the benefit of leaseholders.[16] The CMA summarised its ground rent findings in a 2020 paper to the government:

> We had a particular concern with so-called "modern leaseholds" that emerged in the 2000s, where ground rent often doubled periodically or increased by RPI in leases that normally lasted for 125 years or more, notwithstanding that a substantial premium had been paid on purchase. In those leases ground rent was neither legally necessary nor did we see any persuasive evidence that it was commercially necessary. In fact we heard no convincing justification for the payment of any ground rent in modern leaseholds.[17]

The CMA summarised that it "saw no persuasive evidence that consumers receive anything in return" for ground rent.[18]

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11 Law Commission, Reinvigorating commonhold: the alternative to leasehold ownership, HC 586 (2019-21), pp.608-612

12 Law Commission, Leasehold home ownership: buying your freehold or extending your lease, HC 584 (2019-21). The Law Commission published a separate report on options to reduce the price payable on enfranchisement in January 2020. See: Law Commission, Leasehold home ownership: buying your freehold or extending your lease Report on options to reduce the price payable, HC 13 (2019-2021)

13 Law Commission, Leasehold home ownership: exercising the right to manage, HC 585 (2019-21)

14 Law Commission, Reinvigorating commonhold: the alternative to leasehold ownership, HC 586 (2019-21)

15 Competition and Markets Authority, Leasehold (accessed 19 May 2026)

16 MHCLG, Addressing unregulated and unaffordable ground rent: Policy statement (January 2026), p.5

17 Competition and Markets Authority, "Modern leasehold: restricting ground rent for existing leases" - response of the Competition and Markets Authority, para 43

18 Competition and Markets Authority, "Modern leasehold: restricting ground rent for existing leases" - response of the Competition and Markets Authority, para 13, para 43

Box 1: Recent leasehold reform legislation

Since the conclusion of the Law Commission's project on residential leasehold and commonhold and the initial findings of the CMA's investigation into ground rents, two Acts of Parliament have reformed aspects of the leasehold system in England and Wales.

Leasehold Reform (Ground Rent) Act 2022

The Leasehold Reform (Ground Rent) Act 2022 received Royal Assent on 8 February 2022.[19] It restricts ground rents on newly created long leases of houses and flats to an annual rent of one peppercorn (a token of no financial value). Under provisions in the Act, enforcement authorities have powers to impose fines for breaches of the ground rent restriction, and powers to order the repayment of any unlawfully charged ground rent, plus interest, to leaseholders. The Act also prohibits the charging of administration charges in relation to peppercorn rents and makes provision for leaseholders to recover unlawfully charged ground rents through the First-tier Tribunal in England or the Leasehold Valuation Tribunal in Wales.[20] The peppercorn limit came into force for new lease agreements entered into on or after 30 June 2022, and on 1 April 2023 for new leases of retirement properties.[21]

Leasehold and Freehold Reform Act 2024

The Leasehold and Freehold Reform Act 2024 (LAFRA) received Royal Assent on 24 May 2024.[22] The Act implements a number of recommendations which the Law Commission made in its enfranchisement report, and some of its recommendations on the right to manage,[23] alongside other measures. In summary, LAFRA includes provisions to:

- make it easier for leaseholders in houses and flats to extend their lease or buy their freehold, including by removing the requirement to pay marriage value;[24]
- increase the standard lease extension term to 990 years, with ground rent reduced to a peppercorn upon payment of a premium;

19 Leasehold Reform (Ground Rent) Act 2022
20 House of Commons Library, Leasehold Reform (Ground Rent) Bill 2021-22, Research Briefing 09236, 20 January 2022
21 MHCLG, Leasehold Reform (Ground Rent) Act 2022: Guidance for leaseholders, landlords and managing agents (accessed 19 May 2026)
22 Leasehold and Freehold Reform Act 2024
23 Law Commission, Residential leasehold and commonhold (accessed 19 May 2026)
24 Marriage value is currently one component of the premium which leaseholders must pay when they extend their lease. See: Leasehold Advisory Service, Marriage value (accessed 19 May 2026)

- 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 give leaseholders a new right to request information about service charges and the management of their building.
  - administration charges and buildings insurance commissions.
- remove the presumption that leaseholders pay their landlord's legal costs when challenging poor practice and give them a new right to apply to claim their legal costs from their landlord;
- extend access to redress schemes for leaseholders where the freeholder manages the property directly; and
- ensure that relevant property sales information is provided to leaseholders in a timely manner. [25]

Currently, most of the Act's provisions are not in force. The government has given several reasons for the delayed commencement of LAFRA provisions, including identified flaws in the legislation which must be corrected through primary legislation;[26] the need for further consultation on the implementation of some provisions;[27] and judicial review proceedings concerning some provisions of the Act, which claimants contend are incompatible with their rights under Article 1 of Protocol 1 to the European Convention on Human Rights (the right to peaceful enjoyment of property).[28]

25 House of Commons Library, Leasehold reform in England and Wales: What's happening and when? (accessed 19 May 2026)

26 Leasehold and Commonhold Reform, HCWS244, 21 November 2024

27 Leasehold and Commonhold Reform, HCWS244, 21 November 2024

28 R (ARC TIME Freehold Income Authorised Fund) v Secretary of State for Housing Communities and Local Government [2025] EWHC 2751 (Admin). At time of writing, the judgment is being appealed. Also see Box 3 in chapter 2

Government policy on commonhold and leasehold reform

6. The Labour manifesto, published in June 2024, included commitments to:

- "bring the feudal leasehold system to an end";
- enact the package of Law Commission proposals on leasehold enfranchisement, right to manage and commonhold;
- ban new leasehold flats and ensure commonhold is the default tenure;
- tackle unregulated and unaffordable ground rent charges; and
- bring the injustice of 'fleecehold' private estates and unfair maintenance costs to an end.[29]

7. In July 2024, the King's Speech announced the government's plans to publish a draft bill on leasehold reform for pre-legislative scrutiny during the 2024–26 Session. At that time, the government said the draft bill would:

> […] take steps to bring the feudal system of leasehold to an end and reinvigorate commonhold by:
>
> ○ **enacting remaining Law Commission recommendations to bolster leaseholders' fundamental rights** to extend their lease and buy their freehold (enfranchisement), and take over the freeholder's building management functions (right to manage).
>
> ○ **reinvigorating commonhold** by modernising the legal framework. We will also restrict the sale of new leasehold flats. The government will consult on the best way to achieve this, so that generations to come will benefit from absolute homeownership.
>
> ○ **tackling existing ground rents** by regulating ground rents for existing leaseholders so they no longer face unregulated and unaffordable costs.
>
> ○ **bringing the injustice of 'fleecehold' private estates and unfair costs to an end**—the government will consult on the best way to achieve this and implement new protections for homeowners on private estates in the Leasehold and Freehold Reform Act 2024.

29 Labour Party, Change: The Labour Manifesto 2024 (accessed 19 May 2026), p.80. 'Fleecehold' refers to problems faced by some freehold owners who pay private estate charges, which are often similar to those problems experienced by homeowners in leasehold blocks. See chapter 3

- **ending the injustice of forfeiture** so that leaseholders are protected against losing savings they have in their home for potentially small unpaid debts.[30]

The draft Commonhold and Leasehold Reform Bill

8. The government published the draft Commonhold and Leasehold Reform Bill for pre-legislative scrutiny on 27 January 2026.[31] Alongside the text of the draft bill, the Ministry of Housing, Communities and Local Government (MHCLG) published Explanatory Notes; a policy statement on "Addressing unregulated and unaffordable ground rent"; a Delegated Powers Memorandum; and a Guide to the Draft Bill.[32] On 19 March 2026, the government published an impact assessment on the draft bill, along with six detailed annexes, and a summary of responses to a 2023 government consultation on restricting ground rent for existing leases.[33]

9. A written ministerial statement published alongside the draft bill identifies the following "key provisions":

- a new legal framework for commonhold to reform and reinvigorate this radical improvement on leasehold ownership;
- a statutory restriction on new leasehold flats to ensure that in future commonhold is the default tenure;
- a new process for converting to commonhold aligned with wider enfranchisement processes to make conversion possible when at least 50% of qualifying leaseholders agree;
- the abolition of leasehold forfeiture as a means of ensuring compliance with a lease agreement and its replacement with a fairer system;
- the repeal of draconian powers relating to rentcharges on freehold estates; and
- the capping of ground rent for older leases at £250 per year, changing to a peppercorn after 40 years.[34]

30 Gov.UK, The King's Speech 2024, pp.74-75
31 MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026
32 MHCLG, Draft Commonhold and Leasehold Reform Bill
33 MHCLG, Draft Commonhold and Leasehold Reform Bill; MHCLG, Modern leasehold: restricting ground rent for existing leases (accessed 19 May 2026)
34 Statement by the Minister of State for Housing and Planning, HCWS1278, 27 January 2026

10. The draft bill is technical in nature, as it seeks to make fundamental reform to an already complex area of land law, and so it is right that the government has taken this opportunity for affected parties and stakeholders to be consulted on its provisions before the final bill is introduced to Parliament. The King's Speech 2026 confirmed that the government intends to introduce the final Commonhold and Leasehold Reform Bill to Parliament during the 2026-27 Session.[35] The Minister for Housing and Planning previously indicated to us that the government intends to introduce the final bill "as soon as possible" in the new Session,[36] at which time the bill will go through its usual parliamentary stages, with opportunity for further scrutiny and amendments.

Our inquiry

11. We launched our inquiry on 3 February 2026. Rather than revisiting policy debates as to the merits of leasehold reform in detail, the purpose of our inquiry has been to test the draft bill against the government's stated policy objectives,[37] and to identify improvements and changes which the government could make to the legislation before the final bill is introduced. To this end, our inquiry has not sought to evaluate every provision and clause in the draft bill—a public bill committee will consider the final bill clause-by-clause—but has instead focussed on aspects of policy which we believe would most benefit from changes in the final bill.

12. Our report first considers the government's policy to cap existing ground rents, which seeks to offer immediate financial relief to leaseholders once implemented (chapter 2). Next, we consider what additional provisions could be added to the final bill to improve leaseholders' experiences of homeownership in the short-term (chapter 3). We then consider the proposed changes to the legal framework for commonhold in detail, and how changes to the legislation could enable as many leaseholders as possible to benefit from conversion to commonhold ownership (chapter 4). We subsequently evaluate the government's plans to ban the sale of new leasehold flats and to make commonhold the default tenure for blocks of flats in England and Wales (chapter 5). Finally, we turn to the implementation of the final bill, to consider how the government can bring its reforms into effect as soon as possible (chapter 6).

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35 Gov.UK, The King's Speech 2026, pp.45-48

36 Letter from the Minister of State for Housing and Planning to the Chair regarding the publication of the draft Commonhold and Leasehold Reform Bill, dated 12 February 2026

37 See, for example: Gov.UK, The King's Speech 2024, pp.74-75; Labour Party, Change: The Labour Manifesto 2024 (accessed 19 May 2026), p.80

13. We have also included in our report a table of suggested drafting changes (Annex 1); a summary of responses to an online survey we conducted during our inquiry (Annex 2); and a proposal for how the government may enact the Law Commission's remaining recommendations on enfranchisement and the right to manage (Appendix).

14. Our timetable for this pre-legislative scrutiny inquiry was necessarily short, not least because of the imperative that legislative reform is delivered for leaseholders without undue delay. We recognise that such a timetable can pose challenges for those wishing to engage with our work, particularly individuals and small organisations, and so we are especially grateful to all those who took the time to provide oral and written evidence to inform our inquiry.

15. Throughout our inquiry, we have been committed to ensuring that we have heard and considered evidence from a broad range of stakeholders, representing both leaseholder and freeholder interests. In March 2026 we held weekly oral evidence sessions, in which we heard evidence from 30 witnesses. In the first three sessions we heard from leasehold campaigners, freeholders, lawyers, mortgage and property sector representatives, and other stakeholders who will play a central role in the implementation of the proposed legislation. In the fourth session we took evidence from Matthew Pennycook MP, Minister of State for Housing and Planning at MHCLG; Caroline Crowther, Director of Leasehold, Private Rented Sector and Digital Planning at MHCLG; and Rachel Rayner, Deputy Director of Leasehold, Commonhold, Rent-charges & HMLR Sponsorship at MHCLG.

16. We received views from 7,358 homeowners who responded to our online survey, which has provided invaluable evidence on how leaseholders and homeowners paying private estates charges view the draft bill, and the importance of the proposed reforms.[38] We also published 187 written evidence submissions received during our inquiry, many of which made recommendations on technical changes which the government may wish to consider in the coming months. All of these contributions have guided our work throughout the inquiry process and helped shape our final recommendations to the government.

17. We are grateful to several parliamentarians who took the time to provide written and oral evidence to our inquiry,[39] including two former Secretaries of State for Housing; many backbench MPs; and members of Senedd Cymru/

38 A summary of responses to the online survey is provided in Annex 2.

39 See, for example: Qq56–73 (Angela Rayner MP); Qq57–74 (Lord Gove); Qq119–130 (Lord Best); Jonathan Brash MP (CLR0139); Rachel Hopkins MP (CLR0146); Manuela Perteghella MP (CLR0166); London Assembly Housing Committee (CLR0172); Margaret Mullane MP (CLR0052); Danny Beales MP (CLR0239); Local Government and Housing Committee, Welsh Parliament (CLR0251)

Welsh Parliament's Local Government and Housing Committee, given that the provisions of the draft bill extend to England and Wales.[40] Whilst the primary purpose of pre-legislative scrutiny is to identify improvements which the government could make to its legislation before it is introduced to Parliament, we also hope that this report will be a useful guide for MPs and Peers as they undertake further scrutiny of the final bill during this Session.

18. Finally, we would like to thank our two specialist advisers for their advice and guidance throughout the inquiry: Nicholas Hopkins, Professor of Land Law at University College London; and Wendy Wilson, non-executive director at the Leasehold Advisory Service (LEASE).[41]

Waiver to the House's sub judice resolution

19. At the commencement of our inquiry, we were aware of at least one ongoing legal appeal regarding the Leasehold and Freehold Reform Act 2024. Ordinarily, the House of Commons and its committees will not discuss matters live before the courts (the sub judice rule). This is to respect the jurisdiction of the courts in such matters and avoid influencing the outcome of court proceedings.[42] The sub judice rule can, however, be relaxed to enable the House to fulfil its constitutional role.

20. Following discussions between the Chair of the Committee and the Speaker of the House of Commons, the Chair exercised a waiver to the sub judice rule, to enable us to undertake pre-legislative scrutiny on behalf of the House without restriction. This meant that the Committee and our witnesses were able to discuss and consider ongoing litigation relevant to the draft bill.[43]

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40 Local Government and Housing Committee, Welsh Parliament (CLR0251). This written evidence was submitted to our inquiry before the Senedd Cymru/Welsh Parliament elections on 7 May 2026. In January 2026, the then Welsh Government said that "The UK Government's draft Bill proposes important and welcome changes to the law underpinning home ownership in both England and Wales. [...] We continue to work with the UK Government on this important area of reform". See: Gov.Wales, Written Statement: Publication of draft Commonhold and Leasehold Reform Bill (accessed 19 May 2026)

41 The declared interests of the specialist advisers to the Committee are set out in the Committee's formal minutes, pp.85-86. Professor Nicholas Hopkins declared no interests. Wendy Wilson declared interests in that she is currently a non-executive director at the Leasehold Advisory Service, and that she previously worked for the House of Commons Library as a housing specialist and Head of Section.

42 House of Commons, Standing Orders – Public Business, 2026, HC 1745, pp.187-188; House of Commons Library, The sub judice rule, Research Briefing 1141, 6 June 2025

43 HCLG Committee, Oral evidence: Pre-legislative scrutiny of the draft Commonhold and Leasehold Reform Bill, HC 1681, 3 March 2026, pp.1-2

2 Capping ground rents

21. This chapter considers provisions in Part 3 of the draft bill, which introduces a cap on ground rents in existing leases. It examines whether these measures will be effective in achieving the government's policy objective of "tackling unregulated and unaffordable ground rent charges", to provide relief during this Parliament to those leaseholders who are currently paying onerous ground rent.

Background

22. Ground rent is a fee paid by some leaseholders to their landlord for the right to occupy the land on which their building sits, as set out in the terms of a lease. The fee is often a relatively small amount, such as £50 or £100 per year, but many ground rents increase over time, becoming unaffordable and affecting the value of a leaseholder's property.[44] In particular, there has been a growing trend of new-build "modern leasehold" properties in recent decades, with ground rents which double every 10- or 15-years, or which are linked to the Retail Price Index of inflation, providing a significant income stream for landlords.[45]

23. Ground rent is paid separately from and in addition to a building's service charge, which pays for the maintenance of a building and the upkeep of its communal facilities. Our predecessor Committee and the Competition and Markets Authority (CMA) have previously concluded that ground rent bears no relation to the level of maintenance or service provided to leaseholders—it is not commercially necessary and many buildings are well managed without any ground rent being paid.[46] The CMA went further and said it had "found no compelling evidence that anything is provided to leaseholders in return for ground rent".[47]

44 Leasehold Advisory Service, What is ground rent? (accessed 19 May 2026)

45 MHCLG, Modern leasehold: restricting ground rent for existing leases (accessed 19 May 2026), para 1.26

46 Housing, Communities and Local Government Committee, Twelfth Report of Session 2017–19, Leasehold Reform, HC 1468, para 83; Competition and Markets Authority, "Modern leasehold: restricting ground rent for existing leases" - response of the Competition and Markets Authority, para 43

47 Competition and Markets Authority, "Modern leasehold: restricting ground rent for existing leases" - response of the Competition and Markets Authority, para 38

24. The government has identified that some leaseholders face difficulties remortgaging or selling their properties when the ground rent exceeds 0.1% of the property value.[48] In addition, mortgage lenders often impose additional checks on properties with ground rents of £250 or more (approximately 0.1% of the value of a typical flat in England and Wales),[49] which can delay or jeopardise property sales.[50] Ground rent is also included in the valuation formula in the statutory enfranchisement process (the process to extend a lease or buy a freehold), so higher ground rents also impact the cost to a leaseholder of exercising these rights. The Leasehold and Freehold Reform Act 2024 includes provisions to cap the level of ground rent that can be taken into account to calculate the premium at 0.1% of the property's value, but these provisions are not yet in force.[51]

25. In response to our online survey of leaseholders, 27% of respondents said escalating ground rents were affecting the saleability or mortgageability of their home. 22% said they were struggling to afford their ground rent at its current level. When asked what action the government should prioritise to improve rights and protections for leaseholders, action to reduce the cost of existing ground rents was the second most popular response. Leaseholders told us that escalating ground rents are frequently a source of egregious financial hardship (see Box 2 below).[52]

Box 2: Leaseholders' experiences — Ground rent

The following anonymised quotes are from leaseholders who shared their experience of homeownership, and why reform to existing ground rents is important to them. They are illustrative of the thousands of responses we received which highlighted the impact of escalating ground rents on homeowners' finances, mental health, and major life decisions.

- I'm completely trapped. I have no future other than slow bankruptcy. I thought I'd bought a flat, then discovered leasehold is a financial trap. I had planned on living in my flat for a few years, and now I may be trapped here for good. I have no control over my finances, my relationships, where I live, where I work. Ground rent needs to go—it keeps leasehold going.

48 MHCLG, Guide to the Draft Bill, p.67; MHCLG, Addressing unregulated and unaffordable ground rent, p.3

49 MHCLG, Addressing unregulated and unaffordable ground rent, p.3. Median price paid for a flat/maisonette in England and Wales was £245,000 in the year ending March 2025. See: Office for National Statistics, Median house prices for administrative geographies (accessed 19 May 2026)

50 MHCLG, Addressing unregulated and unaffordable ground rent, p.3

51 Leasehold and Freehold Reform Act 2024. Also see Box 1 in chapter 1

52 Annex 2

- I don’t really feel like I own my flat as so many decisions are made that I can’t influence. My flat is effectively worthless thanks to our ground rent. It goes up by 2% or RPI every year (whichever the greater). It’s already well over £500 and is a small one-bed in Leeds. We wanted to move but this has proved impossible. Now we rent near where my husband works, and rent our Leeds flat out.
- Doubling ground rent has made the property unmortgageable, and therefore unsaleable. In my block of 136 flats, around 20-30 properties have been on the market at any one time for the past 4 years or so, and only a handful have ever sold, for around 30% losses. It has delayed my husband and I from being able to start a family until we were able to save the money to be permitted a second mortgage on another property, paying second home stamp duty as I was unable to sell my flat—and we are the very, very lucky ones to be able to buy our way to some kind of freedom in the end.
- As a homeowner, my experience with the leasehold system has been nothing short of a nightmare. While purchasing a home is traditionally seen as a milestone of financial security, I have found myself trapped in a system that feels less like homeownership and more like being a source of passive income for a third party.
- I purchased a one-bedroom leasehold flat five years ago. It was built in the 1990s and when first sold it had a £75 per annum ground rent. During the purchase process, I requested that the seller extend the lease. This happened, but the freeholder included a £200 per annum ground rent indexed to RPI, which was accepted by the seller. I had no choice but to accept this or lose the flat and the mortgage offer, and I knew flats without ground rent are rare in my area. I did not know that accepting this escalating ground rent would eventually make the flat unsellable, let alone unmortgageable, and that this could cost me tens of thousands of pounds to remove at a later date. This was not indicated by the estate agent, mortgage broker, or conveyancer.
- My ground rent has been £400 per annum since 2013, but is about to double this year to almost £800 and will increase again in 10 years. On top of rapidly escalating management charges, this has become a very serious deterrent to prospective purchasers. We ourselves receive nothing for this payment.

Source: Anonymised responses to the Committee’s online survey, see Annex 2.

26. The Leasehold Reform (Ground Rent) Act 2022 banned ground rents for most new leases from June 2022 onwards, by restricting annual ground rent to one peppercorn (zero financial value).[53] In recent years, there has been a cross-party consensus on the principle of introducing a cap on ground rents in existing leases. Since 2017, the manifestos of successive UK governments have included commitments to address onerous ground rents (see Table 1 below). Most recently, in 2024, the Labour manifesto included a commitment to "tackle unregulated and unaffordable ground rent charges".[54] Therefore, further legislative reform to tackle existing ground rents has been anticipated for most of the past decade.

53 Leasehold Reform (Ground Rent) Act 2022. The peppercorn limit came into force for new leases of retirement properties on 1 April 2023. Also see Box 1 in chapter 1

54 Labour Party, Change: The Labour Manifesto 2024 (accessed 19 May 2026), p.80

Table 1: Manifesto commitments on ground rents (2017 to 2024)[55]

Manifesto year	Labour	Conservative	Liberal Democrats
2024	"tackle unregulated and unaffordable ground rent charges"	"cap ground rents at £250, reducing them to peppercorn over time"	"capping ground rents to a nominal fee"
2019	"end the scandal of leasehold [...] abolish unfair fees"	"restricting ground rents to a peppercorn"	No specific policy on ground rents in the manifesto. Supported measures to cap ground rents during passage of LAFRA.[56]
2017	"give leaseholders security from rip-off ground rents"	"crack down on unfair practices in leasehold, such as escalating ground rents"	No specific policy on ground rents in the manifesto.

Government policy to address ground rents

27. The government announced the detail of its policy to "tackle unregulated and unaffordable ground rent charges" in a policy statement published alongside the draft bill.[57] The government's proposal is to introduce a legislative cap on ground rents of £250 a year, changing to a peppercorn after 40 years.[58] In the policy statement, the government said that this approach is aimed at "directly addressing the problem caused by high and escalating ground rents while providing clear and easily understood rules".[59]

55 Labour Party, The Labour Manifesto 2024, p.80; Conservative Party, The Conservative and Unionist Party Manifesto 2024, p.53; Liberal Democrats, Liberal Democrat Manifesto 2024, p.71; Labour Party, The Labour Manifesto 2019, p.79; Conservative Party, The Conservative and Unionist Party Manifesto 2019, p.29; Liberal Democrats, Liberal Democrat Manifesto 2019; Labour Party, The Labour Manifesto 2017, p.61; Conservative Party, The Conservative and Unionist Party Manifesto 2017, p.59; Liberal Democrats, Liberal Democrat Manifesto 2017

56 See, for example: HC Deb, vol 742, col 658, 11 December 2023

57 MHCLG, Addressing unregulated and unaffordable ground rent

58 MHCLG, Addressing unregulated and unaffordable ground rent, p.2

59 MHCLG, Addressing unregulated and unaffordable ground rent, p.6

28. The government developed this policy in part based on evidence gathered during the previous Parliament. In 2023, the then government consulted on policy options to restrict ground rent for existing leases, including the option of a cash cap and proposals for transitional arrangements.[60] Upon publication of the draft bill, the current government summarised that responses to this consultation "demonstrated that leaseholders overwhelmingly supported a rapid move to a peppercorn cap, while landlords and investors argued that all the proposals would represent an unjust interference in their property rights".[61] The consultation outcome published in March 2026—part way through our inquiry—showed that leaseholders expressed a clear preference for an immediate peppercorn cap; whilst freeholders and investors tended to favour a variety of alternative options to those being proposed by the then government.[62]

29. The government's policy statement on ground rents says that the policy was "designed to strike a fair balance between the interests of different groups and maintain the UK's reputation as a safe place for investment", and that the reforms "will necessarily have effects on existing contractual arrangements and investments, something which this government does not undertake lightly".[63] However, the statement is clear that the government believes that "ground rents are undesirable from both a leaseholder and housing market perspective" and that the proposed policy "strikes the right balance—dealing immediately with the key concern about unfairly high and increasing ground rents whilst also taking definitive steps to end ground rents".[64]

30. Overall, Matthew Pennycook MP told us that the policy had been designed to "deliver on specific commitments made in [the government's] manifesto, in the context of those wider reforms [in the draft bill], to deal with well-known harms taking place that are frustrating the operation of a modern, well-functioning housing market".[65]

60 MHCLG, Modern leasehold: restricting ground rent for existing leases (accessed 19 May 2026)
61 MHCLG, Addressing unregulated and unaffordable ground rent, p.6
62 MHCLG, Modern leasehold: Restricting ground rent for existing leases: summary of consultation responses (accessed 19 May 2026), p.23, Table 4.2
63 MHCLG, Addressing unregulated and unaffordable ground rent, pp.3-4
64 MHCLG, Addressing unregulated and unaffordable ground rent, p.6, p.4
65 Oral evidence taken on 10 February 2026, Q232 (Matthew Pennycook MP)

31. **CONCLUSION**
Three successive UK governments have now secured electoral mandates to address onerous ground rent terms in existing leases. Leaseholders rightly expect the government to deliver on its commitment to "tackle unregulated and unaffordable ground rent charges" through legislation. Therefore, we welcome that Part 3 of the draft bill would introduce a universal cap on ground rents to provide immediate relief to leaseholders facing the most egregious ground rent charges.

Impacts on investments and businesses

Pension funds and investors

32. Alongside the freeholders and landlords who collect ground rents, pension funds with portfolios of ground rents and individuals who have invested in ground rent funds will be disadvantaged by the proposal to cap ground rents. The government has identified that institutional investors (such as pension funds) have "become involved in the residential ground rent market over the last 20 years, either through lending against a residential portfolio owned by a freeholder, or directly investing and becoming the freeholder themselves".[66]

33. We received many written submissions from financial advisers and individuals who had invested in the TIME Freehold fund.[67] The TIME Freehold fund, overseen by TIME Investments (a specialist investment manager), is an investment fund which includes the freehold ground rents of 50,000 UK residential properties and has around 7500 investors.[68] TIME Investments is also one of the claimants in the ongoing litigation concerning the Leasehold and Freehold Reform Act 2024.[69] Many TIME Freehold fund investors, several of whom had invested in the fund to save for their retirement, told us that they had "made [an] investment in good faith, believing it to be a lawful and legitimate asset class, regulated by the Financial Conduct Authority and operating within the UK's established legal and property framework".[70] They raised concerns including:

- being unable to access their money over the past two years, during which time the fund has been suspended due to legislative uncertainty concerning leasehold reform;

66 MHCLG, Modern leasehold: restricting ground rent for existing leases (accessed 19 May 2026), para 1.18
67 TIME Investors (CLR0250)
68 ARC TIME Fund (CLR0201)
69 See Box 3 in chapter 2
70 TIME Investors (CLR0250)

- that the value of their investment had already fallen significantly, and that the value would decline further if a legislative cap on ground rents were to be implemented;
- the impact on their mental health and distress caused by the uncertainty surrounding their investment, and concerns that legislative reform could wipe out their life savings;
- that there would not be compensation for investors who do not realise the return which they had expected on their investment, as a result of a legislative cap on ground rents.[71]

34. We invited the Managing Director of TIME Investments, or another senior representative, to give oral evidence to our inquiry, as an opportunity to share further detail of how provisions in the draft bill would affect their investors.[72] TIME Investments declined to send anyone to attend, despite us formally requesting their attendance twice, citing their involvement in the ongoing litigation. Notwithstanding our assurances that any oral evidence would be protected by parliamentary privilege and would therefore be inadmissible as evidence in court, TIME Investments refused to put any representative forward to give oral evidence.[73]

35. While declining to give oral evidence on legal grounds, TIME Investments chose to submit written evidence on those same issues. Its written evidence set out TIME Investments' view that the draft bill "is the product of flawed policymaking", and that it is underpinned by "the false premise that ground rents are something for nothing", which it said was "palpably not true". It made the case that ground rent funds professional landlords' roles "at the forefront of delivering critical building safety works and maintenance upgrades to ensure property owners are confident in the safety of their own home".[74]

36. Regarding the impact on pension funds more generally, Charmaine McQueen-Prince, Chair of the Leasehold Reform Subcommittee at the Residential Freehold Association, appeared before us and made the case that a cap on ground rents would not only benefit homeowners who live in leasehold properties, but would also see a "huge transfer of wealth" from pension funds to "buy-to-let investors—very wealthy domestic and

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71 TIME Investors (CLR0250)

72 Letter from the Chair to TIME Investments regarding pre-legislative scrutiny of the draft Commonhold and Leasehold Reform Bill, dated 12 February 2026; Letter from the Chair to TIME Investments regarding a further invitation to give oral evidence, dated 23 February 2026

73 Letter from the Chair to TIME Investments regarding a further invitation to give oral evidence, dated 23 February 2026

74 ARC TIME Fund (CLR0201)

overseas leaseholders and property investors”.[75] She pointed to the statistic that 41% of leasehold properties are privately rented, including by buy-to-let investors, and argued that this “cannot be what the draft bill seeks to do”.[76] John Godfrey, Managing Director of Public Affairs, Policy and Research at TheCityUK (a representative body for the financial services sector) suggested that whilst many in the pensions industry are supportive of the government’s manifesto commitment in principle, the industry’s concern “is that a retrospective blanket cap of £250, resulting in a transfer of value out of the pension system of between £10 billion and £12.5 billion, is not a proportionate response to that goal”.[77]

37. By contrast, some leasehold campaign groups expressed concern that the government had been overly cautious of the potential impact on pension funds, in light of reports that MHCLG previously estimated that pension funds held less than 1% of assets in residential property.[78] Whilst this figure does not appear to have been confirmed on record by MHCLG, Lord Gove, former Secretary of State at the Department for Levelling Up, Housing and Communities (the predecessor department to MHCLG), told us that “overall, pension funds have less than 1% of their investment in residential property in the UK—that is residential property overall, never mind ground rents—so we are talking about a tiny amount of people’s pension savings being invested in this asset class”.[79] Harry Scoffin, Founder of Free Leaseholders, described pension funds’ investment in ground rents as “get-out-your-microscope territory”, and expressed his frustration at media reports that HM Treasury had “been pushing back against” a cap on ground rents during policy development, whilst using what he described as “all the lobby lines about pension funds”.[80]

38. In May 2024, Lee Rowley, then Minister for Housing, provided a summary response to the 2023 consultation on restricting ground rent for existing leases. He said that:

75 Q34 (Charmaine McQueen-Prince)
76 Q34 (Charmaine McQueen-Prince); Q28 (Charmaine McQueen-Prince)
77 Q142 (John Godfrey)
78 See, for example: Free Leaseholders (CLR0246); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252); National Leasehold Campaign (NLC) (CLR0256); Financial Times, Plan to cap ground rents causes concern among UK landlords (accessed 19 May 2026)
79 Q58 (Lord Gove)
80 Qq15–16 (Harry Scoffin)

> we can confirm that the general response to the consultation has confirmed that ground rents represent, at most, a small percentage of total UK pension assets. In addition, no substantive evidence has been provided within the consultation that suggests that there is a systemic risk to the operation of pension funds or the financial markets.[81]

39. In February 2026, when asked whether it was still MHCLG's assessment that "ground rents represent, at most, a small percentage of total UK pension assets", Matthew Pennycook MP responded "broadly, yes. Ground rents are a niche investment. We judge the risk of wider contagion to be low".[82] He added that it is "a fairly small number of people" who have invested in ground rents as individuals, and that "we [the government] are not proposing a peppercorn of all ground rent terms. We are not extinguishing their investment. But there will be an impact there".[83]

Ground rent and building safety remediation

40. Some evidence we received from freeholders and their representatives highlighted their statutory duties under the Building Safety Act 2022, and expressed concern that a ground rent cap may indirectly impact on remediation work and building safety.[84] On 26 January 2026—the day before the draft bill was published—in an open letter to The Rt Hon Steve Reed MP, the Secretary of State for MHCLG, the Residential Freehold Association (RFA) described ground rent income as "a critical and irreplaceable funding mechanism, without which building owners would not be able to meet their statutory duties under the Building Safety Act", and said that capping ground rent would "result in a significant number of professional freeholders being at risk of immediate insolvency".[85] In written evidence to our inquiry, the RFA said that:

> A ground rent cap will drive into insolvency the very parties which the Government is relying on to deliver building safety remediation. The remediation programme currently covers approximately 9,000 to 12,000 buildings and carries an estimated cost of between £12.6 billion and £22.4 billion. Widespread insolvency among professional freeholders would place delivery of this programme at immediate risk.[86]

81 Ground Rent, UIN 23795, 25 April 2024
82 Oral evidence taken on 10 February 2026, Q232 (Matthew Pennycook MP)
83 Oral evidence taken on 10 February 2026, Q238 (Matthew Pennycook MP)
84 See, for example: Landmark Group (CLR0171); Residential Freehold Association (CLR0178); British Property Federation (CLR0192); Long Harbour Ltd (CLR0194); Wallace Partnership Group Limited (CLR0197); ARC TIME Fund (CLR0201)
85 Residential Freehold Association, RFA letter to Secretary of State (January 2026) (accessed 19 May 2026)
86 Residential Freehold Association (CLR0178)

However, the RFA did not provide supporting evidence to quantify the "significant number" of professional freeholders it believes would be at risk of immediate insolvency, or to evidence the risk of "widespread insolvency"; or that any freeholders were using income from ground rent to meet building safety costs. In any case, the proper mechanism to charge leaseholders for costs for which they are responsible is through a service charge, as they are governed by legislation to ensure their reasonableness and transparency.[87]

41. Charmaine McQueen-Prince, representing the RFA, told us that:

> there are buildings that, for example, have unsafe external walls, and yes, we are benefiting from government funding, but those same buildings have fire safety issues internally; they have compartmentation issues. Those defects are not covered by the funding. They have to be paid for, and those are the things that we are paying for. We are paying for waking watches of people to guard the buildings.[88]

42. Charles Roe, Director of Mortgages at UK Finance (a representative body for the financial services sector) said that he was aware of "situations in which a freeholder has used the ground rent almost as a proxy for an additional service charge to cover things such as building remediation for building safety".[89]

43. Lord Gove disagreed that freeholder insolvency posed a risk to remediation, and highlighted that:

> We in government had to pursue remediation orders against freeholders to get them to make sure that property was safe. Local authorities have had to do so since the general election, supported by Angela [Rayner MP] and Steve Reed. If only those freeholders had acted beforehand, without requiring legislation and public money to support them, the argument might carry some weight; as it is, it is valueless.[90]

87 See, for example: Landlord and Tenant Act 1985, section 19; Leasehold and Freehold Reform Act 2024, Part 4. Note, some provisions in the Leasehold and Freehold Reform Act 2024 are not yet in force.

88 Q38 (Charmaine McQueen-Prince)

89 Q148 (Charles Roe)

90 Q58 (Lord Gove)

44. Angela Rayner MP described her experience of negotiating with freeholders and developers during her time as Secretary of State for Housing, Communities and Local Government as "like whack-a-mole", as freeholders sought to pass blame and costs rather than acting as stewards.[91] She added that:

> I do not accept that ground rents have given this mysterious amount of money that is remediating these buildings. [...] I am sure Michael [Lord Gove] shares my frustration, when we are in those rooms, that these people are not actually looking at the human impact, after what happened at Grenfell—if it is your daughter or your son who lives in one of these buildings. [...] It is unacceptable, and I do not see that ground rents are an issue they can hide behind. It is astonishing that they are trying to.[92]

45. After giving oral evidence, the RFA reaffirmed in correspondence to us that "in the event that any freeholders were forced into insolvency by these measures, the loss of this specialist role could have a significant impact on building safety for tens of thousands of residents". However, it again failed to provide any data or new evidence to support the claim that a loss of ground rent income would result in "widespread insolvency" of freeholders.[93]

46. The government's impact assessment says that a £250 legislative cap on ground rents presents a "Low-Medium" risk that "some exposed or undiversified freeholders could face insolvency where income above the cap is essential to meet obligations", but found that this could be mitigated through monitoring and early engagement with affected freeholders.[94]

Impact on future investment

47. Representatives from the property and financial services sectors have raised concerns that the cap on ground rents may deter future investment in the UK, as the legislation would apply to ground rent terms in existing contracts.[95] Hannah Gurga, Director General at the Association of British Insurers, told us that "the blanket nature of the proposals that the government have brought forward raise important questions about the predictability and certainty of the UK's legal framework", which would affect

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91 Q59 (Angela Rayner MP)

92 Q59 (Angela Rayner MP)

93 Letter from the Residential Freehold Association to the Chair regarding oral evidence given before the Committee on 17 March, dated 31 March 2026

94 MHCLG, Annex 5: Ground rents reform, p.50

95 See, for example: Nationwide Pension Fund (CLR0151); Residential Freehold Association (CLR0178); TheCityUK (CLR0181); British Property Federation (CLR0192); The ABI (CLR0195)

the confidence of those making long-term investment decisions.[96] John Godfrey, representing TheCityUK, suggested that a cap on ground rents may set a precedent, whereby "the next time a government come around to pension funds and ask for greater commitment to infrastructure or energy systems, or whatever it may be, those investors will think, 'Do I really want to do that, given that the government generally in the UK is not averse to changing the rules in hindsight?'".[97] He also claimed that investments in ground rents make an economic contribution because "often the role of the freeholder is to act as a steward for the building—to ensure that it is safe, that it is insured, and that these conditions are met. So it is not a nil economic gain […] and the majority of them do a good job".[98]

48. In response to the argument that a ground rent cap may have a 'spooking effect' on future investment, Lord Gove said that such claims were "bogus", and that this was an argument that he heard "a lot from the freeholder lobby and their allies within government" during his time as Secretary of State.[99] He suggested that future investors would "make a judgment about the attractiveness of the United Kingdom overall according to a variety of factors" and that they would "appreciate that there are other areas that will be more productive, higher yielding over time and more defensible [than ground rents], into which they can put their investment money".[100] Catherine Williams OBE, Co-Founder of the National Leasehold Campaign, said that its members "still find it very difficult to justify handing over their hard-earned money to a faceless freehold investor, who may have offshore accounts, for nothing. We need to make it really clear that ground rent is for nothing".[101] She added that investors "have had the benefits of those investments for a number of years now—a long time—whereas leaseholders do not get benefits from paying ground rents; they just pay them".[102]

49. In February 2026, Lucy Rigby KC MP, the then Economic Secretary to HM Treasury, acknowledged to us that "from an institutional investor point of view, there is an extent to which you want to have certainty of income, and indeed everything else. We have been in discussions on this issue with MHCLG for a period of time".[103] She told us that she had engaged with institutional investors regarding the policy in her role as City Minister, and those investors had:

96 Q142 (Hannah Gurga)
97 Q143 (John Godfrey)
98 Qq151–152 (John Godfrey)
99 Q58 (Lord Gove)
100 Q58 (Lord Gove)
101 Q3 (Catherine Williams)
102 Q4 (Catherine Williams)
103 Oral evidence taken on 10 February 2026, Q227 (Lucy Rigby KC MP)

> made their views known on the extent and nature of this policy, where they thought it should land and all the rest of it. As you would expect us to, we had discussions across government on the right landing for this policy, balancing all the issues and interests, as we have to do.[104]

Matthew Pennycook MP, the Minister for Housing and Planning, added that the government had concluded that its proposed ground rent cap "strikes a fair balance between the interests of leaseholders, freeholders and those invested in ground rents" and emphasised that it "is a very specific, targeted intervention to deal with well-known harms and provide for a fair and efficient housing market in the long term".[105]

50. **CONCLUSION**

We have listened to the case made by some freeholders and institutional investors that a cap on ground rents would have a detrimental impact on pension funds and wider investment in the UK. In particular, we recognise that the proposals in the draft bill may have a significant financial impact on a small number of individuals who chose to invest large sums in ground rent funds, such as the TIME Freehold investment fund, sometimes acting on poor advice from professional financial advisers. However, it is always the case that investment decisions come with the risk that investors may lose money, and legislative reform has been a known risk for many years. We believe the government is right to pursue a policy which strikes a fair balance between these interests, while ensuring its democratic mandate to tackle unaffordable ground rent charges remains its guiding principle.

51. **CONCLUSION**

The suggestion by some freeholders and their representatives that ground rent is a contribution towards building safety remediation is incorrect. Leaseholders do not believe and should not expect that ground rent is used as a proxy for an additional service charge. It is shameful that some freeholders have invoked a misleading narrative to suggest that residents may be endangered if the government caps ground rents. The potential that some freeholders could face insolvency due to lost ground rent income is a risk which the government has identified and can mitigate, although freeholders have provided no evidence to support their claim that a cap may result in "widespread insolvency" of freeholders.

104 Oral evidence taken on 10 February 2026, Q228 (Lucy Rigby KC MP)
105 Oral evidence taken on 10 February 2026, Q230 (Matthew Pennycook MP)

Likelihood of judicial review

52. Ongoing litigation concerning the Leasehold and Freehold Reform Act 2024 (LAFRA) has contributed towards delays to the implementation of its provisions, including reforms which would provide significant benefits to leaseholders, such as changes to the valuation process that would make lease extensions cheaper.[106] During our inquiry, we heard evidence that parties who would be negatively affected by the legislative cap on ground rents may seek to use similar arguments to those used to challenge LAFRA in a future legal challenge against provisions in this legislation, if passed in its current form (see Box 3 below).[107] This included the Minister for Housing and Planning himself telling us that he "fully expects" a legal challenge to the legislation once it is passed.[108]

Box 3: Judicial Review case concerning the Leasehold and Freehold Reform Act 2024

In January 2025, several freeholders were granted permission to apply for judicial review in relation to the Leasehold and Freehold Reform Act 2024. The claimants sought a declaration under section 4 of the Human Rights Act 1998 that various provisions of the Act are incompatible with their rights under Article 1 of Protocol 1 ("A1P1") to the European Convention on Human Rights (the right to peaceful enjoyment of property), in that they would amount to an expropriation of the value of their property without adequate compensation. The claimants included ARC Time, the Cadogan and Grosvenor Estates, Wallace Partnership Group, John Lyon's Charity, and Abacus Land. The Secretary of State for MHCLG was the defendant in the case.[109]

On 24 October 2025, the High Court ruled in favour of the government: it found that the measures under challenge were compatible with the European Convention on Human Rights, and dismissed the claims.[110] The High Court held in particular that the 2024 Act did not breach A1P1 by limiting the amount of ground rent that could be taken into account in the calculation of enfranchisement value.[111]

106 See Box 1 in chapter 1 and Box 3 below
107 See, for example: Qq43–49 (Charmaine McQueen-Prince); Q83 (Douglas Maxwell); Q164 (James Raynor); Q212 (Matthew Pennycook MP)
108 Q212 (Matthew Pennycook MP)
109 R (ARC TIME Freehold Income Authorised Fund) v Secretary of State for Housing Communities and Local Government [2025] EWHC 2751 (Admin)
110 Arc Time Freehold and others v Secretary of State for Housing, Communities and Local Government - Summary
111 R (ARC TIME Freehold Income Authorised Fund) v Secretary of State for Housing Communities and Local Government [2025] EWHC 2751 (Admin) [341]-[381]

Permission to appeal the judgment was granted on 1 April 2026.[112] Ultimately, if the claimants lose after exhausting domestic routes of appeal, then they can take their case to the European Court of Human Rights.

53. Dr Douglas Maxwell, a barrister at Henderson Chambers and specialist in human rights and property law, told us that:

> The economic impact of [the ground rent cap] will be far more draconian than the current Leasehold and Freehold Reform Act, which is being challenged in the courts at the moment. Based on that, it seems almost inevitable that, in its current form, the bill will be challenged on human rights grounds. I cannot really comment on whether that will be successful. At the moment there is probably not enough information in the public domain to determine that.[113]

54. When we asked Charmaine McQueen-Prince, representing the RFA, whether its members (which include several claimants involved in the judicial review concerning LAFRA) would seek to bring a judicial review against a cap on ground rents, she said that she was "not in a position to comment on whether they [RFA members] will seek judicial review. They will take their own advice. I think they will look at the legislation and see how it impacts their business and what they do".[114] James Raynor, CEO of Grosvenor Property (a large freeholder and claimant in the LAFRA case), suggested that Grosvenor is unlikely to be involved in a legal challenge to a cap on ground rents, based on the proposal in the draft bill, as ground rents are "not a significant area of business" for the company.[115] He said that:

> We have one issue with what is going on with [LAFRA's] proposed reform, which we do not agree with. We think it will cause us financial loss. As a result, we are trying to protect our rights on that. In principle, we are very happy with reform in this area [the cap on ground rents] and are not against it.[116]

55. When a bill is introduced to Parliament, the minister responsible must make a statement to confirm whether the bill's provisions are compatible with the ECHR.[117] A minister can only confirm compatibility if they consider that it would be more likely than not that a legal challenge to the legislation would fail. Based on his experience as the Secretary of State responsible for the passage of LAFRA through Parliament, Lord Gove told us that MHCLG's lawyers will have advised the government that freeholders will seek "to

112 Gov.UK, Case tracker – Justice UK (accessed 19 May 2026), case reference CA-2025-003051
113 Q83 (Douglas Maxwell)
114 Q45 (Charmaine McQueen-Prince)
115 Qq162–164 (James Raynor)
116 Q162 (James Raynor)
117 Human Rights Act 1998, section 19

judicially review whatever Parliament decides”. Therefore, he advised that “rather than taking a defensive crouch in the face of lawyers and the courts”, the current government should “state clearly, ‘This is Parliament’s will, this is what the public want and this argument is right.’”[118]

56. Both Lord Gove and Angela Rayner MP agreed that it was Parliament’s responsibility to fulfil the commitments made by successive governments to address onerous ground rents, even if that risked a judicial review case.[119] Angela Rayner MP said that, although it was known that freeholders may pursue a future legal challenge, “we also know that we can and should win the battle”.[120] She added that:

> Successive governments have said they are going to do this, so there is the political will [...] and you have seen the will of the people in terms of the electoral mandate we had to finish the job. Action on this that is too slow will be damaging for us as a Parliament, because it would look like vested interests winning over the will of the people.[121]

57. Matthew Pennycook MP said that the government had developed the draft bill to be “deliverable and defensible and allow us to get it in place as quickly as possible”, but that the government will be prepared to “robustly contest” a legal challenge to the cap on ground rents.[122]

58. **CONCLUSION**

Based on the evidence we have heard, we believe that it is likely that the ground rent provisions in the draft bill, if passed in their current form, would be subject to a legal challenge on the grounds that they breach freeholders’ property rights under Article 1 of the 1st Protocol to the European Convention on Human Rights (ECHR). We do not believe the government is able to mitigate the risk of legal challenge completely, as there will always be an incentive for some businesses to seek to delay legislation which would end a significant revenue stream. Ministers must also be satisfied that a bill is compatible with the ECHR when it is introduced, so they can make a statement of compatibility under the Human Rights Act 1998. Therefore, it is right that the government should take a responsible and considered approach to strike a fair balance between the interests of leaseholders, freeholders, and those invested in ground rents in order to maximise the likelihood of winning a judicial review.

118 Q63 (Lord Gove)
119 Q63 (Lord Gove); Q64 (Angela Rayner MP)
120 Q64 (Angela Rayner MP)
121 Q64 (Angela Rayner MP)
122 Q212 (Matthew Pennycook MP)

59. **CONCLUSION**

However, the government should be emboldened by the fact that it has previously successfully defended judicial review cases in the High Court, including on leasehold reform. Therefore, it should push ahead with reasonable reforms to cap ground rents and fulfil its electoral mandate. Once passed, the Commonhold and Leasehold Reform Act will have a democratic mandate from Parliament on which the courts will place considerable weight, regardless of the significant resources of parties which may seek to impede its implementation until they have exhausted all avenues of appeal.

Value of the cap

60. The government has said that it considered several options for a flat cash cap on all existing ground rents.[123] Matthew Pennycook MP, the Minister for Housing and Planning, told us that the rationale for the £250 figure which the government has proposed is, in part, because it is known to be a threshold which presents issues for access to mortgages.[124] The government's impact assessment highlights that lenders typically assess ground rents of 0.1% of property value to be higher risk, and £250 is approximately equivalent to 0.1% of the average price of a flat in the UK.[125]

61. Leasehold campaign groups were generally supportive of the proposal for a £250 cash cap, though some made the case for a lower value or an immediate change to peppercorn.[126] Catherine Williams OBE, Co-Founder of the National Leasehold Campaign, said that whilst its members were initially "quite positive" about the £250 cash cap, this initial response came from "mainly London-centric leaseholders who have much higher ground rents than elsewhere in the country".[127] Liam Spender, a lawyer and trustee at Leasehold Knowledge Partnership, welcomed that the £250 would not rise with inflation over time.[128] Written evidence from the Free Leaseholders campaign said that reducing ground rents to a peppercorn would be "the only effective approach" to end the ownership of freeholds as an investment asset class.[129]

123 See, for example: MHCLG, Annex 5: Ground rents reform, paras 129-142. Note, this impact assessment was published on 19 March 2026, after our oral evidence sessions with stakeholders and five days before our oral evidence session with Matthew Pennycook MP.
124 Q194 (Matthew Pennycook MP)
125 MHCLG, Annex 5: Ground rents reform, p.60
126 See, for example: Free Leaseholders (CLR0246); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252); National Leasehold Campaign (NLC) (CLR0256). Also see Annex 2
127 Q3 (Catherine Williams)
128 Q1 (Liam Spender)
129 Free Leaseholders (CLR0246)

62. Whilst several property sector stakeholders told us that they were opposed to the £250 cap, the representatives we heard from did not wish to propose an alternative value. John Godfrey, representing TheCityUK, described the £250 cap as "a pretty arbitrary number",[130] but told us he "would not, at this point, want to start trading figures, but the starting point is a much better analysis of what the composition of the leasehold market is, and how you reflect the breadth of that composition in arriving at a figure".[131] Kate Butler, Assistant Director of Policy at the British Property Federation, said the government's statement that £250 is a common threshold at which mortgage lenders typically apply additional checks "does not paint a nuanced picture" of how all lenders treat ground rents, and therefore she believed a £250 cap was "not proportionate to the issue that the government are trying to address". She also told us the BPF did not support a blanket cap and that the government should instead "find ground rents that are genuinely unaffordable".[132] Charmaine McQueen-Prince, representing the Residential Freehold Association, told us the £250 cap should be indexed to rise with inflation.[133] However, The Property Institute, the trade association for property managing agents, said it supported the government's proposal for a £250 ground rent cap[134]—a position which Sebastian O'Kelly, Founder of Leasehold Knowledge Partnership, suggested was a significant indication of support from the sector.[135]

63. Matthew Pennycook MP told us that the government had favoured a fixed cash cap, rather than a cap related to the value of the property, to provide certainty and clarity for leaseholders and avoid the need for regular, complex valuations of every property.[136] The government estimates that between 770,000 and 900,000 households have ground rents over £250 and will benefit from a cap of that value.[137] 59% of leaseholders who responded to our online survey said that a £250 cap would make their annual ground rent more affordable.[138]

130 Q149 (John Godfrey)
131 Q147 (John Godfrey)
132 Q166 (Kate Butler)
133 Q55 (Charmaine McQueen-Prince)
134 The Property Institute (CLR0009)
135 Q172 (Sebastian O'Kelly)
136 Q194 (Matthew Pennycook MP)
137 MHCLG, Annex 5: Ground rents reform, p.27
138 See Annex 2

64. **CONCLUSION**
We agree with the government's rationale for a £250 cash cap, as this is a threshold where ground rent frequently affects the saleability and mortgageability of properties. A cap at this value will ensure leaseholders are protected from increases in ground rent to onerous levels. We heard from some property sector representatives who said they agreed with the principle of addressing onerous ground rent terms which affect the mortgageability of properties, but who did not wish to suggest an alternative to the government's proposal of a £250 cap, to which they were opposed. In light of the Competition and Markets Authority's finding that consumers do not receive anything in return for ground rent, we believe £250 is a reasonable cap in recognition that leaseholders expected to pay a modest ground rent when they bought their homes. A £250 cash cap is fair, clear for all to understand, and straightforward to administer.

Length of the transitional period to peppercorn ground rent

65. The government has proposed that the ground rent cap will be reduced from £250 to a peppercorn after a "transitional period", which it says will ensure an "eventual reduction in ground rents, while mitigating the more acute impact associated with an immediate shift to a peppercorn".[139] The government's proposal is for a transitional period of 40 years, which it said "represents a balanced, achievable and realistic timeline".[140] In coming to this conclusion, the government noted that "[u]ltimately, any length of transitional period involves trade-offs. To mitigate risks, the most important consideration in determining the length of the transitional period is how much value it leaves with freeholders".[141] It also acknowledged that a long transitional period would be undesirable for leaseholders, and that "[e]ven a 20-year transitional period represents a long horizon from a leaseholder perspective", as leaseholders with mortgages "typically move house within 10 years".[142]

66. The government's impact assessment provides some limited modelling to illustrate the estimated impact of alternative policy options, including a transitional period of 20 years or 60 years, as shown in Table 2 below. The government's summary analysis of the transitional period lengths explains that "shorter periods materially increase the impacts on freeholders, while longer periods do not proportionately reduce them, and therefore

139 MHCLG, Annex 5: Ground rents reform, para 149
140 MHCLG, Annex 5: Ground rents reform, para 155
141 MHCLG, Annex 5: Ground rents reform, para 151
142 MHCLG, Annex 5: Ground rents reform, para 150

do not benefit freeholders to the same degree".[143] We understand that this modelling is based on the present value of ground rents—it does not account for the impact that measures in LAFRA (which, once implemented, will cap the ground rent payable when calculating enfranchisement premiums) would have on value transfer.[144]

Table 2: Estimated impacts of alternative transitional periods

Transitional period	Estimated value transfer from freeholders to leaseholders	Value transfer (2025 prices, 2028 PV)
20 years	-68% to -73%	£12.4bn – £15.1bn
40 years	-55% to -61%	£10.0bn – £12.7bn
60 years	-50% to -57%	£9.1bn – £11.9bn

Source: MHCLG, Annex 5: Ground rents reform, p.63, Table 4.2

67. The government says that "moving to a peppercorn ground rent immediately [...] carries unacceptably high risks of unintended consequences for freeholders, leaseholders and the wider housing market".[145] Whilst the government has been clear that it believes an immediate peppercorn cap would be unfair, and that it believes its current policy is "the most appropriate, justified and proportionate" approach,[146] it has not stated a view as to whether a transitional period of less than 40 years would be unfair.

68. Dr Douglas Maxwell, a barrister at Henderson Chambers, told us that in the event of a legal challenge, a court would take into account "a myriad of factors" when considering whether a 40-year transitional period represented a fair balance between leaseholders' and freeholders' interests.[147] He told us that the government's proposal for a long transitional period reflects that the policy is "a significant interference in a large number of assets", but that "there does need to be some proper consideration of where the 40 years has come from", as the government had not made this clear in the information published at that time.[148]

69. The leasehold campaign groups we heard from all agreed that if the 40-year transitional period could be shortened, it should be. Liam Spender, representing Leasehold Knowledge Partnership, highlighted some

143 MHCLG, Annex 5: Ground rents reform, para 152
144 MHCLG, Technical Annex
145 MHCLG, Annex 5: Ground rents reform, para 147
146 Q187 (Matthew Pennycook MP)
147 Q86 (Douglas Maxwell)
148 Q86 (Douglas Maxwell). Note, Dr Maxwell gave evidence before the government published further information in an impact assessment on 19 March 2026.

leaseholders' "frustration" at the 40-year transitional period before ground rents change to a peppercorn, as "although they are being reduced to £250 [...] it is still money that people will have to find to pay for nothing".[149] Harry Scoffin, Founder of Free Leaseholders, said a 40-year transitional period would mean "protecting ground rent until 2068, [...] sending a big signal to people that have bought up the freeholds to other people's homes that this system is okay".[150] Catherine Williams OBE, representing the National Leasehold Campaign, described the 40-year transitional period as the "'til death do us part" clause for leaseholders, and said that, including the wait for the transitional period to begin, it represents "a 42-year leasehold perpetuation".[151]

70. Freeholders and other property sector representatives were opposed to the policy of changing to peppercorn ground rents after a 40-year transitional period.[152] Charmaine McQueen-Prince, representing the Residential Freehold Association, suggested that some RFA members "may well have 30, 40, 50, 60 or 70-year loan notes" which rely on long-term income from ground rents. John Godfrey, representing TheCityUK, said a transitional period shorter than 40 years "would be a grave risk" for businesses.[153] Hannah Gurga, representing the British Property Federation, highlighted that the Rentcharges Act 1977—which prohibited the creation of most new rentcharges on freehold properties—had a 60-year sunset clause.[154]

71. During the passage of the Leasehold and Freehold Reform Act 2024, the previous government had considered including a similar policy to change ground rents to a peppercorn following a transitional period. Lord Gove described the process which the then government had followed during his tenure as Secretary of State for Housing to determine the length of the proposed transitional period, including considering legal advice on the risk of a judicial review:

> In the end it was judged, after conversations with the Treasury and, indeed, the welcome intervention of Rishi Sunak as Prime Minister, that 20 years was an appropriate period of time for the market to adjust. I think that 20-year transition period was quite generous. This government have decided on 40 years. [...] I can understand why

149 Q1 (Liam Spender)
150 Q13 (Harry Scoffin)
151 Q3 (Catherine Williams)
152 See, for example: Residential Freehold Association (CLR0178); British Property Federation (CLR0192); Long Harbour Ltd (CLR0194); The ABI (CLR0195); Wallace Partnership Group Limited (CLR0197)
153 Q146 (John Godfrey)
154 Q144 (Hannah Gurga); Q84 (Douglas Maxwell). Note, the creation of estate management charges is not within the scope of the Rentcharges Act 1977.

> people would be sympathetic to the argument for stability, but it is stability in the interests of those who are gouging money from our fellow citizens who have worked hard to acquire their own property.[155]

Therefore, Lord Gove told us that he believes the government should pursue a shorter transitional period of 20 years.[156] He said that there is “a groundswell of opinion in both Houses in Parliament that would support the government taking the strongest possible measures” to support leaseholders, and that this “should embolden the hands of the Prime Minister”.[157] Both he and Angela Rayner MP, his successor as Secretary of State for Housing, agreed that the government should aim for the “shortest possible” transitional period in the final bill.[158]

72. Matthew Pennycook MP told us that the decision to change to a peppercorn after 40 years had, in part, been made to “ensure that we do not have huge amounts of very small-value ground rent terms in leases that are frustrating the operation of a well-functioning housing market”, because the £250 cap will not rise with inflation.[159] Reflecting on the views we had heard during our inquiry, particularly from the former Secretaries of State for Housing, the Minister said:

> there have been a range of views on this matter. You understand, as I think the public do, that the shorter the transition on the peppercorn time, the greater the potential disruption in terms of impacts on buildings [...] and the greater the legal risk. I will not be able to say much more than this without going into the legal advice that the government have received, but we think that this is the most deliverable and defensible intervention that meets our manifesto commitments and allows us to get it in place as quickly as possible to the benefit of leaseholders.[160]

155 Q60 (Lord Gove)
156 Q64 (Lord Gove)
157 Q71 (Lord Gove)
158 Q64 (Lord Gove); Q64 (Angela Rayner MP)
159 Oral evidence taken on 10 February 2026, Q230 (Matthew Pennycook MP)
160 Q188 (Matthew Pennycook MP)

73. **CONCLUSION**
We support the government's intention to change to peppercorn ground rent. However, it is not clear to us why the government has decided that a 40-year transitional period before a change to peppercorn is the most justified and fair policy. The government has said that it judges 40 years to represent a fair balance between the competing interests, but it has not presented sufficient evidence to justify why 40 years is the optimum period to maximise the benefits for leaseholders whilst minimising the proportional financial transfer from freeholders to leaseholders. The government's modelling shows that estimated value transfer is not linear across different transitional periods. We require more comprehensive and accurate data to come to a definitive judgement on the optimum transitional period.

74. **CONCLUSION**
However, based on information which the government has provided so far, it is not clear to us why a shorter transitional period of 20 years would not also represent a fair balance between the parties. Successive governments have indicated their intention to cap ground rents since at least 2017, and so we are not persuaded by the arguments of some freeholders and investors that they will require a transitional period of longer than 40 years to adjust and plan for the change. Whilst several freeholders and investors told us that 40 years would not allow them sufficient time to prepare, none was willing to propose an alternative transitional period that would be acceptable to them. Ultimately, the length of the final transitional period is a political judgement, which the government acknowledges will involve trade-offs.

75. **RECOMMENDATION**
As part of its response to this report, the government must publish further evidence to justify why it has proposed a 40-year transitional period before a change to peppercorn ground rent, instead of a 20-year transition. This should include publishing the data behind its modelling of the estimated value transfer for transitional periods, to allow analysis of increments between 20 years and 40 years.

Commencement date

76. The £250 ground rent cap in the bill as currently drafted would come into effect on a date to be decided by ministers in secondary legislation. This is known as the commencement day. The 40-year transitional period would also begin on that same date. The government has indicated that "subject to parliamentary timings, the ground rent cap could come into force in

late 2028".[161] However, Matthew Pennycook MP has said that "the House [of Commons] can, of course, help us to speed up the progress of the bill; 2028 is only a rough estimate based on the time it will take for the bill, once it has passed its draft phase and scrutiny from the Select Committee, to be introduced in its final form and to get through both Houses. We will then also have to switch on the necessary secondary legislation".[162]

77. We asked the Minister for Housing and Planning whether secondary legislation is necessary at all, or whether Part 3 of the Act regarding ground rent could come into force two months after Royal Assent, similar to the commencement of Part 5 of the Act regarding rentcharges. The Minister told us that:

> There are a number of remaining policy choices that we need to work through. [...] Quid pro quo leases are a good example of the issues we are working through that we need to give further consideration. However, we want to be able to switch it on as soon as possible. Depending on the answer to those policy questions, it remains an open choice as to whether we can do that through primary legislation or whether secondary legislation is required.[163]

The Minister confirmed that these remaining choices are for ministers to decide, and that there are no plans for further public consultation prior to implementation.[164]

78. **CONCLUSION**

There is likely to be broad cross-party support for the measures in this draft bill. The government has said that it is aiming to bring the cap into force in late 2028, subject to parliamentary timings and its consideration of "remaining policy choices", such as whether to allow leaseholders to agree to pay a ground rent in exchange for a lower purchase price. We do not believe that time spent considering a small number of exemptions to the ground rent cap is in leaseholders' interests. The vast majority of leaseholders simply want to see the £250 cap on ground rents implemented without undue delay. Subject to the government scheduling parliamentary time for both Houses to scrutinise the final bill, we believe the ground rent cap could come into force in late 2027.

161 Gov.UK, PM: "We're capping ground rents at £250" (accessed 19 May 2026)
162 HC Deb, vol 779, col 752, 27 January 2026
163 Q189 (Matthew Pennycook MP). "Quid pro quo leases" describes an arrangement whereby a prospective buyer will agree to pay a higher ground rent in exchange for a lower purchase price. See Gov.UK, PM: "We're capping ground rents at £250" (accessed 19 May 2026)
164 Q195 (Matthew Pennycook MP)

79. **RECOMMENDATION**
The final bill must include a commencement clause for the £250 cap on ground rents to come into force two months after the Act is given Royal Assent—not at a time to be decided by ministers, as is currently the case in the draft bill.

Potential loopholes regarding the ground rent cap

80. During our inquiry, stakeholders raised concerns about two potential loopholes regarding the ground rent cap:

- That the ground rent cap may only apply to the unit which a leaseholder lives in, and not to appurtenant property, such as a car parking space. The National Leasehold Campaign told us that it was aware of a case where a landlord has already claimed to a leaseholder that they will seek to continue charging a ground rent of over £250 after the cap is implemented, by attributing it to a car parking space;[165] and
- That landlords may attempt to introduce new charges in a headlease (a superior lease held directly from the freeholder) which are ground rents in all but name. Leasehold Knowledge Partnership expressed concern that it is already possible for headleases to include hidden charges which are "not linked to the cost of providing services, but [are] linked to RPI".[166]

81. **RECOMMENDATION**
The government must ensure the cap on ground rents in the final bill cannot be evaded by attributing ground rent to appurtenant (related) property, such as parking spaces, or by including charges similar to ground rent in headleases.

165 Q1 (Catherine Williams)
166 Q5 (Liam Spender)

3 Strengthening leaseholders’ rights

82. This chapter focusses on what additional provisions must be included in the final bill to strengthen leaseholders’ rights and considers the effectiveness of measures in Part 5 of the draft bill—a single clause which concerns private estate charges. Whilst the central focus of the draft bill is to reform the legal framework for commonhold as the long-term solution to replace the leasehold tenure, the draft bill also contains provisions which seek to make the leasehold system fairer for leaseholders in the short-term. However, the draft bill also omits some measures which the government had previously said it would include.

Law Commission recommendations

83. LAFRA included measures to implement some, but not all, of the recommendations of the Law Commission’s residential leasehold and commonhold project.[167] The Labour manifesto included a commitment to “enact the package of Law Commission recommendations on leasehold enfranchisement, right to manage and commonhold”.[168] Part 1 of the draft bill establishes a new legal framework for commonhold, based on the Law Commission’s recommendations. However, the draft bill does not contain any provisions to enact the remaining Law Commission recommendations on leasehold enfranchisement or the right to manage.

Leasehold enfranchisement recommendations

84. The Law Commission’s report on leasehold enfranchisement included recommendations to make the statutory process for lease extensions and buying the freehold simpler and more affordable for leaseholders. However, a number of these recommendations have not been implemented. Several written evidence submissions highlighted that implementing these

167 Leasehold and Freehold Reform Act 2024. Also see Box 1 in chapter 1
168 Labour Party, Change: The Labour Manifesto 2024 (accessed 19 May 2026), p.80

recommendations in the final bill would make it easier for leaseholders to exercise a collective enfranchisement, which they will need to do in order to convert to commonhold.[169]

85. These unimplemented recommendations include measures to enable a collective enfranchisement to be made by two (or more) blocks on a development in a single claim and to expand the qualifying criteria for a collective enfranchisement.[170] In terms of the premium payable on enfranchisement, LAFRA legislated to make provision for a new scheme to calculate enfranchisement premiums in line with options the Law Commission provided to reduce the price payable, with one exception.[171] The exception relates to development value, which primarily arises in relation to collective enfranchisement claims (see Box 4 below).

Box 4: Development value

‘Development value’ represents part of the premium which leaseholders must pay to their landlord when buying the freehold interest of a block of flats as part of a collective enfranchisement process. It is a payment in recognition of the block’s potential future increase in value resulting from the building owner’s right to develop the land, such as by building additional storeys onto a block.

Under current planning law, a building owner may add up to two additional storeys on top of existing blocks of flats without applying for planning permission. Future development value can be difficult to ascertain and is subject to negotiation between the parties and/or referral to a tribunal for resolution. The Law Commission suggested the following approach to development value:

“When exercising enfranchisement rights, and in order to reduce the premium payable where there is development value, leaseholders could be given the ability to elect to take a restriction on future development of the property”.[172]

In this case, having acquired the freehold and taken a restriction, if the leaseholders decided to develop the property, they would negotiate a release from the restriction with the former landlord and would pay a premium to do so.

169 See, for example: Free Leaseholders (CLR0246); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252); National Leasehold Campaign (NLC) (CLR0256). Also see Annex 2

170 See Appendix

171 The relevant provisions in LAFRA are not yet in force.

172 Law Commission, Leasehold home ownership: buying your freehold or extending your lease, HC 584 (2019-21), pp.165-172

In a written ministerial statement on 21 January 2021, Robert Jenrick MP, then Secretary of State at MHCLG, announced government plans for leaseholders to "voluntarily agree to a restriction on future development of their property to avoid paying 'development value'".[173] This provision was not included in the Leasehold and Freehold Reform Act 2024.

86. Leaseholders told us that making enfranchisement more affordable was among the measures which they thought the government should prioritise, both through this legislation and by implementing provisions in LAFRA.[174] Harry Scoffin, Founder of Free Leaseholders, said that while commonhold would be the standard in new build blocks, it would be a "mirage" for many existing leaseholders, because the draft bill contains limited measures to make it easier for leaseholders to buy their freehold.[175] He said that, without implementing the remaining Law Commission recommendations on leasehold enfranchisement and the right to manage, leaseholders would be "trapped in a two-tier market" with flats that would be less desirable to prospective buyers.[176] Liam Spender, representing Leasehold Knowledge Partnership, agreed that enacting the remaining recommendations "would make it much easier for leaseholders to take over buildings", and highlighted the recommendations to restrict development value, and to facilitate collective enfranchisement over multiple blocks.[177]

87. Other stakeholders advised that the government should be cautious about implementing reforms to address development value. Mark Chick, Director of the Association of Leasehold Enfranchisement Practitioners (an industry body for leasehold enfranchisement professionals), emphasised that the intention behind the current policy was to allow automatic planning permission for additional storeys to blocks of flats, and suggested that, in light of the government's commitment to increase housing supply, addressing development value may "not be to their best advantage".[178] Vanessa Griffiths, representing the Royal Institution of Chartered Surveyors, said that it would be complex to design a deferment policy that calculates a fair price for homeowners to contribute development value at a later date, in the event that they subsequently decide to exercise their right to add storeys to the block.[179]

88. Regarding development value, Matthew Pennycook MP, the Minister for Housing and Planning, told us that whilst he recognised that development value "can make the cost of buying a freehold prohibitively high", there are

173 Leasehold update, HCWS695, 11 January 2021
174 See Annex 2
175 Q13 (Harry Scoffin)
176 Q13 (Harry Scoffin)
177 Q6 (Liam Spender)
178 Q116 (Mark Chick)
179 Q116 (Vanessa Griffiths)

"some quite challenging and practical legal difficulties to implementing" reforms to address this cost. He said that the government is "giving it consideration and keeping it under review".[180]

Right to manage recommendations

89. The right to manage (RTM) process currently enables leaseholders in blocks of flats to collectively take over the management of a building without having to buy the freehold and without having to prove fault on the part of the freeholder or managing agent.[181] The aim was to provide an alternative option to leasehold enfranchisement for leaseholders who were unhappy with the management of their blocks but who could not, for reasons such as cost, buy the freehold. No compensation is payable to the freeholder when the RTM is exercised. The Law Commission's report on the RTM found that the process can be frustrated by delays in leaseholders being provided with information about their building and its management, and made recommendations to address this.[182] The report also highlighted uncertainty as to how the RTM process applies to parts of an estate which are shared with other buildings, such as gardens and car parks.[183]

90. Harry Scoffin, representing Free Leaseholders, told us that "there has to be simplification of the right to manage", as this would give control to leaseholders who cannot convert to commonhold the power to appoint their managing agent.[184] He highlighted powers for a tribunal to waive procedural errors in filing notices, and the 50% participation threshold, as aspects of the process where reform should be focused.[185] Leasehold Knowledge Partnership said that reforms to the RTM process "must be enacted as soon as possible", and suggested that the government should "go further and require landlords of sites that have not exercised the right to manage to be required to conduct periodic ballots of leaseholders" to encourage participation in and uptake of the process.[186]

180 Q200 (Matthew Pennycook MP)
181 The RTM was introduced by the Commonhold and Leasehold Reform Act 2002
182 Law Commission, Leasehold home ownership: exercising the right to manage, HC 585 (2019-21), chapter 9
183 Law Commission, Leasehold home ownership: exercising the right to manage, HC 585 (2019-21), chapter 10
184 Q24 (Harry Scoffin)
185 Q24 (Harry Scoffin)
186 Leasehold Knowledge Partnership and the All Party Parliamentary Group on Leasehold and Commonhold Reform (CLR0252)

Enacting the Law Commission's recommendations

91. The government has been clear about its intention to enact the remaining Law Commission recommendations on enfranchisement and the RTM, both in the Labour manifesto and in a government policy paper published alongside the 2024 King's Speech.[187] However, Matthew Pennycook MP explained that the draft bill does not include provisions to enact the remaining recommendations because "the bill is already very large [...] and we cannot deliver the whole of the government's commonhold and leasehold reform agenda in a single piece of legislation". Instead, he said that "there will have to be other legislation that brings forward other elements of the reforms we are committed to in our manifesto".[188] The Minister added:

> It is quite difficult to determine the number of outstanding recommendations from the Law Commission, because the 2024 Act departed from its recommendations for holistic reform of the leasehold and RTM regimes. Some of the recommendations are now obsolete, because of the way in which the then government took forward the 2024 Act.[189]

92. Professor Nicholas Hopkins, former Law Commissioner for Property, Family and Trust law and a specialist adviser to our inquiry, has considered which of the Law Commission's recommendations would be compatible with LAFRA, and which the government could prioritise for inclusion in the final bill to maximise its benefits for leaseholders. His proposal is included in an Appendix to this report.

93. Angela Rayner MP, who was involved in the development of the draft bill during her tenure as Secretary of State for Housing, told us that there was a "balance in terms of how much is in the bill", as it is "already long", but emphasised that the Labour manifesto was "clear on making sure that we implement the Law Commission's recommendations". She told us that there may be "a number of avenues and ways to do it" during this Parliament, through separate legislation.[190]

94. The Law Commission is undertaking a review of the management of housing estates as part of its current work programme.[191] This review is considering the creation of a new right for freehold homeowners to take over the management of their estates, through a process similar to the RTM for a leasehold block of flats. This gives rise to the possibility that the Law

187 Labour Party, Change: The Labour Manifesto 2024 (accessed 19 May 2026), p.80; Gov.UK, The King's Speech 2024, p.74
188 Q199 (Matthew Pennycook MP)
189 Q204 (Matthew Pennycook MP)
190 Q65 (Angela Rayner MP)
191 Law Commission, Management of housing estates (accessed 19 May 2026)

Commission may make recommendations on RTM for freehold estates later in this Parliament, and that the government may wish to implement these through a comprehensive Right to Manage Bill, which could encompass the Law Commission's recommendations for both leasehold and freehold properties.

95. The Minister refused to confirm whether the government was considering enacting the Law Commission's RTM recommendations through separate legislation to include its forthcoming recommendations on freehold estates. He said only that, regarding the RTM process, the government "[intends] to honour [its] manifesto commitments in this Parliament".[192]

96. On 29 April 2026, in a speech at the Institute for Government, the Minister signalled the government's intention to bring forward separate legislation later in the Parliament to enact the remaining Law Commission recommendations. He said:

> The likely size of the substantive Commonhold and Leasehold Reform Bill, at around 260 clauses and 20 schedules, means that it will have to be done through separate primary legislation, but we will also honour our manifesto commitment to enact remaining Law Commission recommendations on enfranchisement and Right to Manage in this Parliament.[193]

However, this announcement presents new uncertainty as to the timeline for important measures which are needed to make conversion to commonhold accessible to as many existing leaseholders as possible.

97. **CONCLUSION**

It is deeply disappointing that the draft bill does not enact the remaining Law Commission recommendations—as the government previously said it would—as enacting these measures would provide short-term relief for all leaseholders by reducing the cost of extending their lease or buying their freehold. Making collective enfranchisement cheaper and easier will also ensure that the maximum number of leasehold blocks are able to convert to commonhold. Without including some of these measures in the final bill, the government risks limiting access to collective enfranchisement and commonhold conversion to blocks with wealthier residents who can most afford it, rather than providing the opportunity to the maximum number of leaseholders.

192 Q202 (Matthew Pennycook MP)

193 Gov.UK, Housing Minister speech on Leasehold and Commonhold Reform Bill (accessed 19 May 2026). Note, the draft Commonhold and Leasehold Reform Bill contains 164 clauses and 14 schedules.

98. **RECOMMENDATION**
The government must enact the remaining Law Commission recommendations on leasehold enfranchisement following the approach set out in the Appendix of this report. In particular, the government must enact measures to ensure leaseholders can avoid paying development value upfront by voluntarily agreeing to a restriction on future development of their property.

99. **CONCLUSION**
The Law Commission's recommendations on reforms to the right to manage process would simplify it and ensure more leaseholders are able to appoint their own managing agent through the statutory process. This would offer leaseholders who are unable to convert to commonhold an accessible, more affordable route to decide who runs their building, with greater oversight over their managing agent.

100. **RECOMMENDATION**
The government must enact the Law Commission's recommendations on the right to manage process during this Parliament, either through this bill or through a separate Right to Manage Bill to encompass the Law Commission's ongoing project regarding freehold housing estates.

Regulation of property managing agents

Background

101. When a new block of flats is developed, the building owner—typically the developer or a freeholder—will initially have overall responsibility for managing and maintaining the fabric of the building and its communal spaces. The landlord will usually appoint a property managing agent to exercise their management responsibilities, which may include, for example, the maintenance of green spaces, repairing and maintaining lifts, or maintaining central heating elements. Therefore, many decisions about the day-to-day maintenance of an estate, and the cost of this work, are made by the property managing agent on the landlord's behalf. The cost of these works is usually recoverable from leaseholders via an obligation set out in their lease agreements to pay a service charge.[194]

194 Leaseholders may also seek to establish a right to manage (RTM) company, under the Commonhold and Leasehold Reform Act 2002, to acquire the freeholder's responsibility for the management of their block.

102. There is currently no overarching regulation of property managing agents in England, although they are subject to consumer protection law. Since 1 October 2014, managing agents of leasehold homes have had to belong to one of the government-approved redress schemes which consider complaints from both landlords and tenants (including leaseholders).[195] Local authorities are responsible for enforcing membership compliance.

103. In 2018, the then government commissioned a working group, led by Lord Best, "to advise the government on a new regulatory approach to letting, managing and estate agents". This included making recommendations on a model for an independent property agent regulator, and on a mandatory and legally-enforceable Code of Practice for property managing agents.[196] The Regulation of Property Agents Working Group Final Report ("Lord Best's report") was published in July 2019. Its recommendations included that:

- a new public body should be established as a statutory Regulator for managing agents, accountable to the Secretary of State;
- all organisations carrying out property agency work should be subject to mandatory regulation; and
- the new Regulator should have enforcement powers, ranging from agreeing remedial actions and warnings, up to the revocation of licences and prosecutions for unlicensed practice.[197]
- The Leasehold and Freehold Reform Act 2024 includes provisions intended to increase transparency of service charges and building insurance policies,[198] which are not yet in force. The proposals in Lord Best's report on the regulation of property managing agents were not included in LAFRA and have not been included in the draft bill.

195 The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014
196 MHCLG, Regulation of Property Agents: Working Group—Terms of Reference (accessed 19 May 2026)
197 MHCLG, Regulation of Property Agents Working Group: final report (accessed 19 May 2026)
198 Leasehold and Freehold Reform Act 2024, Part 5; MHCLG, Strengthening leaseholder protections over charges and services: consultation (accessed 19 May 2026)

Performance of property managing agents

104. There have long been reports of leaseholders experiencing a poor quality of service from managing agents across the country,[199] which was reflected in the written evidence we received during our inquiry. This included representations from several Members of Parliament, who shared examples from their casework including:

- **unreasonable service charge and fee increases:** Managing agents frequently levy excessive and unjustified increases in service charges, which can put considerable strain on household finances with little notice. For example, we were told of the case of a managing agent increasing their administration fee for many residents by 49% between 2024 and 2025, representing an increase of £14,700 in total. We heard that rising service charges can increase to a level disproportionate to the capital value of the property, leaving residents feeling trapped and unable to sell their property, even at a significant financial loss.[200]

- **failures to carry out necessary works within a reasonable timeline**: Members of Parliament relayed cases of their constituents finding that even basic maintenance and repair issues, such as lights in the hallways not working or regular leaks, were not being fixed within a reasonable timeframe. We heard cases of leaseholders reporting the same issues on a weekly basis, yet still failing to get a response to enquiries regarding repairs, ground maintenance and parking. This leads to high levels of dissatisfaction among leaseholders, who are left paying rising charges for services that are delivered poorly or not at all.[201]

- **a lack of transparency around how service charges are spent**: Often, leaseholders believe there is little justification for the considerable increases in year-on-year charges. When residents seek clarification on these charges, too often the response from managing agents is inadequate, with only a partial response provided or no response at all. For many leaseholders, these opaque service charges represent a more significant financial pressure than ground rent.[202]

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199 See, for example: Oral evidence taken on 17 June 2025, Property Management Companies, HC 980; Oral evidence taken on 3 February 2026, Property Management Companies, HC 980

200 See, for example: Jonathan Brash MP (CLR0139); Manuela Perteghella MP (CLR0166); Danny Beales MP (CLR0239)

201 See, for example: Margaret Mullane MP (CLR0052); Rachel Hopkins MP (CLR0146)

202 See, for example: London Assembly Housing Committee (CLR0172); Margaret Mullane MP (CLR0052); Rachel Hopkins MP (CLR0146); Danny Beales MP (CLR0239)

- **poor engagement and communication with residents when they raised complaints**: When things go wrong, complaints processes can be complex and long, with meaningful redress delayed by poor responses from the managing agent, resulting in further frustration for leaseholders. We heard instances of customer service representatives for managing agents being rude or even threatening and intimidating towards leaseholders. Members of Parliament raised serious concerns about the lack of accountability faced by managing agents in these cases.[203]

105. During the 2024–26 Session, we held two non-inquiry evidence sessions to consider the performance of property managing agents, in which we heard evidence from two of the largest agents in England—FirstPort and Rendall & Rittner—and from The Property Institute, a professional body for managing agents.[204] As well as discussing what their organisations were doing to improve standards internally and across the sector, we took the opportunity to discuss options for regulation of property managing agents. At that time, there was consensus among all the representatives we heard from in favour of implementing the recommendations in Lord Best's report. Andrew Bulmer, Chief Executive of The Property Institute, told us that a Regulator "will be able to address systemic failure, build that into the code and then enforce. [...] We are anxious—the industry is anxious—to see this being brought forward".[205] Similarly, Martin King, Managing Director of FirstPort, told us that he was "absolutely pro the regulation that is coming for our industry" and that he supported the recommendations in Lord Best's report.[206] Rendall & Rittner told us that it "[welcomes] the prospect of working with a new, independent and credible regulator".[207]

106. On 21 November 2024, the Minister for Housing and Planning said the government was:

> looking again at Lord Best's 2019 report on regulating the property agent sector [...] I can confirm that we will strengthen regulation of managing agents to drive up the standard of their service. As a minimum, this should include mandatory professional qualifications which set a new basic standard that managing agents will be required to meet.[208]

203 See, for example: Rachel Hopkins MP (CLR0146); Manuela Perteghella MP (CLR0166)
204 Housing, Communities and Local Government Committee, Property Management Companies, HC 980
205 Oral evidence taken on 17 June 2025, Q62 (Andrew Bulmer)
206 Oral evidence taken on 17 June 2025, Q37 (Martin King)
207 Letter from Rendall & Rittner to the Chair regarding oral evidence given before the Committee on 3 February, dated 27 February 2026
208 Leasehold and Commonhold Reform, HCWS244, 21 November 2024

107. In mid-2025, a consultation on measures to strengthen leaseholders' protections over charges and services sought views on the government's "preferred option" for mandatory professional qualifications to be overseen by designated professional bodies (such as The Property Institute), supported by local authority enforcement.[209] The government has not yet responded to the consultation, which closed in September 2025. Therefore, it is not yet clear whether the government plans to proceed with legislation to make qualifications mandatory, nor whether this would be introduced alongside or instead of comprehensive regulation of property managing agents, in line with the recommendations of Lord Best's report.

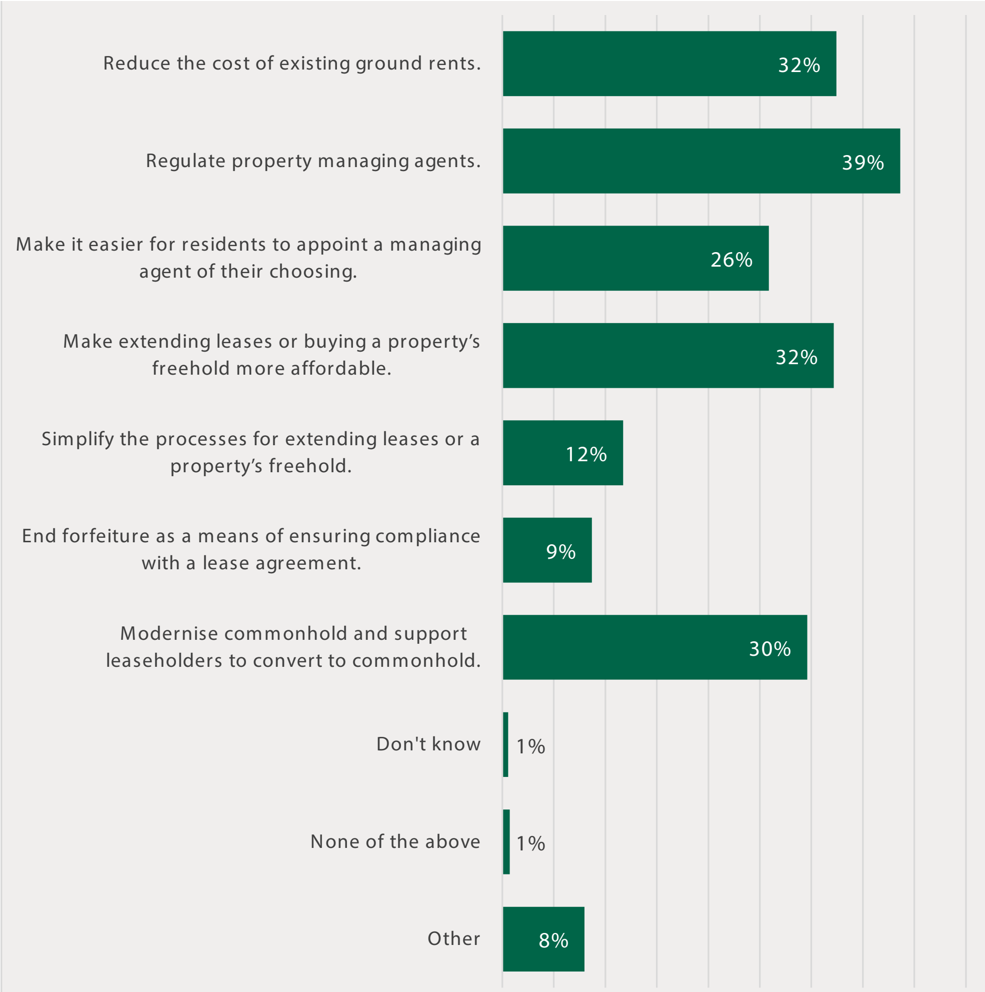
The draft bill

108. Despite the government's commitment to strengthen the regulation of property managing agents, the draft bill does not contain any provisions for such regulation. In evidence to our inquiry, Lord Best told us he would like to see the government include powers to establish a statutory Regulator with enforcement powers in the final bill, which he suggested "is not such a big extra to add to what the government have already committed to do" regarding mandatory qualifications.[210] He said that whilst he would be prepared to "wait a bit longer" for a separate, comprehensive bill—which could also encompass estate agents—he suspected "the real reason [for the delay] is lack of resource in MHCLG" to draft the required legislation and implement the new regime.[211]

109. Our online survey asked homeowners what action they wanted to see the government prioritise to improve their rights and protections. Regulation of property managing agents was the top response, favoured by 2844 respondents, as shown in the chart below.[212]

209 MHCLG, Strengthening leaseholder protections over charges and services: consultation (accessed 19 May 2026), paras 333-341
210 Q124 (Lord Best)
211 Q119 (Lord Best)
212 Also see Annex 2

What actions should the government prioritise to improve the rights and protections of homeowners like you? [Choose no more than 2]



Source: HCLG Committee online survey of homeowners, February-March 2026. Also see Annex 2

110. We heard from several property sector representatives who believed provisions to regulate the property management sector should be prioritised for inclusion in the final bill.[213] Andrew Bulmer, Chief Executive of The Property Institute, said that he was "disappointed" that the recommendations of Lord Best's report were not in the draft bill, and reaffirmed that his organisation "absolutely support the recommendations for a statutory regulator".[214] Charles Roe, Director of Mortgages at UK Finance, agreed that the draft bill had "missed an opportunity" to include

213 See, for example: The Property Institute (CLR0009); Firstport Group Limited (CLR0180); Association of Leasehold Enfranchisement Practitioners (CLR0182); Royal Institution of Chartered Surveyors (CLR0191); British Property Federation (CLR0192); National Housing Federation (CLR0217); Propertymark (CLR0242)

214 Oral evidence taken on 3 February 2026, Q132 (Andrew Bulmer)

these provisions, and said regulation would provide greater assurances for mortgage lenders that commonhold blocks would be maintained to minimum standards.[215]

111. However, some leasehold campaign groups had more mixed views as to whether regulation of managing agents would be a positive step. Harry Scoffin said that calls for regulation were a "diversionary tactic" from organisations in the property sector, to retain their control over building management. He said that it is more important that leaseholders are able to control the appointment of the agent, either by converting to commonhold or through the right to manage process.[216] Sebastian O'Kelly, Founder of Leasehold Knowledge Partnership, said that adding provisions to the final bill would attract "endless lobbying" to the extent that the regime would be "rendered impotent" from leaseholders' perspective.[217] He emphasised that "the most important regulation in terms of managing agents is that the people who pay the bills can have the power of hire and fire".[218]

112. On the other hand, Shula Rich, Vice-Chair of the Federation of Private Residents Associations, said that mandatory qualifications and regulation of managing agents would improve standards and support homeowners to appoint the most appropriate agent for their block.[219] Catherine Williams OBE, Co-Founder of the National Leasehold Campaign said she believed that it is "absolutely crucial that managing agents are controlled and regulated, but that has to be done by an independent body, with some teeth, that can impose meaningful penalties when things are not done".[220] A joint written evidence submission from the National Leasehold Campaign and Leasehold Knowledge Partnership asserted that designated professional bodies should have no role in overseeing professionalisation of the sector.[221] In particular, they suggested that The Property Institute "is an inadequate protector of leaseholders' interests", pointing to the fact that FirstPort remains a member of the organisation "despite the enormous volume of complaints made by leaseholders against it over many years".[222]

215 Q157 (Charles Roe)
216 Q24 (Harry Scoffin)
217 Q185 (Sebastian O'Kelly)
218 Q185 (Sebastian O'Kelly)
219 Q185 (Shula Rich)
220 Q7 (Catherine Williams)
221 Letter from the National Leasehold Campaign and Leasehold Knowledge Partnership to the Chair regarding oral evidence given before the Committee on 3 March, dated 9 March 2026
222 Letter from the National Leasehold Campaign and Leasehold Knowledge Partnership to the Chair regarding oral evidence given before the Committee on 3 March, dated 9 March 2026

113. Angela Rayner MP told us that, whilst she appreciated the concerns which some leasehold campaigners had raised, she believed that the lack of regulation for management agents in the draft bill "is a real problem".[223] She said that the proposals in Lord Best's report for a public body regulator were "absolutely right" and that she would advise ministers that the proposals "need to be taken forward" in the final bill.[224] Lord Gove told us that "organisations like FirstPort, which boast about their managing expertise, are the bane of tens of thousands of people's lives", and agreed that the government "should of course look at regulating managing agents". He highlighted that this would support not only leaseholders, but also freehold homeowners living on private estates maintained by managing agents.[225]

114. Matthew Pennycook MP, the Minister for Housing and Planning, told us that the government is "committed to strengthening the regulation of managing agents", but suggested that the government had not yet come to a final decision as to whether "to layer individual interventions into this legislation", or take forward the recommendations in Lord Best's report in "a standalone piece of primary legislation".[226] In any case, the Minister said that "the bill cannot do everything" and said that the government would prioritise including measures to deliver on manifesto commitments.[227]

115. **CONCLUSION**

It is a significant shortcoming of the draft bill that it does not include provisions to introduce regulation of property managing agents, which is long overdue. We have heard many cases of appalling standards of service from some organisations—particularly England's largest managing agent, FirstPort. For too long, agents have operated in the interests of freeholders as their clients, rather than in the interests of the leaseholders who pay the building's service charges. A credible, independent Regulator with proper enforcement powers would be the most effective measure to deliver improvements to managing agents' service during this Parliament, to the benefit of all leaseholders and future commonholders.

223 Q56 (Angela Rayner MP)
224 Q61 (Angela Rayner MP); Q68 (Angela Rayner MP)
225 Q62 (Lord Gove)
226 Q205 (Matthew Pennycook MP)
227 Q205 (Matthew Pennycook MP)

116. **CONCLUSION**

Whilst we acknowledge some leaseholders' concerns with this approach—particularly the case that MHCLG should prioritise the shift to commonhold to give leaseholders greater control over the management of their blocks and the choice of managing agent—we believe that regulation of the sector is a necessary intervention to support all leaseholders, particularly those who are not able to benefit from conversion to commonhold. Managing agents will also continue to play a key role under the commonhold regime, as it is likely that many commonhold associations will opt to contract with them for services rather than run the blocks themselves, especially in larger and more complex blocks. Many of these contracts are likely to run for several years, and so the professionalisation of managing agents will be important for the success of commonhold. Whilst we recognise the Minister's concern that the draft bill is already large, we do not believe this should require many additional clauses—the final bill could include regulation making powers to enable the establishment of an independent regulator, with further detail contained in secondary legislation.

117. **RECOMMENDATION**

The final bill must include provisions to establish a new, independent public body as the Regulator for property managing agents, with enforcement powers. This must include powers for the Regulator to issue fines or revoke licences of managing agents who breach a statutory Code of Practice, in line with the recommendations of Lord Best's report on the Regulation of Property Agents.

118. **RECOMMENDATION**

The government should not pursue its current preferred option of mandatory qualifications being implemented by designated professional bodies, such as The Property Institute, as leaseholders are clear that they do not have confidence in industry bodies to carry out this duty impartially.

'Fleecehold' and private estate charges

119. Responsibility for estate management on new-build housing developments is normally agreed when the local authority grants planning permission.[228] The government has said it is "aware of an increased prevalence of private [estate] management which has become the norm for most new

228 MHCLG, Reducing the prevalence of private estate management arrangements (accessed 19 May 2026)

developments".[229] Under this arrangement, houses are sold to homeowners on a freehold basis, but the developer retains the freehold for the communal areas. This means that communal amenities—such as roads, sewers, pumping stations and drains, play areas and open spaces—are typically maintained by a managing agent funded by homeowners and residents, rather than by local authorities. The maintenance of communal areas is paid for through a private estate charge, sometimes known as an estate rentcharge, which will be set out in the purchase documents.

120. Many freehold owners who pay private estate charges have reported issues with property managing agents, similar to those experienced by homeowners in leasehold blocks.[230] However, unlike leaseholders, freehold owners do not have equivalent rights to access information about charges or a right to challenge the reasonableness of charges.[231] Therefore, the inequities of the system—which is distinct from, but analogous to, those of the leasehold system—have led to it being known as 'fleecehold' by some campaigners.

121. In July 2024, a government policy paper published alongside the King's Speech announced that the draft bill would:

> [bring] the injustice of 'fleecehold' private estates and unfair costs to an end — the government will consult on the best way to achieve this and implement new protections for homeowners on private estates in the Leasehold and Freehold Reform Act 2024.[232]

However, the draft bill contains limited provisions to address the issues faced by homeowners on 'fleecehold' private estates. Measures to address the specific issues faced by 'fleecehold' homeowners are limited to a single clause of the draft bill—clause 156 in Part 5—which would repeal enforcement remedies which freeholders or managing agents may use (or threaten to use) when homeowners are in arrears of private estate charges.[233]

122. Currently, sections 121 and 122 of the Law of Property Act 1925 give freeholders and their agents—in legal terms, "rentcharge owners"—enforcement remedies when a homeowner has unpaid estate charges. This

229 MHCLG, Reducing the prevalence of private estate management arrangements (accessed 19 May 2026)

230 See, for example: Oral evidence taken on 17 June 2025, Property Management Companies, HC 980; Oral evidence taken on 3 February 2026, Property Management Companies, HC 980

231 House of Commons Library, Freehold houses: estate charges, Research Briefing CBP-8497, 15 June 2023

232 Gov.UK, The King's Speech 2024, p.74

233 MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026, clause 156

includes the power for a rentcharge owner to take possession of a property until the arrears are cleared. These enforcement remedies can be exercised without notice and are not subject to a financial threshold, meaning they can be triggered even for very small arrears. Clause 156 of the draft bill proposes repealing these provisions and establishing new “proportionate enforcement measures”, which will include requiring rentcharge owners to provide proper notice before enforcement action may commence.[234]

123. Halima Ali, Joint Campaign Co-ordinator at HorNet (the Home Owners Rights Network, a national campaign seeking the abolition of the private estate model), told us that the measures included in the draft bill were “the bare minimum” that ‘fleecehold’ homeowners would have expected to see in the legislation, in light of the government’s initial commitments.[235] She said that the HorNet campaign was not aware of powers under sections 121 and 122 being used widely, though she was aware of some instances of rentcharge owners threatening to intervene in cases where homeowners in arrears indicated their intention to sell their home.[236] She told us that regulation of property managing agents alone would not be acceptable for ‘fleecehold’ homeowners, and that ultimately her campaign wanted to see legislation for a retrospective universal adoption of amenities on private estates by local authorities.[237]

124. Regarding the government’s commitment “to bringing the injustice of ‘fleecehold’ private housing estates and unfair maintenance costs to an end”, Matthew Pennycook MP told us that he took the commitment “extremely seriously” and that the government “[remains] firmly committed to honouring” it during this Parliament.[238]

234 Adapted from MHCLG, Draft Commonhold and Leasehold Reform Bill: Explanatory Notes, p.18

235 Q19 (Halima Ali)

236 Q20 (Halima Ali)

237 Q13 (Halima Ali); Qq21–22 (Halima Ali)

238 Q186 (Matthew Pennycook MP)

125. **CONCLUSION**

Whilst we welcome the government's plans to repeal powers which put homeowners on private estates at risk of losing their home for small debts, it is regrettable that clause 156 of the draft bill falls short of the government's commitment to "bring the injustice of 'fleecehold' private housing estates to an end". This commitment relates to a much bigger issue that goes far beyond the present intended focus of this legislation. The injustices which homeowners on private estates face are separate from, and should not be conflated with, the injustices of the leasehold system. We recognise that the government has consulted on what more can be done to enhance protections for homeowners on 'fleecehold' estates, and how to reduce their prevalence in future. Ultimately, 'fleecehold' is in large part a product of stretched local authority finances, as authorities cannot afford to take on new maintenance responsibilities, and so the long-term solution to address it must be cross-government reform to put local government finances on a sustainable footing. The government must also require developers to deliver infrastructure to common standards, to ensure local authorities can adopt essential amenities on developments in future.

Leasehold and Freehold Reform Act 2024 implementation

126. It is now two years since the Leasehold and Freehold Reform Act 2024 (LAFRA) obtained Royal Assent on 24 May 2024, but most of its provisions are not in force. LAFRA contains provisions to ban the grant of new leasehold houses; make it cheaper and easier for leaseholders in houses and flats to extend their lease or buy their freehold; increase the standard lease extension term to 990 years; and require increased transparency around service charges.[239] After a general election was called in May 2024, the legislation was quickly passed through its remaining parliamentary stages at short notice during the 'wash up' period in Parliament.[240]

127. Among the reasons for the delay in implementation has been the ongoing judicial review case concerning the Act, in which several claimants have sought to challenge some of its provisions arguing that they are incompatible with Article 1 of the First Protocol of the European Convention of Human Rights (see Box 3 in chapter 2). The High Court dismissed the claim in October 2025. Permission to appeal was granted in January 2026.[241]

239 Leasehold and Freehold Reform Act 2024. Also see Box 1 in chapter 1

240 See: House of Commons Library, Parliament's wash-up period before dissolution (accessed 19 May 2026)

241 Gov.UK, Case tracker – Justice UK (accessed 19 May 2026), case reference CA-2025-003051

Following the High Court's decision, Matthew Pennycook MP said that the government would "consult on valuation rates as soon as possible, ahead of commencing the relevant provisions".[242] In correspondence to us in February 2026, the Minister said that the government intended to launch the consultation "in the coming months".[243]

128. Leaseholders told us that implementing provisions in LAFRA should be a priority for the government.[244] Liam Spender, representing Leasehold Knowledge Partnership, said "there are a lot of valuable reforms in the 2024 Act" which would "go a long way to dealing with many of the issues we see with service charges" if they were implemented, and called on the government to do so "as soon as possible".[245] Harry Scoffin, Founder of Free Leaseholders, said that the government was "hiding behind a judicial review, which they won in October", and said the government should set valuation rates at levels favourable to leaseholders.[246] Both Angela Rayner MP and Lord Gove agreed that the government must prioritise implementing measures in LAFRA while also delivering the package of measures in the draft bill.[247]

129. An additional factor contributing to delayed implementation is the identification of "serious flaws" in LAFRA. In November 2024, the Minister for Housing and Planning said:

> On assuming office in July, the Deputy Prime Minister [Angela Rayner MP] and I were informed that the 2024 Act contains a small number of specific but serious flaws which would prevent certain provisions from operating as intended and that need to be rectified via primary legislation. These serious flaws include a loophole which mean the Act goes far beyond the intended reforms to valuation and that undermines the integrity of the amended scheme. In addition we must correct an omission that would deny tens of thousands of shared ownership leaseholders the right to extend their lease with their direct landlord given that the providers in question do not have sufficiently long leases to grant 990-year extensions.[248]

242 Statement by the Minister of State for Housing and Planning, HCWS1278, 27 January 2026
243 Letter from the Minister of State for Housing and Planning to the Chair regarding the publication of the draft Commonhold and Leasehold Reform Bill, dated 12 February 2026
244 Annex 2. Also see, for example: Free Leaseholders (CLR0246); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252); National Leasehold Campaign (NLC) (CLR0256)
245 Q5 (Liam Spender)
246 Q13 (Harry Scoffin); Q17 (Harry Scoffin)
247 Q56 (Angela Rayner MP); Q61 (Angela Rayner MP); Q62 (Lord Gove)
248 Leasehold and Commonhold Reform, HCWS244, 21 November 2024

130. The draft bill does not contain measures to address the flaws identified, nor does it tackle the omission affecting shared owners. The Minister told us that it was his “preference” and “intention” to “include those fixes in this bill, subject to receiving collective agreement and getting that through the process of the [2026] King’s Speech.”[249] He said a consultation on valuation rates would be carried out “in good time to be able to switch those on”, but stressed that the flaws in LAFRA were acting as a constraint on implementation, rather than delays to the consultation.[250]

131. A policy paper published alongside the King’s Speech 2026 said that the final bill will “amend enfranchisement provisions in the Leasehold and Freehold Reform Act 2024”, indicating that the necessary fixes are likely to be included in the final bill.[251]

132. **CONCLUSION**
The government is aware that the implementation of a significant portion of its leasehold and commonhold reform agenda—including measures which will be of the greatest financial benefit to leaseholders in the short-term—is contingent on fixing flaws which it has identified in the Leasehold and Freehold Reform Act 2024 (LAFRA). Therefore, it is concerning that provisions to rectify these flaws were not included in the draft bill, and they must be prioritised for inclusion in the final bill.

133. **RECOMMENDATION**
The final bill must include provisions to fix the flaws which the government has identified in LAFRA. The government must urgently bring forward its consultation on the valuation rates used to calculate the cost of enfranchisement premiums. It should ensure these measures to make it cheaper for leaseholders to enfranchise are ready to be implemented two months after the Commonhold and Leasehold Reform Bill gains Royal Assent.

249 Q211 (Matthew Pennycook MP)
250 Q211 (Matthew Pennycook MP)
251 Gov.UK, The King’s Speech 2026, pp.45-48

4 Making commonhold work

134. This chapter considers provisions in Part 1 of the draft bill, which repeals Part 1 of the Commonhold and Leasehold Reform Act 2002 and provides a new legal framework for commonhold in England and Wales. Part 1 of the draft bill also includes reforms which seek to make it easier for current leaseholders to 'convert' their block from leasehold to commonhold where there is majority support for the change. This chapter considers the effectiveness of these measures against the government's policy objective for commonhold to replace leasehold as the "default tenure" for new blocks in the future.

Background

135. Commonhold is a form of freehold ownership which is specifically designed for managing shared blocks without a third-party landlord. Under commonhold, property owners (referred to as 'unit-holders' in the draft bill—a term which encompasses flats, shops, and offices) own the freehold of their individual units and share ownership of the communal areas through a 'commonhold association'. All unit-holders are members of the commonhold association—a company limited by guarantee which manages the commonhold and owns the common parts. A standardised document called a Commonhold Community Statement (CCS) acts as the commonhold's 'rule book', setting out the rights and obligations of unit-holders and the commonhold association, and decision-making processes. There is no lease. Unit-holders can vote on decisions in the commonhold association, for example on changes to the CCS; to appoint a managing agent; and to approve the commonhold's annual budget to maintain the common parts (which members of the commonhold association will pay as 'commonhold contributions').[252] This ability to vote in advance on what contributions should be made in commonhold is a crucial feature which distinguishes commonhold from lease-based tenure models, such as the 'share of freehold' model.

136. The current legal framework for commonhold tenure in England and Wales was established by the Commonhold and Leasehold Reform Act 2002.[253] Since the 2002 Act was passed, commonhold has failed to see significant

252 Adapted from MHCLG, Commonhold White Paper (accessed 19 May 2026), section 1.4 and Glossary

253 Commonhold and Leasehold Reform Act 2002

uptake—there are just 18 commonhold blocks across England and Wales, comprising fewer than 200 homes.[254] The government has identified several potential reasons for this, including that:

- commonhold is not fit for use in increasingly **large and mixed-use developments,** as the current legal framework for commonhold is less flexible than leasehold. For instance, the failure to accommodate shared ownership homes within commonholds has made it unviable for many developments;
- converting existing leasehold buildings to commonhold **requires unanimous consent** from all leaseholders, their lenders and the freeholder under current legislation. This has proved to be all but impossible to achieve in practice;
- there have been **limited incentives for industry** to adopt commonhold. Leasehold has always been the default tenure for flats and is well understood by industry. Further, there are incentives for industry to continue to use leasehold, as it can generate secondary income streams, which commonhold cannot.[255]

In 2017, the then government commissioned the Law Commission to review the commonhold model and make recommendations for reform, which were published in a report by the Law Commission in 2020.[256]

137. The 2024 Labour manifesto committed to "enact the package of Law Commission recommendations on [...] commonhold" and "ban new leasehold flats and ensure commonhold is the default tenure".[257] The government's intention is that, over many years, commonhold will replace leasehold as the predominant tenure for the ownership of blocks of flats in England and Wales, as new blocks must be sold on a commonhold basis (see chapter 5), and existing blocks are able to convert to commonhold. In March 2025, the government's Commonhold White Paper accepted almost all of the Law Commission's recommendations relating to new blocks, and identified conversion as an area where it was undertaking further work ahead of the publication of the draft bill.[258]

254 Q252 (Matthew Pennycook MP); MHCLG, Guide to the Draft Bill, p.8
255 Adapted from MHCLG, Guide to the Draft Bill, p.8
256 Law Commission, Reinvigorating commonhold: the alternative to leasehold ownership, HC 586 (2019-21)
257 Labour Party, Change: The Labour Manifesto 2024 (accessed 19 May 2026), p.80
258 MHCLG, Commonhold White Paper (accessed 19 May 2026), Part 4

Benefits of the new commonhold model

138. Both our predecessor Committee and the Law Commission considered the benefits of commonhold as an alternative to the leasehold system in considerable detail.[259] Our predecessor Committee recommended that commonhold should "become the primary model of ownership of flats in England and Wales", as it would offer homeowners "an interest in the long-term well-being of the wider building and shared areas" and "much greater control over one-off costs and service charges".[260] The Law Commission summarised that commonhold is a preferable tenure model because:

> In commonhold, the interests of those who make the decisions, and those who are affected by them, are aligned. It is a relationship between parties with the same interest in the property, and is inherently based on a footing of 'we and ourselves'. The commonhold structure favours decisions which are fair and tailored to the needs of unit-holders. For example, owners in a commonhold will be at a lower risk of excessive payments, and they will find it easier to install energy efficiency improvements within their building. That is because the same people who benefit from the upgrades will be those who are paying for them.[261]

139. Evidence gathered during our inquiry reinforced the benefits of commonhold. Leasehold campaigners told us that, from their perspective, one of the main advantages of the new commonhold model is that it is underpinned by democratic principles, particularly as it gives homeowners a vote in decisions about how their building is managed.[262] The campaign group CommonholdNow highlighted the ability of all unit-holders to vote on the annual budget and on building-specific local rules as important advantages of commonhold over other tenure models.[263] Liam Spender, representing Leasehold Knowledge Partnership, said commonhold would "give the most important power, of hiring and firing [managing agents] to the people who pay the bills", and that over time this democratic control would make managing agents more "resident-centred".[264]

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259 Housing, Communities and Local Government Committee, Twelfth Report of Session 2017–19, Leasehold Reform, HC 1468; Law Commission, Reinvigorating commonhold: the alternative to leasehold ownership, HC 586 (2019-21)

260 Housing, Communities and Local Government Committee, Twelfth Report of Session 2017–19, Leasehold Reform, HC 1468, para 42, para 28

261 Law Commission, Reinvigorating commonhold: the alternative to leasehold ownership, HC 586 (2019-21), para 2.16

262 See, for example: CommonholdNow Limited (CLR0229); Free Leaseholders (CLR0246); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252); National Leasehold Campaign (NLC) (CLR0256)

263 CommonholdNow Limited (CLR0229)

264 Qq7–8 (Liam Spender)

140. The Leasehold Advisory Service, the government-funded legal advice service for leaseholders, told us that the main benefits of commonhold are that it:

- provides a simpler and clear system for home buying which will be easier for conveyancing lawyers to understand;
- takes away the intrinsic conflict between "landlord" and "tenant" that applies in all leasehold law;
- allows the unit holders to collectively improve their site over time in a way many leases specifically prevent. For example, commonholders may agree to add energy efficiency measures or EV charging; and
- encourages managing agents to provide better customer service and better value for money by removing the third-party landlord who controls most leasehold sites.[265]

141. Martin Boyd, Chair of the Leasehold Advisory Service, highlighted that some leaseholders may face barriers when they consider converting to commonhold. He identified three stages which leaseholders would have to overcome before converting: they must believe that the value of [their] flat is "going to go up, or at least not go down" as a result of converting; convince at least 50% of people in the block to convert; then, collectively, raise the funds to convert (if they have not already collectively enfranchised).[266] Philip Rainey KC, barrister at Tanfield Chambers, cautioned that there is a "danger of over-promise" in how the government communicates the benefits of commonhold, because commonhold may not always result in lower day-to-day running costs for homeowners. He gave the example that a roof will cost the same to fix in a commonhold block as it does in a leasehold block, as "the contractor will not care what the tenure is", though he agreed that in some instances commonhold owners may achieve better value for money through greater democratic control over contractors.[267]

Reserve funds

142. A reserve fund is a dedicated savings account for future major expenses, like building repairs or replacements (for example lifts, roof, or windows), collected from leaseholders over time to avoid large, sudden bills. Currently, it is considered good practice for leasehold blocks to maintain a reserve fund, but it is not a legal requirement. The government has identified

265 Leasehold Advisory Service (CLR0245)
266 Q176 (Martin Boyd)
267 Q76 (Philip Rainey)

that there have been "frequent high-profile cases of leaseholders facing unexpected bills of tens of thousands of pounds for major works", which can cause significant financial distress for affected leaseholders.[268]

143. Clause 63 of the draft bill would require commonhold directors to maintain at least one reserve fund for the building.[269] The reserve fund will be held on trust for the commonhold association.[270] The government has said that requiring a reserve fund will ensure that "major works are planned for as far in advance as possible and financed through smaller more manageable contributions over time, rather than through large one-off bills".[271] There will also be a requirement for commonhold reserve funds to be subject to a periodic 'reserve fund study'—a professional report on whether the block's reserve fund arrangements are adequate—to help inform commonholds when determining the required level of contributions to the fund.[272]

144. In July 2025, a government consultation on leasehold service charges sought views on mandating the use of reserve funds in new and existing leasehold blocks. The government said it was considering introducing primary and secondary legislation "to make it easier to vary a lease to set up a [reserve] fund […] regardless of the terms in the lease" in existing blocks.[273] The consultation emphasised that a new mandatory requirement would be on condition that funds would be held in trust, with their spending tied to a long-term maintenance plan for the building.[274] The government has not yet responded to this consultation, which closed in late September 2025.

145. **CONCLUSION**

The commonhold model of homeownership promises to have a range of advantages over leasehold—above all the principle that homeowners should have a vote in decisions which affect their home and the building in which they live. Where a commonhold association chooses to appoint a managing agent, they will be accountable to homeowners, not faceless landlords, for the decisions they make and the charges which homeowners pay.

268 MHCLG, Strengthening leaseholder protections over charges and services: executive summary, section 3.1
269 MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026, clause 63
270 MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026, clause 63(8)
271 MHCLG, Guide to the Draft Bill, p.39
272 MHCLG, Guide to the Draft Bill, pp.39-40
273 MHCLG, Strengthening leaseholder protections over charges and services: consultation (accessed 19 May 2026), para 211
274 MHCLG, Strengthening leaseholder protections over charges and services: consultation (accessed 19 May 2026), para 214

146. **CONCLUSION**
Whilst commonhold will introduce greater market competition among agents to deliver value for homeowners as their clients, it will not address some of the drivers behind rising service charges, such as inflation. Nonetheless, commonhold will improve transparency around how homeowners' contributions are determined and spent, and give them a say in decisions over what works are carried out and when. Commonhold associations will gain responsibility for making decisions over the long-term stewardship of the building, including the duty to hold a reserve fund to save up for the cost of major maintenance works.

147. **RECOMMENDATION**
The government should ensure the new requirement to hold a reserve fund applies to new and existing leaseholders, as well as commonhold blocks, to ensure parity between the duties placed on blocks of different tenures. Whilst we recognise that this new requirement may increase day-to-day charges for some homeowners, it will prevent financial hardship and distress caused by large, unexpected bills; share long-term costs more fairly between successive flat owners; and support the ongoing stewardship of blocks.

Converting from leasehold to commonhold

148. Blocks that qualify for a collective enfranchisement—the legal process to jointly purchase a building's freehold—will be able to convert to commonhold.[275] Currently, the qualifying criteria for a block to undergo a collective enfranchisement include that:[276]

- the block must contain at least two flats;
- 75% of the building's floor space must be residential (excluding common areas);[277] and
- at least two thirds of the flats must be owned by 'qualifying leaseholders', who must:

275 MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026. Clause 3(2) enables a nominee purchaser to whom land has been conveyed following an enfranchisement for conversion purposes to apply to HM Land Registry to register the land as commonhold. Schedule 7 makes amendments to the Leasehold Reform, Housing and Urban Development Act 1993.
276 Adapted from Leasehold Advisory Service, Buying a share of the freehold for your flat: Eligibility criteria (accessed 19 May 2026). Leaseholders with a shared ownership long lease must also own 100% of their property to be a qualifying leaseholder.
277 Once in force, the Leasehold and Freehold Reform Act 2024 will reduce this requirement from 75% to 50% of the building's floor space.

- have a residential lease,
- own no more than two flats in the building, and
- have a long lease—meaning a lease granted for more than 21 years when it was first granted.

Clause 6 of the draft bill will reduce the consent threshold for a commonhold conversion from 100% (unanimity) to 50% of leaseholders,[278] to bring it into line with collective enfranchisement rules. The government has said that this will enable many more blocks to convert than is currently the case.[279]

149. To convert from leasehold to commonhold, leaseholders will need to follow a two-step process of acquiring the freehold through collective enfranchisement, and then converting. This process can be further broken down into four main steps:[280]

i. meet the 50% consent threshold of qualifying leaseholders to agree to a collective enfranchisement;

ii. acquire the freehold of the building through collective enfranchisement. This step—buying the freehold interest or 'premium'—is the main cost of converting. Currently, the outcome of collective enfranchisement is that leaseholders own the freehold and share management responsibility under the 'share of freehold' model;

iii. meet the 50% consent threshold of qualifying leaseholders to agree to convert to commonhold;

iv. establish the commonhold association by registering with Companies House and then HM Land Registry. The government says that the cost of this step is "likely to be modest, comprising administration costs of registration and seeking independent legal advice to support the conversion".[281]

Therefore, to convert to commonhold, homeowners will be required to demonstrate their consent twice—to enfranchise, and then to convert—both times with a 50% threshold.

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278 The qualifying tenants of not less than half of the flats in the building must agree to participate in the collective enfranchisement.

279 MHCLG, Guide to the Draft Bill, p.50

280 MHCLG, Guide to the Draft Bill, pp.50-51

281 MHCLG, Guide to the Draft Bill, p.51. The first and second stages of the process—the collective enfranchisement—will not be necessary where the leaseholders already own the freehold of their building.

150. During our inquiry, leasehold campaigners emphasised the importance of homeowners having access to impartial and accurate professional advice to navigate this complex process.[282] Mark Chick, Director of the Association of Leasehold Enfranchisement Practitioners, emphasised that "the job of the responsible solicitor is to take the appropriate time to explain to the client what they are buying, so they can understand the nature of the asset".[283] Philip Freedman CBE, representing The Law Society (the professional body for solicitors), told us that "there is always the problem that you get what you pay for. If you want to get conveyancing done cheaply, you will not necessarily get as good a service as if you were paying a fuller price".[284]

151. We asked the Minister for Housing and Planning whether it may be possible to streamline the process by making a conversion the default outcome of a collective enfranchisement (by removing the requirement for a vote at step iii above). The Minister told us that the government "[thinks] there are advantages and benefits that commonhold offers over share of freehold, but it is up to people in the buildings themselves as to what option they want to take forward".[285] Rachel Rayner, Deputy Director of Leasehold, Commonhold, Rent-charges & HMLR Sponsorship at MHCLG, said:

> In terms of mandatory conversion, I think our position is that, at this stage of reform, we want to give consumers the choice whether to convert to share of freehold in the first instance, and then whether to take the step of conversion to commonhold—although we anticipate that, as the model beds in, commonhold will become more attractive to people who are in the position of wanting to take control of their own buildings.[286]

152. **CONCLUSION**

The draft bill's current proposal for a two-step process of converting to commonhold—first a collective enfranchisement, then a vote to convert to commonhold—presents a potential barrier to leaseholders realising its benefits. The government has said that it believes commonhold will be the preferred tenure of homeownership and that it wants to maximise uptake once its reforms are in place, so it is unclear why the 'share of freehold' model should remain in common use. Indeed, it is conceivable that some solicitors and practitioners could see perverse incentives to discourage leaseholders from converting to commonhold to preserve aspects of the leasehold system.

282 See, for example: Q8 (Catherine Williams); Shared Ownership Resources (CLR0223); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252). Also see: Q76 (Mari Knowles); Leasehold Advisory Service (CLR0245)

283 Q99 (Mark Chick)

284 Q99 (Philip Freedman)

285 Q220 (Matthew Pennycook MP)

286 Q220 (Rachel Rayner)

153. **RECOMMENDATION**

To promote uptake of commonhold as the default ownership tenure and streamline the conversion process, the draft bill should establish conversion to commonhold as the default outcome of a collective enfranchisement. This would remove an additional layer of bureaucracy from the process, which in some cases may impede homeowners from realising the benefits of commonhold once they have already met the 50% threshold of support to buy their building's freehold. To retain consumer choice, leaseholders should still be able to 'opt-out' of automatic conversion by a 50% vote. Only following a successful vote against automatic conversion to commonhold would leaseholders be able to proceed under a share of freehold model should they wish.

Non-consenting leaseholders

154. A qualifying leaseholder who does not consent to the conversion of an existing leasehold building to commonhold is known as a 'non-consenting leaseholder'. The draft bill establishes that non-consenting leaseholders will remain as leaseholders, but the terms of their lease will be changed to bring them into closer alignment with the rights and obligations of commonhold unit-holders in the converted building, as set out in the CCS.[287]

155. Non-consenting leaseholders do not take part in the collective enfranchisement process, so do not contribute towards the shared costs of converting to commonhold. During our inquiry, we identified that if a non-consenting leaseholder subsequently chooses to join a commonhold after it is established, it is not clear whether they would be required to contribute towards the shared costs of a collective enfranchisement. In such a scenario, it appears that a non-consenting leaseholder would only need to pay the cost of buying the freehold for their own home, but would make no contribution towards the cost of buying the freehold for the collective parts of their block, development value, or shared legal fees.[288] This may act as an incentive for some leaseholders to refuse to participate in collective enfranchisement to benefit from conversion to commonhold later at a reduced cost. If many leaseholders consider there is a disadvantage in participating at the earlier stage, this could inhibit the take-up of commonhold generally.

156. Mark Chick, representing ALEP, told us that although non-consenting leaseholders would have a right to buy out the commonhold of their unit at a later date, it is not clear how interests such as development value will be valued. He suggested that this may have to be dealt with in secondary legislation, as failure to do so may disincentivise conversions if non-

287 MHCLG, Guide to the Draft Bill, p.50
288 MHCLG, Guide to the Draft Bill, p.55

consenting leaseholders "do not have to contribute anything towards the cost that the collective has endured to buy the freeholding in the first place".[289]

157. Rachel Rayner, Deputy Director at MHCLG, told us that:

> The [draft] bill includes a power where we can set a price payable for buying into the commonhold at a later date. That is something that does not currently exist on the enfranchisement side. [...] What that looks like and how it works will obviously require some careful consideration, although the [draft] bill does provide for that option to be available.[290]

158. **CONCLUSION**

We have identified that a non-consenting leaseholder who subsequently decides to participate in a commonhold, after their block has converted, may do so without contributing to the shared costs of collective enfranchisement paid by their neighbours. In an extreme scenario, a leaseholder could choose to join a commonhold days after it is established to deliberately avoid contributing towards shared costs. The perceived risk of such a scenario may foster mistrust between leaseholders and undermine support for conversion to commonhold.

159. **RECOMMENDATION**

The government must clarify that a non-consenting leaseholder who subsequently participates in a conversion will be required to contribute to the shared costs incurred by those who did previously participate in a collective enfranchisement. The government must design a mechanism for non-consenting leaseholders to contribute towards the shared costs of a collective enfranchisement if they choose to join a commonhold at a later date. In response to this report, the government must set out its plans for such a mechanism, which must include a contribution towards the premium paid for buying the freehold of a building's common parts and the legal and other professional costs incurred.

Building safety

160. Following the tragic fire at Grenfell Tower in June 2017, in which 72 people died, the Building Safety Act 2022 (BSA) and other legislation have changed how historic fire safety defects, including some types of cladding on buildings, are dealt with in England.[291] The BSA introduced protections to

289 Q117 (Mark Chick)
290 Q221 (Rachel Rayner)
291 Building Safety Act 2022

help avoid the costs of fixing certain safety defects being passed on to leaseholders, and introduced measures to compel landlords, freeholders or developers to pay for remediation works in buildings over 11 metres.[292]

161. When a building converts to commonhold, the commonhold association and its directors take on a range of statutory duties for maintenance and safety of the block. In particular, directors must ensure the building is registered with the Building Safety Regulator; make an annual estimate of the income required to be raised to meet any building safety expenses; and verify all safety-related information before signing certificates or declarations on behalf of the commonhold.[293] However, some evidence raised concerns that the current safeguards in handover mechanisms are insufficient, and may leave leaseholders exposed to liabilities which they are not made aware of during the conversion process. Written evidence from Airebo, a supplier of building safety compliance technology, highlighted that existing handover mechanisms trigger at completion, and so "leaseholders may therefore commit to enfranchisement without understanding the compliance obligations, costs, or liabilities they are assuming".[294] It recommended that pre-completion disclosure of building safety status be integrated into enfranchisement procedures, in a standardised format.[295]

162. Regarding this potential shortcoming in the draft bill, Matthew Pennycook MP, the Minister for Housing and Planning, told us only that leaseholders should be encouraged "to obtain legal advice" when considering conversion to commonhold.[296] Caroline Crowther, Director of Leasehold, Private Rented Sector and Digital Planning at MHCLG, added that "our hope would be that freeholders do disclose the remaining building safety liabilities" and that MHCLG "would always encourage leaseholders to take legal advice on it, just so they can understand the remaining liabilities as they move into commonhold".[297] However, she agreed that this approach is dependent on freeholders disclosing information, and on leaseholders getting accurate legal advice.[298]

292 House of Commons Library, Remediating cladding on blocks of flats under 11 metres (accessed 19 May 2026)
293 MHCLG, Guide to the Draft Bill, pp.31-32
294 Airebo Ltd (CLR0001)
295 Airebo Ltd (CLR0001)
296 Q222 (Matthew Pennycook MP)
297 Q223 (Caroline Crowther)
298 Q224 (Caroline Crowther)

163. **CONCLUSION**
Currently, freeholders are not required to disclose information regarding building safety defects in a block as part of the enfranchisement process. Leaseholders must be fully informed of any liabilities they may be assuming during the enfranchisement process when converting to commonhold. Whilst we agree with the Minister that homeowners must always seek professional advice before deciding to convert to commonhold, this does not negate the need for freeholders to be open and transparent about any building safety defects.

164. **RECOMMENDATION**
The final bill must include a requirement for freeholders to disclose information about the building safety status of a block as part of the enfranchisement process which leaseholders follow to convert to commonhold. The government must issue guidance after Royal Assent on the required format of this information.

Commonhold associations

165. A commonhold association is a company limited by guarantee which manages the commonhold and owns the common parts. All unit-holders are members of the commonhold association and make decisions about building ownership and management through it, without the involvement of a third-party landlord.[299]

166. When a developer registers a new development as commonhold, from the time the first unit is sold the common parts are registered in the name of a commonhold association set up for that purpose. The units are individually registered and initially held by the developer. When the developer sells these individual units, ownership passes to the buyers who become unit-holders. Once all the units are sold, the developer has no further role in management and there is no external third-party owner.[300]

Decision-making in commonholds

167. Most decisions in a commonhold association can be made by majority vote, with a quorum of 20% of members or two members (whichever is more). The draft bill would introduce new minority protection rights to ensure members

299 Gov.UK, Guide to the Draft Bill, p.6
300 Gov.UK, Guide to the Draft Bill, p.6

who are outvoted on some decisions that amend the CCS are not unfairly affected by the decision of the majority, including the ability for members who are negatively impacted to challenge the decision at a tribunal.[301]

168. Mari Knowles, a landlord and tenant lawyer at Commonhold and Leasehold Experts Ltd,[302] said that "transparency is absolutely critical to making commonhold work".[303] She observed that:

> We are asking commonholders in the building to vote on critical decisions, such as on the reserve fund and budget setting. If those commonholders do not understand what it is they are looking at—for example, understanding what a reserve fund is—it is very hard to get an accurate vote in favour and support of those documents.[304]

In particular, Ms Knowles said that the lack of support for commonholders to understand what they are voting on is a "serious concern", and suggested that secondary legislation should clearly set out "that 'these are the documents that must be provided before a vote is taken' to make sure that everybody understands what they are voting on".[305]

169. Matthew Pennycook MP told us that the government "[expects] to issue guidance on a whole suite of issues relating to commonhold" to inform the work of commonhold associations.[306] Caroline Crowther, Director at MHCLG, added that the Ministry is working with "all the parties that have an interest in this", including developers and conveyancers, to develop guidance as part of a "robust implementation plan".[307]

170. **CONCLUSION**

The effectiveness of commonhold associations will depend on unit-holders being supported to come to fair, informed decisions about the management of their block. Unit-holders must have access to complete information about their building and the background to different options which directors are presenting to commonhold associations, with time to consider these before a vote is taken.

301 Gov.UK, Guide to the Draft Bill, p.15. Members may challenge decisions at either the First-tier Tribunal (Property Chamber) in England; or the Leasehold Valuation Tribunal in Wales. Not all decisions will be able to be challenged in the tribunal, including decisions setting the contributions that members of the commonhold association need to pay.

302 Mari Knowles works part-time as a contractor for the Ministry of Housing, Communities and Local Government. She gave evidence in a personal capacity as a landlord and tenant lawyer at Commonhold and Leasehold Experts Ltd.

303 Q76 (Mari Knowles)

304 Q76 (Mari Knowles)

305 Q80 (Mari Knowles)

306 Q214 (Matthew Pennycook MP)

307 Q214 (Caroline Crowther)

171. **RECOMMENDATION**

The government must issue guidance after Royal Assent on the relevant documents which directors must provide to unit-holders for different types of vote in a commonhold association. This should include guidance on what format the documents should be presented in, and with how much notice they should be provided before the vote is taken.

Procedural requirements

172. Commonhold associations' status as companies limited by guarantee mean they are bound by company law, most notably the Companies Act 2006.[308] The 2006 Act includes a number of governance requirements that strengthened the transparency of private companies, including strict time limits on filing annual accounts, as well as updating Companies House with any changes to the directors. These requirements would also apply to commonhold associations.

173. Philip Freedman CBE, representing The Law Society, told us that commonhold association directors and members need to be clear on "what their obligations will be, including whether they are accepting liability under the Companies Act for building safety".[309] Philip Rainey KC, barrister at Tanfield Chambers, described how, in practice, "ordinary people voting, perhaps in somebody's kitchen" may not have the awareness of company law or access to legal advice to comply with some of the requirements in the draft bill.[310] Therefore, he suggested "that the tribunal should be given the power to waive minor defects in procedures that do not affect the result" of a commonhold association decision.[311]

174. Rachel Rayner, Deputy Director at MHCLG, emphasised that resident-led management in the form of a company "is not unique to commonhold", as the model is currently used for resident management companies and right to manage companies.[312] The Minister said that the government had "explored whether commonhold associations could exist as another form of corporate structure or a bespoke corporate body", but had decided that establishing them as companies limited by guarantee was a preferable model.[313] He did not comment on the possibility of tribunals being given the power to waive breaches.[314]

308 Companies Act 2006
309 Q99 (Philip Freedman)
310 Q80 (Philip Rainey)
311 Q80 (Philip Rainey)
312 Q216 (Rachel Rayner)
313 Q217 (Matthew Pennycook MP)
314 Qq216–217 (Matthew Pennycook MP)

175. **CONCLUSION**
The draft bill stipulates new procedural requirements in commonholds, which will be bound by company law. In some cases, such as strict time limits on filing annual accounts, these requirements may present additional challenges for commonhold associations which may not be in unit-holders' interests.

176. **RECOMMENDATION**
The final bill must include provisions to give the First-tier Tribunal in England and the Leasehold Valuation Tribunal in Wales discretion to waive some breaches of the statutory process. This should include technical breaches of procedure, such as a failure to meet time limits, where these do not affect the result of decisions made by members of a commonhold association.

Shared ownership

177. Shared ownership is an affordable housing model which enables people to buy a share of a property and pay a subsidised rent on the remaining share.[315] Shared owners typically buy between 10% and 75% of the home's full market value and pay rent to a landlord on the rest, with the relationship between the homeowner and the landlord, often a housing association, governed by a lease.[316] All shared ownership homes (houses and flats) are leasehold properties. Due to the requirement of a lease and lease-based financing, shared ownership is not compatible with the current commonhold legal framework. The same applies to lease-based home purchase plans (finance products that adhere to Islamic principles, including the prohibition of interest).[317]

178. The draft bill will permit certain long residential leases within a commonhold, including for shared ownership and home purchase plans. Therefore, shared owners in commonhold buildings will continue to be leaseholders. The government has said that shared owners will nonetheless "benefit from a wide range of commonhold rights not available to them in leasehold blocks. This includes being a member of the commonhold association and taking part in decisions on the management and costs of running their building, as well as benefitting from the rights and protections of the commonhold system".[318]

315 House of Commons Library, Shared ownership (England): the fourth tenure?, Research Briefing 08828, 14 December 2021
316 Gov.UK, Guide to the Draft Bill, p.24
317 Gov.UK, Guide to the Draft Bill, p.24
318 Gov.UK, Guide to the Draft Bill, p.24

179. Shared ownership properties purchased after 1 April 2021 are eligible for an 'initial repair period'. The initial repair period is a 10-year period in which the landlord is responsible for paying for structural repairs, major external maintenance, and up to £500 a year for some internal repairs.[319] The draft bill allows the Secretary of State to make regulations which could allow a shared ownership provider to exercise a shared owner's vote during the initial repair period "for specified purposes".[320] These purposes are not set out in the draft bill, but will instead be made in secondary legislation after the final bill is given Royal Assent.

180. During our inquiry, several leasehold campaign groups and representatives of shared owners expressed concern that shared owners may not have a vote on matters that directly affect them during the 10-year initial repair period.[321] Sue Phillips, representing Shared Ownership Resources (an independent organisation that provides information to current and prospective shared owners), expressed concern that:

> there is a possibility that shared owners could be excluded from voting rights in a commonhold association for 10 years—that is a long time. Should the vote be divided? It really depends on how much of the cost is actually borne by the provider or the housing association landlord. [...] One would need a lot more data on whether housing associations are actually paying substantial sums of money on structural and external repairs during that 10-year period, or whether shared owners are set to miss out on a vote for no good and meaningful reason.[322]

She concluded that shared owners "will not be confident that they can embrace [commonhold]", and made the case for the government to consider wider reforms to the shared ownership model, to ensure it delivers affordability for buyers and a "meaningful pathway to full homeownership".[323]

319 Gov.UK, Right to Shared Ownership: buying a share of your rented home (accessed 19 May 2026). Specifically, during the 10-year initial repair period the landlord is responsible for the cost of essential repairs to the outside of the building; and essential structural repairs to walls, floors, ceiling and stairs inside a home. During this period a shared owner can also claim up to £500 a year from the landlord to cover repairing, replacing (if faulty) and maintaining fixtures and fittings that: supply water, gas or electricity, for example sinks, baths or pipes; or heat the home, for example a boiler or radiator.

320 MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026, clause 18(10); MHCLG, Draft Commonhold and Leasehold Reform Bill: Explanatory Notes, pp.32-33

321 See, for example: Shared Ownership Resources (CLR0223); Free Leaseholders (CLR0246); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252)

322 Q182 (Sue Phillips)

323 Q180 (Sue Phillips)

181. The campaign group Free Leaseholders said that "[a]llowing housing associations to have voting rights over day-to-day block management and service charges in a commonhold, even if limited to the ten-year initial repair period, sets a dangerous precedent".[324] Regarding arrangements during the initial repair period, Kevin Dunleavy, Head of Leasehold Services at The Guinness Partnership (a housing association which provides shared ownership properties, as well as properties of other tenures), told us that whilst shared ownership providers would expect to have a stake in the decisions made in a commonhold, "the model must be viable for both the registered provider and shared owners or it just falls down. […] We also need to give thought to the impact on shared owners".[325]

182. Philip Rainey KC, barrister at Tanfield Chambers, highlighted that the draft bill does not allow the unit's vote to be shared between the shared owner and their shared ownership provider during the initial repair period, and suggested that the draft bill could allow for "some nuance" in how the vote is shared.[326] He also proposed that the draft bill must ensure that shared owners have "the right to attend commonhold association meetings as a non-voting member or a right to speak [during those meetings]".[327] Overall, however, Mari Knowles, a specialist landlord and tenant lawyer, said that under the commonhold framework in the draft bill, shared ownership leaseholders "will have a stronger position than they do under the leasehold system".[328]

183. Caroline Crowther, Director at MHCLG, explained that shared ownership providers "will continue to be involved in decision making in the first 10 years on big repairs or anything that affects liabilities, but the rest of the decisions can be delegated by the provider to the shared owner".[329] Matthew Pennycook MP said that concerns raised by shared owners regarding the initial repair period would "guide the [government's] preparation of the relevant [secondary legislation]", but he did not commit to publishing the secondary legislation alongside the final bill.[330]

324 Free Leaseholders (CLR0246)
325 Q137 (Kevin Dunleavy)
326 Q91 (Philip Rainey)
327 Q91 (Philip Rainey)
328 Q90 (Mari Knowles)
329 Q235 (Caroline Crowther)
330 Qq237–238 (Matthew Pennycook MP)

184. **CONCLUSION**
The draft bill is not clear what voting rights shared owners will have during the 10-year initial repair period, as this is to be determined in secondary legislation. This has understandably led to concern among shared owners that they may be shut out of decisions which directly affect them for several years. This has left many shared owners unsure whether they can fully embrace the commonhold tenure.

185. **RECOMMENDATION**
The government must urgently clarify the circumstances in which shared ownership providers will exercise the vote of a shared ownership property—either by publishing draft regulations alongside the final bill, or by publishing a statement which sets out the "specified purposes" under which shared owners may not have a vote during the 10-year initial repair period.

186. **RECOMMENDATION**
The final bill should make provision for shared owners and the shared ownership provider to share the unit's vote during the 10-year initial repair period, rather than treat the shared ownership provider as the member of the commonhold association. If there are any circumstances where the government believes shared owners should not be able to share the vote, the final bill must allow shared owners to attend and participate as non-voting members of commonhold association meetings in those circumstances.

HM Land Registry

187. HM Land Registry (HMLR) is a non-ministerial government department responsible for recording property ownership in the Land Register—the official register of ownership for land in England and Wales.[331] A commonhold is only formally recognised once it is registered through HMLR. Registration with HMLR can only happen once it is satisfied that the commonhold application is valid, and that all of the required documents have been supplied and the necessary consents have been obtained and evidenced. The draft bill sets out these requirements, including verifying the 50% consent of leaseholders for an application for commonhold conversion before the commonhold is registered.[332]

331 Gov.UK, HM Land Registry: About us (accessed 19 May 2026)
332 Gov.UK, Guide to the Draft Bill, p.56

188. In recent years, HMLR has accumulated a significant backlog in its processing of non-urgent applications, which has resulted in increased waiting times for applicants.[333] Whilst applications can be expedited free of charge if delays may cause financial, legal, or personal problems or put a property sale at risk,[334] HMLR has acknowledged "that some of our processing times are not what we want them to be and improving the speed of our services is our top priority".[335] Some of the evidence we received expressed concern that HMLR may lack the resources and staffing capacity to handle an increase in commonhold applications.[336]

189. Emily d'Albuquerque, General Counsel and Director of the Data & Register Integrity Group at HMLR, told us that the organisation was preparing to expand its staffing capacity to handle commonhold registrations ahead of the anticipated increase in demand.[337] She emphasised that bringing down the current backlog in non-urgent applications "remains a priority, as well as improving the speed of service for applications more generally".[338] She also told us that HMLR is "working on automation of the simpler applications. That will not affect commonhold, but it will free up people to be available to process those".[339]

190. HMLR has said that one of its "top priorities" is "developing digital application processes to make land registration quicker and easier".[340] In 2022, HMLR's 'Strategy 2022+' set out the organisation's plans for greater digitisation and automation of its services, to ensure that its speed of service would be "meeting customer need across all applications" by 2024–25, and to have "fully exploited data science [...] to digitise and streamline further the information we hold" by 2026–27.[341] Despite these ambitions, HMLR told us that it was still operating with a number of "legacy systems", and that it still needed to "do quite a bit of foundational work" before they could be modernised.[342] Emily d'Albuquerque, representing HMLR, said "it will not be a quick process to modernise our systems and to resolve

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333 See, for example: HM Land Registry, UIN 43378, 16 April 2025; Gov.UK, HM Land Registry: processing times (accessed 19 May 2026); Gov.UK, HM Land Registry estimated completion timeframes (accessed 19 May 2026)
334 HM Land Registry, UIN 43378, 16 April 2025
335 Gov.UK, HM Land Registry: processing times (accessed 19 May 2026)
336 See, for example: Association of Leasehold Enfranchisement Practitioners (CLR0182); Royal Institution of Chartered Surveyors (CLR0191); Propertymark (CLR0242); UK Finance (CLR0249)
337 Q105 (Emily d'Albuquerque)
338 Q106 (Emily d'Albuquerque)
339 Q106 (Emily d'Albuquerque)
340 Gov.UK, HM Land Registry: processing times (accessed 19 May 2026)
341 HM Land Registry, Enabling a world-leading property market Strategy 2022+ (accessed 19 May 2026), p.8, p.12
342 Q113 (Emily d'Albuquerque)

our data foundations and make them truly interoperable".[343] She told us that the organisation had submitted a spending review bid for funding to complete its digitisation project, but did not confirm whether this bid was successful.[344]

191. Caroline Crowther, Director at MHCLG, said that the Ministry "will ensure that the Land Registry is well equipped and set up to take on "the change to commonhold.[345] In April 2026, HMLR told us in supplementary written evidence that "the reinvigoration of commonhold provides the ideal opportunity to align the necessary [digitisation] changes with HMLR's transformation, as set out in our Strategy 2025+".[346]

192. **CONCLUSION**

Failure to modernise HM Land Registry's legacy systems poses a risk to the successful implementation of commonhold. We are concerned that the government may not have supported the organisation with sufficient funding to undertake this work. Greater digitisation and automation would support the organisation to address its backlog of casework and prepare for an increase in commonhold applications.

193. **RECOMMENDATION**

The government must invest in digitising HM Land Registry's systems, making them more accessible and user-friendly, to support the move to commonhold. This will ensure HM Land Registry is prepared to respond to an increased demand for its services as commonhold becomes more prevalent.

343 Q115 (Emily d'Albuquerque)
344 Qq113–114 (Emily d'Albuquerque)
345 Q239 (Caroline Crowther)
346 HM Land Registry (CLR0258)

5 Banning leasehold for new flats

194. This chapter considers provisions in Part 2 of the draft bill, which would ban the sale of new leasehold flats at a date to be determined by ministers. The intention is to ensure commonhold becomes the default tenure for new blocks of flats, rather than being a voluntary tenure model as it is currently.

Background

195. Since 2002, commonhold has been available for use under the framework provided by the Commonhold and Leasehold Reform Act 2002.[347] However, just 18 commonhold blocks currently exist across England and Wales, for the reasons set out in the previous chapter. [348] In March 2025, the government said in its Commonhold White Paper that:

> We know that for commonhold to take off at scale we need three things; we need developers to have the confidence to designate development as commonhold in place of leasehold, we need consumers to have the confidence to buy commonhold and we need lenders to have the confidence to lend on commonholds.[349]

196. Philip Rainey KC, barrister at Tanfield Chambers, said that clause 109 of the draft bill is "the most important" change that the legislation will make to promote the use of commonhold, because "unless there is a sunset clause [on leasehold flats], which there was not under the old [2002] Act, it is unlikely you will get a high degree of take-up".[350] He said that the property sector would inevitably have a "fear of the new when there is an established system", and so emphasised the importance of the timely implementation of Part 2 of the draft bill.[351]

347 Commonhold and Leasehold Reform Act 2002
348 Q252 (Matthew Pennycook MP)
349 MHCLG, Commonhold White Paper, CP 1270, March 2025, para 3.01
350 Q76 (Philip Rainey)
351 Q76 (Philip Rainey)

197. The Labour manifesto committed to "ban new leasehold flats and ensure commonhold is the default tenure".[352] In July 2024, a policy paper published alongside the King's Speech said that the government would "restrict" the sale of new leasehold flats and that the government would "consult on the best way to achieve this".[353] The government's consultation, titled 'Moving to commonhold: banning leasehold for new flats', was published alongside the draft bill and was open for responses from 27 January 2026 until 24 April 2026.[354] The government is currently analysing responses.

198. The consultation sought views from "industry and consumers on questions relating to scope, exemptions, timings, [and] transitional arrangements" for the ban on leasehold flats.[355] Therefore, our inquiry did not consider these matters in depth so as not to duplicate the evidence-gathering through the ongoing consultation. However, some mortgage lenders, developers, and housing associations did share their initial views on how the ban on new leasehold flats could be implemented to ensure a successful transition to commonhold as the default tenure.

Developers and housing associations

199. The government has identified that housing developers, who will be responsible for registering new developments as commonhold, "will need time to familiarise themselves with the reformed commonhold model and adjust accordingly".[356] During our inquiry, we heard that housebuilders and housing associations are broadly supportive of the commonhold tenure in principle, but are waiting on detailed guidance to understand what steps they must take to prepare for the move to commonhold.[357] David O'Leary, Executive Director at the Home Builders Federation, said that housing developers had not been adequately engaged during the implementation of new legislation in recent years. He emphasised cases, such as the introduction of the new Building Safety Regulator, "where public bodies and others have not been ready, and it has been left to developers", and argued that, if such a scenario were to apply to commonhold, "ultimately it will be new-build homebuyers who then bear the brunt".[358] He also cautioned against the "assumption that commonhold will be more desirable than

352 Labour Party, Change: The Labour Manifesto 2024 (accessed 19 May 2026), p.80
353 Gov.UK, The King's Speech 2024, p.74
354 MHCLG, Moving to commonhold: banning leasehold for new flats (accessed 19 May 2026)
355 MHCLG, Moving to commonhold: banning leasehold for new flats (accessed 19 May 2026)
356 MHCLG, Moving to commonhold: banning leasehold for new flats (accessed 19 May 2026)
357 See, for example: Q131 (Kevin Dunleavy); Q131 (David O'Leary); National Housing Federation (CLR0217)
358 Q132 (David O'Leary)

leasehold" in the early years, and suggested that buyers may be wary of taking on unfamiliar responsibilities until the tenure becomes more mainstream.[359]

200. Kevin Dunleavy, Head of Leasehold Services at The Guinness Partnership (a large housing association), said the government must consider what practical support it can offer to social housing providers to participate in commonhold associations. He emphasised that registered providers of social housing, including housing associations, must discharge their duties in compliance with the Regulator of Social Housing, which may be easier when the provider controls management of a block. He said that providers' duty to comply with the Regulator would "potentially add an additional layer of complexity to how we have to engage with the commonhold association" and that providers "are not sure yet what that is going to look like". He suggested, for example, that providers may need to become corporate directors within commonhold associations, which may cause tension with the homeowners.[360] The National Leasehold Group (NLG, an informal network of social housing professionals working in leasehold management, of which Kevin Dunleavy is Chair) expressed concern that the Regulator may hold social housing providers "accountable for the performance of [commonhold associations]" over which they have "limited influence".[361]

201. The government has said that it is "[considering] carefully how to minimise disruption to housing supply" as it "remains committed to its ambitions for delivering 1.5 million new homes in England over the parliament, and we want to see the supply of new flats playing a vital part in that effort".[362] David O'Leary, representing the Home Builders Federation, said that "if the transition is a sensible one and one that gives everyone in the ecosystem enough time to deal with it, it need not disrupt housing supply".[363] Kevin Dunleavy agreed that the general uncertainty surrounding what steps the social housing sector must take "is the biggest concern" to minimise any future impact on housing supply.[364]

202. Matthew Pennycook MP, the Minister for Housing and Planning, told us that during his engagement with developers "none has said, 'Please don't do this. You will be taking us into a world where we can't operate.' The concerns have been centred on the timeline, the transition and how we ensure the process and the switchover are as smooth as possible. Doing it in an ill-

359 Q135 (David O'Leary)
360 Q135 (Kevin Dunleavy)
361 NLG (CLR0226)
362 MHCLG, Moving to commonhold: banning leasehold for new flats (accessed 19 May 2026)
363 Q134 (David O'Leary)
364 Q134 (Kevin Dunleavy)

planned and hasty way could have an impact on supply".[365] On 29 April 2026, in a speech at the Institute for Government, the Minister indicated that the ban on new leasehold flats is "highly unlikely" to come into force until after the next general election.[366]

Mortgage lenders

203. Several major lenders, including Nationwide, HSBC, and Barclays, already offer mortgages for the small commonhold market which currently exists.[367] Charles Roe, Director of Mortgages at UK Finance (a representative body for the financial services sector), said that improving the availability of commonhold mortgage products, including from smaller lenders, would primarily be a matter of supply and demand, and that more deals would likely become available once lenders had adapted their systems and trained their staff on the commonhold tenure.[368] However, he suggested that it may take "a minimum of two years" to train estate agents, valuers, surveyors and conveyancers on the commonhold tenure.[369] Robert Stevens, Head of Property Risk at Nationwide, said the building society had experienced "some practical challenges" with delivering commonhold mortgages, including finding qualified conveyancers and valuers who understood the tenure.[370] He agreed that lenders would benefit from "time to scale the ecosystem across the whole journey to ensure that consumers fully understand what they are taking on and the differences in the tenure".[371]

204. For existing leasehold blocks converting to commonhold, Charles Roe said lenders would be seeking assurance that commonholders and their agents "discharge their responsibilities correctly" with regard to building insurance, following the latest legislation, and in relation to building safety.[372] Robert Stevens emphasised that lenders would expect to be notified of commonhold association decisions that may be detrimental to the property value.[373] Hannah Gurga, Director General at the Association of British

365 Q250 (Matthew Pennycook MP)
366 Sky News, Leasehold ban 'unlikely to come into force' before next general election, housing minister says (accessed 19 May 2026); The Guardian, Leasehold ban in England and Wales unlikely before next general election, minister says (accessed 19 May 2026); The I Paper, Leasehold ban may be delayed until 2030s (accessed 19 May 2026). Also see: Gov.UK, Housing Minister speech on Leasehold and Commonhold Reform Bill (accessed 19 May 2026)
367 MHCLG, Moving to commonhold: banning leasehold for new flats (accessed 19 May 2026), footnote 11
368 Q154 (Charles Roe)
369 Q154 (Charles Roe)
370 Q154 (Robert Stevens)
371 Q154 (Robert Stevens)
372 Q155 (Charles Roe)
373 Q156 (Robert Stevens)

Insurers, said "from an insurance perspective [...] there is little detail on the face of the draft bill on how some of this reform will be operationalised", and so called on the government to "engage with industry in its widest sense, as the legislation progresses, to make sure that the transition is managed effectively".[374]

205. **CONCLUSION**

Clause 109—which provides for a ban on new leasehold flats—is among the most important provisions in the draft bill to advance commonhold as the default tenure, as many development stakeholders lack incentives to transition away from leasehold voluntarily. Overall, we heard that developers, housing associations, and mortgage lenders are supportive of the move to commonhold in principle, but will require close consultation in advance of and during its implementation, to understand further detail of what commonhold will mean for their systems and operations in practice.

206. **CONCLUSION**

While the government is right to be mindful of its wider housing policy objectives, including its target to deliver 1.5 million homes during this Parliament, we believe that phasing out leasehold flats is an imperative to deliver greater security and affordability for future flat buyers. Blocks of flats will remain an important part of the housing mix in the coming years, but meeting the 1.5 million homes target by entrenching leasehold would not constitute success.

207. **RECOMMENDATION**

The government must continue close engagement with industry throughout the passage of the legislation, to ensure a transition to commonhold that minimises unintended impacts on the wider housing market. However, alongside considering the responses to its ongoing consultation, the government should continue with its fundamental aim of introducing the ban on new leasehold flats as soon as possible.

Retirement housing sector

208. The government has said that it is aware of a "live debate" in the retirement housing sector as to whether parts of it may need to continue operating on a leasehold basis. The government is seeking views on whether some types of retirement housing should be exempt from the ban on new leasehold flats.[375]

374 Q156 (Hannah Gurga)
375 MHCLG, Moving to commonhold: banning leasehold for new flats (accessed 19 May 2026)

209. We received written evidence from some organisations in the Integrated Retirement Communities (IRC) sector—organisations which provide housing-with-care schemes for older people—which made the case for an exemption from the ban. ExtraCare, an IRC operator, told us that "commonhold as a tenure is not compatible with our operational model due to legal barriers, operational and financial complexity and reasons of affordability".[376] Another IRC operator, Richmond Villages, said its residents "choose our villages precisely because they don't want the responsibility for arranging contractors, overseeing major repairs, or carrying the risk of capital works—they expect the operator to handle this".[377] The Associated Retirement Community Operators, a representative body for IRC operators, said it would like to see provisions for the regulation of property managing agents in the final bill, in line with the proposals in Lord Best's report, and would support IRC operators being included in such a regime.[378]

210. However, we have also heard evidence that many leaseholders in retirement properties experience the same problems as other blocks. In July 2025, we held a non-inquiry evidence session to investigate older people's housing, following media reports that some leaseholders in McCarthy Stone retirement properties had seen their properties lose significant value, in part due to rising service charges.[379] During the session, we raised several cases of poor management at McCarthy Stone properties with Paul Teverson, its Director of Communications, including residents being charged opaque additional fees for "lifestyle call-outs" on top of their service charges.[380] In one example, a homeowner received a £8.54 call-out charge for staff to pick up a remote control. Mr Teverson responded that McCarthy Stone's service charges "are largely at cost" to pay for services it delivers for residents, but that it charged for additional care in "15-minute call segments" when a homeowner had exceeded the allowance in their care package.[381]

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376 Letter from ExtraCare to the Chair regarding the draft Commonhold and Leasehold Reform Bill, dated 18 March 2026

377 Letter from Richmond Villages to the Chair regarding the draft Commonhold and Leasehold Reform Bill, dated 24 March 2026

378 ARCO (Associated Retirement Community Operators) (CLR0118)

379 See, for example: The Times, Families lose 'life savings' on developer's retirement flats (accessed 19 May 2026); The Guardian, 'My flat was £161,950 in 2007 – now I'm offered just £28,000' (accessed 19 May 2026); This is Money, Retirement home scandal that wipes out life savings: Ministers are urging the elderly to downsize... but many end up with properties that take years to sell (accessed 19 May 2026)

380 Oral evidence taken on 1 July 2025, Q33 (Joe Powell MP). Also see: Oral evidence taken on 1 July 2025 Qq.30-57

381 Oral evidence taken on 1 July 2025, Qq.33-36 (Paul Teverson)

211. **CONCLUSION**
Whilst the care model and complex financing of some retirement housing—particularly Integrated Retirement Communities—may justify a different approach to other leasehold housing, we have heard evidence that homeowners in retirement housing are still exposed to some of the worst features of leasehold. In particular, the shocking record of McCarthy Stone, one of the country's largest providers of specialist retirement housing, demonstrates why homeowners in retirement housing must also see the benefits of leasehold and commonhold reform.

212. **RECOMMENDATION**
The government must ensure that any exemptions for the retirement housing sector from the ban on new leasehold flats, or other aspects of the legislation, are strictly limited. Retirement housing providers must also be included in the regulation of property managing agents scheme we have proposed in chapter 3, so that homeowners have access to meaningful redress.

6 Implementation

213. This chapter looks ahead to the implementation of the draft bill as a whole, to consider how it can deliver reforms to benefit the widest number of leaseholders without delay.

Promoting commonhold

214. Clause 101 of the draft bill gives the Secretary of State spending powers to fund information, training, advice, and dispute resolution services relating to commonhold.[382] We heard from several stakeholders that the provision of advice and education services for homeowners will be essential both to promote conversions from leasehold to commonhold, and to help commonholds to operate effectively.

215. Mari Knowles, a specialist landlord and tenant lawyer, told us that there is already a lack of awareness among leaseholders regarding their rights and obligations under the current system. She emphasised that this is "not because they [leaseholders] are not willing, or because they are not intelligent enough"; but because there is "no proper education facility" for leaseholders to turn to when navigating complex processes.[383] Catherine Williams OBE, Co-Founder of the National Leasehold Campaign, highlighted that managing agents, solicitors and other sector stakeholders are already undertaking training to prepare for commonhold, which leaseholders are not. She said this imbalance of knowledge about commonhold may pose a "threat" to its implementation in leaseholders' interests.[384]

216. The Leasehold Advisory Service (LEASE) offers government-funded legal advice to leaseholders on the law affecting residential leasehold in England and Wales.[385] LEASE's strategic aims, as set out by MHCLG in its framework, include to:

- improve the general knowledge, education and understanding of the practical implications of being a long leaseholder or commonholder;

382 MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026, clause 101; MHCLG, Draft Commonhold and Leasehold Reform Bill: Explanatory Notes, p.84
383 Q76 (Mari Knowles)
384 Q8 (Catherine Williams)
385 Gov.UK, Leasehold Advisory Service (accessed 19 May 2026)

- increase awareness and understanding of relevant legislation and help people to take advantage of current and future legislative reform; and
- use the organisation's expert knowledge to develop and publish insights into the experience of leaseholders and commonholders to support government in leasehold reform.[386]

LEASE is a relatively small organisation: at the end of 2024–25 it employed 30 staff, including its legally qualified advisers and a developing digital and content team.[387] Currently, in addition to a comprehensive website dedicated to explaining leasehold law in an accessible way, it provides leaseholders with personalised initial, outline legal advice, which it says "is not a substitute for full legal advice on your individual circumstances". It also offers e-learning modules, online guides, and 15-minute telephone consultations.[388] In late 2024, due to high demand and long wait times, it limited its advice for each service user to a maximum of three enquiries per month with a maximum of 10 total enquiries per year.[389]

217. Martin Boyd, Chair of LEASE, said the organisation is already preparing to expand its commonhold guidance provision, and emphasised the need for education for commonhold directors. He suggested that "the level of knowledge that an individual consumer needs is not that great, but we need to begin to educate far more people who will become directors. Education resources for RMC and RTM directors is inadequate at the moment. It is a big project that we are working on".[390]

218. Matthew Pennycook MP told us that "helping consumers to get ready for commonhold is a huge part of what LEASE will need to do over the coming years", and that he plans to request formally that this be a priority for the organisation in the financial year 2026–27.[391] Caroline Crowther, Director at MHCLG, told us that the department would ensure that LEASE is "well equipped and set up to take on" its role on promoting awareness of commonhold and ensuring homeowners have access to the guidance they need.[392]

386 Adapted from Gov.UK, Leasehold Advisory Service framework document (accessed 19 May 2026)
387 Leasehold Advisory Service, Annual Report and Financial Statements 2024-25, CP 1465, December 2025
388 Leasehold Advisory Service, About us (accessed 19 May 2026)
389 Leasehold Advisory Service, LEASE has introduced limits on enquiries (accessed 19 May 2026)
390 Q176 (Martin Boyd)
391 Q241 (Matthew Pennycook MP)
392 Q239 (Caroline Crowther)

219. **CONCLUSION**

The provision of education and advice for homeowners will be vital to the success of commonhold. Many leaseholders are positive about the prospect of commonhold but will need impartial legal advice and guidance to take advantage of their new rights. We support the government's plan to expand the Leasehold Advisory Service's (LEASE) provision of advice and guidance on commonhold, and to direct the organisation to prioritise this aspect of its existing remit in the coming years. However, as a small organisation with a modest number of employees, LEASE will likely need to expand its staff capacity to prepare for the transition to commonhold, while continuing its current service provision for leasehold blocks.

220. **RECOMMENDATION**

The government must match this service expansion with new funding for LEASE, to enable it to advise both leaseholders and commonholders. MHCLG must work closely with LEASE to develop a suite of practical guidance to promote awareness and understanding of commonhold, and to support both leaseholders who are converting to commonhold and consumers buying properties in new commonhold developments. These resources must be published and additional staff recruited ahead of the new commonhold legal framework becoming available for use. The government must also extend the organisation's provision of government-funded legal advice to support homeowners to make informed decisions about their blocks' conversion to commonhold.

Timeline for the final bill

221. Once the government has responded to the recommendations of this report, the government will introduce a final bill to Parliament "as soon as possible" which will undergo further scrutiny before it becomes an Act.[393] The government will then need to implement the Act's provisions, including by passing secondary legislation. The government provided us with an indication of when it hopes some of the legislation's measures will come into effect, as set out in Box 5 below.

393 Letter from the Minister of State for Housing and Planning to the Chair regarding the publication of the draft Commonhold and Leasehold Reform Bill, dated 12 February 2026

Box 5: Implementation of draft bill's provisions

The following excerpt is taken from a letter from the Minister for Housing and Planning to the Committee Chair, dated 12 February 2026:

The precise implementation timetable for each of the measures in the Bill will obviously be contingent on when it receives Royal Assent. That said, I can provide the following clarification which I hope will aid your scrutiny of it:

- Measures to abolish forfeiture and replace it with a modern, proportionate lease enforcement system that addresses breaches fairly, with appropriate safeguards and judicial oversight, will commence as soon as possible following Royal Assent.
- The government's intention is for the reformed commonhold model to be available for use before the end of this Parliament. As you know, the government published a consultation alongside publication of the draft Bill, "Moving to commonhold", which seeks views on how we implement the measures to ban the sale of new leasehold flats, including any transitional periods.
- As I made clear during my Oral Statement to the House on 27 January [2026], I anticipate that the cap on ground rents will take effect at some point in 2028, but it could be earlier if the legislation makes timely progress. However, I expect to see some improvement in mortgageability after Royal Assent of the Bill given it will provide certainty about future obligations.
- Measures to remove the disproportionate and outdated remedies for enforcing rent charges through the repeal of sections 121 and 122 of the Law of Property Act 1925 will take effect shortly after Royal Assent.

Source: Letter from the Minister of State for Housing and Planning to the Chair regarding the publication of the draft Commonhold and Leasehold Reform Bill, dated 12 February 2026

222. Leaseholders have been clear that they want the government to act faster, to ensure the final Bill is passed and its provisions are implemented as soon as possible. Above all, leaseholders expressed frustration at the pace of reform over recent years and uncertainty about the implementation timelines of policies enacted in LAFRA, and proposed in the draft bill (see Box 6 below).[394]

394 Annex 2

Box 6: Leaseholders' experiences — Implementation timeline

The following anonymised quotes are from leaseholders who shared the impact that leasehold and commonhold reform would have on their experience of homeownership. Many of the responses we received emphasised the imperative that the government takes legislative action quickly, to meet the urgency of the situation in which many leaseholders find themselves.

- The single most important thing is to get this going immediately. The law is not going to be perfect—this is a huge and complicated area—and it will probably need revisions early on. But we are already letting the perfect become the enemy of the good. There is real suffering and exploitation—unsellable flats, leases dropping towards 80 years, grotesquely excessive extension premiums paid. If nothing happens, suffering is guaranteed.
- I have lived with the fear of knowing I could not possibly afford to cough up £20,000 on extending my ever-shrinking lease—reform is my only hope and the end of this Parliament is too long to wait, even for the £250 ground rent cap. A lot of current leaseholders will be dead in 40-years' time.
- I live to work to pay the freeholder. It's as simple as that. I don't have spare money for my children, one of whom is at university. I am 60 years old and feel like the last 20 years of my life have been lost due to the stress of being a leaseholder. These reforms need to come in asap to help people like me. We are desperate and I don't use that word lightly.
- My flat purchase, completed through Help to Buy, has been the worst financial decision of my life. Please, please accelerate reforms. Can some provisions not be brought forward sooner, rather than waiting to deliver all the new commonhold provisions at once in 2028/29? We've been stuck for a decade, but others longer—and these are years of people's lives being lost to the issue.
- Leaseholders who thought they were doing the right thing by "buying" their own property are constantly being ripped off by landlords and their managing agents who treat us as cash cows to increase their profit. This has to be brought to an end after years of talking and nothing happening.

- The bill is sufficient as it is—for me the only improvement would be reducing the time to action. Changes were announced long ago and the planned timelines, including 40 years to peppercorn rent, do not reflect the urgency many leaseholders feel.

Source: Anonymised responses to the Committee's online survey, see Annex 2.

223. Matthew Pennycook MP agreed that he "would love to switch these [provisions] on as quickly as possible".[395] In particular, although the Minister previously indicated that the cap on ground rent would likely come into force in late 2028, he said that "if we can pull that forward [to implement sooner], I would love that".[396]

224. **CONCLUSION**

Throughout our inquiry, leaseholders have called on the government to act with greater urgency to bring forward the reforms they need, both through this legislation and by implementing LAFRA. The government must pursue an ambitious parliamentary timetable for the final bill, to ensure its provisions are implemented in time for leaseholders to see a tangible change in their experience of homeownership during this Parliament.

225. **RECOMMENDATION**

The government must provide its initial response to each of the recommendations in this report within two months. It must introduce the final bill to Parliament in autumn 2026, and schedule Second Reading before the November recess. The government should aim to ensure the final bill receives Royal Assent in mid-2027, so that some of the provisions, such as the cap on ground rent, can come into force in late 2027.

Delegated powers and 'Henry VIII clauses'

226. Many bills seek to give ministers powers to make further laws without the need to introduce and pass further primary legislation (by introducing another bill). Laws made in this way are known as secondary or delegated legislation, and so these law-making powers are often known as 'delegated powers'. In most cases, delegated legislation is uncontroversial and used to implement provisions of a technical nature, although it can also be used to implement substantive policy decisions of significant consequence. In particular, so-called 'Henry VIII clauses' are sometimes included in bills

395 Q252 (Matthew Pennycook MP)
396 Q252 (Matthew Pennycook MP)

which allow ministers to modify or repeal the text of primary legislation (Acts of Parliament), often without Parliament's further approval or oversight.[397]

227. In recent years, there has been widespread criticism of the overuse and abuse of delegated powers, such as Henry VIII clauses, including from parliamentary committees.[398] In October 2024, Lord Hermer KC, the Attorney General (the minister who acts as the government's own chief legal adviser), echoed these concerns, stating that:

> excessive reliance on delegated powers, Henry VIII clauses, or skeleton legislation, upsets the proper balance between Parliament and the executive. [...] In my view, the new Government offers an opportunity for a reset in the way that Government thinks about these issues. This means, in particular, a much sharper focus on whether taking delegated powers is justified in a given case, and more careful consideration of appropriate safeguards. [399]

228. The draft bill contains many delegated powers. The government's Delegated Powers Memorandum, published alongside the draft bill, explains why each power has been included and explains the nature of, and the reason for, the procedure for implementing such legislation in each case.[400] In particular, the draft bill includes several Henry VIII clauses, including powers to:

- amend other legislation regarding rules of law about leasehold estates affecting commonhold. The government states it intends this as a "backstop provision";
- amend definitions in Part 2 of the bill (such as "flat" and "long term" lease). This could fundamentally change the way in which the bill operates, and could significantly affect people's property rights; and
- make provision about the transfer of a freehold estate in commonhold land to a compulsory purchaser. This power could be used to provide for specific circumstances in which compulsory purchase could take place, affecting people's property rights. Although the government's

397 House of Commons Library, Delegated powers and framework legislation, Research Briefing 10046, 17 July 2024

398 For example: House of Lords Delegated Powers and Regulatory Reform Committee, 12th Report of Session 2021–22, Democracy Denied? The urgent need to rebalance power between Parliament and the Executive, HL Paper 106

399 Gov.UK, Attorney General's 2024 Bingham Lecture on the rule of law (accessed 19 May 2026)

400 MHCLG, Draft Commonhold and Leasehold Reform Bill, Memorandum from the Ministry of Housing, Communities and Local Government to the Delegated Powers and Regulatory Reform Committee (accessed 19 May 2026)

stated intention (expressed in the Delegated Powers Memorandum) is for this power to be used in a more limited way, its potential use is broad.

229. We consider most of the delegated powers throughout the draft bill to be entirely sensible. However, some of the powers to make secondary legislation are drafted too broadly and too vaguely, and in places have not been adequately justified (see Table 3 below). In particular, there needs to be a justification for the use of 'Henry VIII' clauses (allowing secondary legislation to amend primary legislation). That justification needs to explain why new primary legislation should not be introduced (if found necessary) instead.

230. The government has explained in its Delegated Powers Memorandum how it intends that these powers should be used. However, that does not restrict how these powers may be used in the future, including by another government. A future government may decide to use these powers to make far-reaching changes to fundamental aspects of property law, which may (among other consequences) undermine the policy intentions in the bill, without Parliament having a proper say.

Table 3: Unjustified delegated powers in the draft bill

Clause	Committee comment
53	This Henry VIII power would allow the amendment (as well as modification) of other enactments "about the application of a rule of law about leasehold estates… to a lease of a commonhold unit". This is a potentially very wide power, which could affect property rights. The justification in the Delegated Powers Memorandum states that "The Government has sought to capture all anticipated changes in Schedule 7, and this power is intended only as a backstop provision". However, it might be expected that it is a matter for Parliament to pass primary legislation to amend the law in such a wide manner. Secondary legislation should not be used as a "backstop provision". If this primary legislation does not achieve what is necessary, it ought to be a matter for future primary legislation to remedy any defect.

Clause	Committee comment
55(2)	These regulations would allow the creation of new legal interests ("an interest of a description specified in regulations may be created"), and would be subject to the negative procedure. The Explanatory Notes suggest this includes rights such as easements. The Delegated Powers Memorandum states that "it only extends to which types of interests can be created and does not fundamentally change how existing interests prescribed in the Act can operate". But there appears to be no restriction imposed by the provision, so any new legal interests could be created. The creation of new legal interests should not normally be a matter for secondary legislation. As this is intended to be only a technical power, the government should consider redrafting to make it clear that the power is circumscribed accordingly.
96(3)-(5)	This Henry VIII power "may make provision about the transfer of a freehold estate in commonhold land to a compulsory purchaser," and is only subject to the negative procedure. Such regulations would be potentially wide-ranging (apart from the non-exhaustive list in clause 96(4), as well as including it), for example, it appears it could provide for specific circumstances in which compulsory purchase could take place, affecting people's property rights. The Delegated Powers Memorandum states: "Whilst there are Henry VIII powers at clause 96(4)(f) and (5)(b), the negative resolution procedure is appropriate given the technical and procedural nature of the regulations. The power is limited to supplementing the statutory framework for compulsory purchase in the context of commonhold and does not affect the core rights of property owners." However, at least on one interpretation of this power, there is potential for the powers to go beyond the statutory framework provided in the bill. Apart from scrutiny implications, secondary legislation does not have the same protection from challenges under the Human Rights Act 1998 as primary legislation. As this is intended to be only a technical power, the government should consider redrafting to make it clear that the power is circumscribed accordingly. We acknowledge that similar powers were added to the Commonhold and Leasehold Reform Act 2002, in section 60. However, the fact that similar powers have been accepted before, in another Parliament, does not on its own justify using them now.

Clause	Committee comment
97	These regulations "may make provision about the exercise or enforcement of a right conferred, or duty imposed…" regarding the enforcement of Part 1 of the bill. This is widely drafted. On the face of it, such regulations could include the creation of new criminal offences and other significant impacts on people's rights. If the intention is more limited than this, and in particular excludes the creation of new offences, the government should consider redrafting to make this clear.
134	This Henry VIII power would allow regulations to make changes to some of the definitions in Part 2 of the bill, including Schedule 8 to the bill (which has not been drafted yet). Such regulations could therefore affect property rights via the changes in definitions of property terms used (such as "flat" and "long term" lease). The Delegated Powers Memorandum states that "Whilst these powers do enable discrete, though fundamental, elements of the new leasehold flat restriction measures in Part 2 to be amended in the bill, these Henry VIII powers are narrow and circumscribed to the stated purposes." However, amending definitions of "flat" and different types of leases could have significant effects on property rights. Apart from scrutiny implications, secondary legislation does not have the same protection from challenges under the Human Rights Act 1998 as primary legislation. This appears to be a power inserted as a backstop provision in case the bill subsequently needs amending, which (other than exceptionally) is not how secondary legislation should be used. The bill ought to be drafted in such a way that captures changes made in the property market after the bill is enacted, and courts trusted to interpret the legislation consistent with Parliament's intention if there are attempts to circumvent the law. If there is proper justification for this, the government should explain further, and also consider redrafting to make it clear that the power is circumscribed according to the intention it has set out.

Clause	Committee comment
151(6)	This Henry VIII power would prevent the court from making an order for sale in certain circumstances. Any such regulations would be subject to the negative procedure. The Delegated Powers Memorandum justifies the use of the negative procedure by stating that it "can only be used to specify circumstances or conditions governing the court's discretion under clause 151, rather than to create new substantive rights or obligations". However, given that the power would amend primary legislation, and would affect the powers of courts to make orders for sale, thus potentially affecting property rights, the affirmative procedure would be more appropriate. It is unclear, however, why any such power is needed at all, and why the courts cannot be trusted to exercise discretion within whatever parameters Parliament sets out in the bill. If there was a defect in the bill that stopped the courts from achieving the policy intention, this should be a matter for future primary legislation.

231. **CONCLUSION**

Some of the powers to make secondary legislation in the draft bill are drafted too broadly and too vaguely, and in places have not been adequately justified. While we agree that there is a proper role for delegated powers in the final bill, each must be clearly justified and tightly drafted so that secondary legislation may only be used by ministers for the precise purpose Parliament intends. Henry VIII clauses should not be added to legislation "just in case" they are needed.

232. **RECOMMENDATION**

The government must reconsider and redraft provisions in the draft bill that would introduce sweeping delegated powers which have not been adequately justified, as set out in Table 3.

Proposed drafting changes

233. **RECOMMENDATION**

We recommend that the government must consider incorporating the proposed drafting changes set out in Annex 1 of this report into the final bill.

"Bringing the feudal leasehold system to an end"

234. The government has stated that the overarching policy objective of its leasehold and commonhold reform agenda is to "bring the feudal leasehold system to an end".[401] We have heard a range of views from leaseholders as to what 'ending leasehold' should look like, and whether the draft bill lives up to this commitment.[402]

235. As we have highlighted throughout this report, the transition from leasehold to commonhold will take many years. While the government has said it hopes that the new commonhold framework will be "available for use" by the end of this Parliament, new leasehold flats will continue to be built until the ban comes into force, at a time to be determined by ministers.[403] The draft bill does not make provision for existing leaseholders to convert to commonhold automatically. They must actively participate in a statutory process, including gathering support from 50% of eligible leaseholders in their block, and paying a premium to buy the freehold of their building. Many leaseholders told us that this may not be a viable option in their circumstances, especially in cases where the cost of enfranchisement would be prohibitively expensive.[404] For some leaseholders, conversion of their leasehold block will not be possible because the block does not meet the eligibility criteria to convert.[405] For some homeowners in a commonhold, including shared owners, ownership will continue on a leasehold basis as a 'permitted lease' after a conversion has taken place.[406]

401 Labour Party, Change: The Labour Manifesto 2024 (accessed 19 May 2026), p.80; Gov.UK, The King's Speech 2024, p.74

402 See Annex 2. Also see: Free Leaseholders (CLR0246); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252); National Leasehold Campaign (NLC) (CLR0256)

403 Letter from the Minister of State for Housing and Planning to the Chair regarding the publication of the draft Commonhold and Leasehold Reform Bill, dated 12 February 2026; MHCLG, Draft Commonhold and Leasehold Reform Bill, CP 1471, 27 January 2026, clause 109

404 See Annex 2. Also see: Free Leaseholders (CLR0246); APPG on Leasehold and Commonhold Reform, Leasehold Knowledge Partnership (CLR0252); National Leasehold Campaign (NLC) (CLR0256)

405 For example, blocks must qualify for a collective enfranchisement to convert to commonhold. See: Leasehold Advisory Service, Buying a share of the freehold for your flat: Eligibility criteria (accessed 19 May 2026)

406 Gov.UK, Guide to the Draft Bill, p.24

236. Matthew Pennycook MP told us that the Labour manifesto "obviously [did] not mean" that leasehold would be abolished overnight "with the colossal disruption, cost and complexity that would entail".[407] Rather, he told us that by 'end', the commitment means:

> preventing the system from perpetuating itself by making commonhold the default tenure going forward and reducing the prevalence of existing leasehold by making it much easier for leaseholders to enfranchise, control the buildings they live in and convert to commonhold.[408]

237. Finally, reflecting on the government's commonhold and leasehold reform agenda, the Minister for Housing and Planning told us that:

> In general terms, what we expect to be in place for leaseholders to benefit from by the end of the Parliament is a range of greater rights and protections including the abolition of forfeiture, the ground rent cap, service charge standardisation and transparency [...][409]
>
> Through the measures in this bill and further legislation, we will end the system, in a sense. To the extent that leasehold is not abolished overnight, and will be with us for some time to come, it will wither on the vine. I think the incentives will be in place to ensure that, in lots of cases, people convert and we see a more wholesale switchover to commonhold.[410]

238. **CONCLUSION**

Overall, we welcome the draft Commonhold and Leasehold Reform Bill, which, once implemented, will make a significant step towards replacing leasehold with commonhold and give homeowners greater control. The legislation also offers an opportunity for the government to introduce measures during this Parliament which will significantly improve all leaseholders' experience of homeownership in the short-term. However, we are concerned that the government's commitment to "bring the feudal leasehold system to an end" has left leaseholders with mixed expectations and understandings of what the draft bill will achieve. If passed, this legislation would not end leasehold overnight: many leaseholders will be unable to convert to commonhold; it may be several years before the use of commonhold is mandated; and some properties, for example shared ownership flats, will continue to be "permitted leases".

407 Q186 (Matthew Pennycook MP)
408 Q186 (Matthew Pennycook MP)
409 Q252 (Matthew Pennycook MP)
410 Q252 (Matthew Pennycook MP)

239. **RECOMMENDATION**

The government must consider how it communicates the advantages of this legislation for homeowners responsibly and honestly. Messages from government suggesting that this legislation alone will "end leasehold" once it is passed, or that it will tackle all the injustices which leaseholders face in the short-term, risk undermining the government's ability to promote the benefits of commonhold to homeowners clearly.

240. **RECOMMENDATION**

The government must use the months ahead of the introduction of the final bill to ensure it has a clear strategy to deliver its manifesto commitments on leasehold reform during this Parliament. This must include a clear timetable for implementation of measures in this bill and in LAFRA, and preparation to bring forward further primary legislation on those manifesto commitments for which clauses cannot be drafted in time to be included in this bill. The government must set out its initial plans for further legislation in response to this report. Once this bill is passed, the government's leasehold and commonhold reform agenda will stand or fall on whether leaseholders see meaningful change to improve their experience of homeownership before the end of this Parliament. The final bill must now be strengthened, in line with our recommendations, to meet this test.

Conclusions and recommendations

Capping ground rents

1. Three successive UK governments have now secured electoral mandates to address onerous ground rent terms in existing leases. Leaseholders rightly expect the government to deliver on its commitment to “tackle unregulated and unaffordable ground rent charges” through legislation. Therefore, we welcome that Part 3 of the draft bill would introduce a universal cap on ground rents to provide immediate relief to leaseholders facing the most egregious ground rent charges. (Conclusion, Paragraph 31)

2. We have listened to the case made by some freeholders and institutional investors that a cap on ground rents would have a detrimental impact on pension funds and wider investment in the UK. In particular, we recognise that the proposals in the draft bill may have a significant financial impact on a small number of individuals who chose to invest large sums in ground rent funds, such as the TIME Freehold investment fund, sometimes acting on poor advice from professional financial advisers. However, it is always the case that investment decisions come with the risk that investors may lose money, and legislative reform has been a known risk for many years. We believe the government is right to pursue a policy which strikes a fair balance between these interests, while ensuring its democratic mandate to tackle unaffordable ground rent charges remains its guiding principle. (Conclusion, Paragraph 50)

3. The suggestion by some freeholders and their representatives that ground rent is a contribution towards building safety remediation is incorrect. Leaseholders do not believe and should not expect that ground rent is used as a proxy for an additional service charge. It is shameful that some freeholders have invoked a misleading narrative to suggest that residents may be endangered if the government caps ground rents. The potential that some freeholders could face insolvency due to lost ground rent income is a risk which the government has identified and can mitigate, although freeholders have provided no evidence to support their claim that a cap may result in “widespread insolvency” of freeholders. (Conclusion, Paragraph 51)

4. Based on the evidence we have heard, we believe that it is likely that the ground rent provisions in the draft bill, if passed in their current form, would be subject to a legal challenge on the grounds that they breach freeholders' property rights under Article 1 of the 1st Protocol to the European Convention on Human Rights (ECHR). We do not believe the government is able to mitigate the risk of legal challenge completely, as there will always be an incentive for some businesses to seek to delay legislation which would end a significant revenue stream. Ministers must also be satisfied that a bill is compatible with the ECHR when it is introduced, so they can make a statement of compatibility under the Human Rights Act 1998. Therefore, it is right that the government should take a responsible and considered approach to strike a fair balance between the interests of leaseholders, freeholders, and those invested in ground rents in order to maximise the likelihood of winning a judicial review. (Conclusion, Paragraph 58)

5. However, the government should be emboldened by the fact that it has previously successfully defended judicial review cases in the High Court, including on leasehold reform. Therefore, it should push ahead with reasonable reforms to cap ground rents and fulfil its electoral mandate. Once passed, the Commonhold and Leasehold Reform Act will have a democratic mandate from Parliament on which the courts will place considerable weight, regardless of the significant resources of parties which may seek to impede its implementation until they have exhausted all avenues of appeal. (Conclusion, Paragraph 59)

6. We agree with the government's rationale for a £250 cash cap, as this is a threshold where ground rent frequently affects the saleability and mortgageability of properties. A cap at this value will ensure leaseholders are protected from increases in ground rent to onerous levels. We heard from some property sector representatives who said they agreed with the principle of addressing onerous ground rent terms which affect the mortgageability of properties, but who did not wish to suggest an alternative to the government's proposal of a £250 cap, to which they were opposed. In light of the Competition and Markets Authority's finding that consumers do not receive anything in return for ground rent, we believe £250 is a reasonable cap in recognition that leaseholders expected to pay a modest ground rent when they bought their homes. A £250 cash cap is fair, clear for all to understand, and straightforward to administer. (Conclusion, Paragraph 64)

7. We support the government's intention to change to peppercorn ground rent. However, it is not clear to us why the government has decided that a 40-year transitional period before a change to peppercorn is the most justified and fair policy. The government has said that it judges 40 years to represent a fair balance between the competing interests, but it has not presented sufficient evidence to justify why 40 years is the optimum period

to maximise the benefits for leaseholders whilst minimising the proportional financial transfer from freeholders to leaseholders. The government's modelling shows that estimated value transfer is not linear across different transitional periods. We require more comprehensive and accurate data to come to a definitive judgement on the optimum transitional period. (Conclusion, Paragraph 73)

8. However, based on information which the government has provided so far, it is not clear to us why a shorter transitional period of 20 years would not also represent a fair balance between the parties. Successive governments have indicated their intention to cap ground rents since at least 2017, and so we are not persuaded by the arguments of some freeholders and investors that they will require a transitional period of longer than 40 years to adjust and plan for the change. Whilst several freeholders and investors told us that 40 years would not allow them sufficient time to prepare, none was willing to propose an alternative transitional period that would be acceptable to them. Ultimately, the length of the final transitional period is a political judgement, which the government acknowledges will involve trade-offs. (Conclusion, Paragraph 74)

9. As part of its response to this report, the government must publish further evidence to justify why it has proposed a 40-year transitional period before a change to peppercorn ground rent, instead of a 20-year transition. This should include publishing the data behind its modelling of the estimated value transfer for transitional periods, to allow analysis of increments between 20 years and 40 years. (Recommendation, Paragraph 75)

10. There is likely to be broad cross-party support for the measures in this draft bill. The government has said that it is aiming to bring the cap into force in late 2028, subject to parliamentary timings and its consideration of "remaining policy choices", such as whether to allow leaseholders to agree to pay a ground rent in exchange for a lower purchase price. We do not believe that time spent considering a small number of exemptions to the ground rent cap is in leaseholders' interests. The vast majority of leaseholders simply want to see the £250 cap on ground rents implemented without undue delay. Subject to the government scheduling parliamentary time for both Houses to scrutinise the final bill, we believe the ground rent cap could come into force in late 2027. (Conclusion, Paragraph 78)

11. The final bill must include a commencement clause for the £250 cap on ground rents to come into force two months after the Act is given Royal Assent—not at a time to be decided by ministers, as is currently the case in the draft bill. (Recommendation, Paragraph 79)

12. The government must ensure the cap on ground rents in the final bill cannot be evaded by attributing ground rent to appurtenant (related) property, such as parking spaces, or by including charges similar to ground rent in headleases. (Recommendation, Paragraph 81)

Strengthening leaseholders' rights

13. It is deeply disappointing that the draft bill does not enact the remaining Law Commission recommendations—as the government previously said it would—as enacting these measures would provide short-term relief for all leaseholders by reducing the cost of extending their lease or buying their freehold. Making collective enfranchisement cheaper and easier will also ensure that the maximum number of leasehold blocks are able to convert to commonhold. Without including some of these measures in the final bill, the government risks limiting access to collective enfranchisement and commonhold conversion to blocks with wealthier residents who can most afford it, rather than providing the opportunity to the maximum number of leaseholders. (Conclusion, Paragraph 97)

14. The government must enact the remaining Law Commission recommendations on leasehold enfranchisement following the approach set out in the Appendix of this report. In particular, the government must enact measures to ensure leaseholders can avoid paying development value upfront by voluntarily agreeing to a restriction on future development of their property. (Recommendation, Paragraph 98)

15. The Law Commission's recommendations on reforms to the right to manage process would simplify it and ensure more leaseholders are able to appoint their own managing agent through the statutory process. This would offer leaseholders who are unable to convert to commonhold an accessible, more affordable route to decide who runs their building, with greater oversight over their managing agent. (Conclusion, Paragraph 99)

16. The government must enact the Law Commission's recommendations on the right to manage process during this Parliament, either through this bill or through a separate Right to Manage Bill to encompass the Law Commission's ongoing project regarding freehold housing estates. (Recommendation, Paragraph 100)

17. It is a significant shortcoming of the draft bill that it does not include provisions to introduce regulation of property managing agents, which is long overdue. We have heard many cases of appalling standards of service from some organisations—particularly England's largest managing agent, FirstPort. For too long, agents have operated in the interests of freeholders as their clients, rather than in the interests of the leaseholders who pay the building's service charges. A credible, independent Regulator

with proper enforcement powers would be the most effective measure to deliver improvements to managing agents' service during this Parliament, to the benefit of all leaseholders and future commonholders. (Conclusion, Paragraph 115)

18. Whilst we acknowledge some leaseholders' concerns with this approach—particularly the case that MHCLG should prioritise the shift to commonhold to give leaseholders greater control over the management of their blocks and the choice of managing agent—we believe that regulation of the sector is a necessary intervention to support all leaseholders, particularly those who are not able to benefit from conversion to commonhold. Managing agents will also continue to play a key role under the commonhold regime, as it is likely that many commonhold associations will opt to contract with them for services rather than run the blocks themselves, especially in larger and more complex blocks. Many of these contracts are likely to run for several years, and so the professionalisation of managing agents will be important for the success of commonhold. Whilst we recognise the Minister's concern that the draft bill is already large, we do not believe this should require many additional clauses—the final bill could include regulation making powers to enable the establishment of an independent regulator, with further detail contained in secondary legislation. (Conclusion, Paragraph 116)

19. The final bill must include provisions to establish a new, independent public body as the Regulator for property managing agents, with enforcement powers. This must include powers for the Regulator to issue fines or revoke licences of managing agents who breach a statutory Code of Practice, in line with the recommendations of Lord Best's report on the Regulation of Property Agents. (Recommendation, Paragraph 117)

20. The government should not pursue its current preferred option of mandatory qualifications being implemented by designated professional bodies, such as The Property Institute, as leaseholders are clear that they do not have confidence in industry bodies to carry out this duty impartially. (Recommendation, Paragraph 118)

21. Whilst we welcome the government's plans to repeal powers which put homeowners on private estates at risk of losing their home for small debts, it is regrettable that clause 156 of the draft bill falls short of the government's commitment to "bring the injustice of 'fleecehold' private housing estates to an end". This commitment relates to a much bigger issue that goes far beyond the present intended focus of this legislation. The injustices which homeowners on private estates face are separate from, and should not be conflated with, the injustices of the leasehold system. We recognise that the government has consulted on what more can be done to enhance protections for homeowners on 'fleecehold' estates, and

how to reduce their prevalence in future. Ultimately, 'fleecehold' is in large part a product of stretched local authority finances, as authorities cannot afford to take on new maintenance responsibilities, and so the long-term solution to address it must be cross-government reform to put local government finances on a sustainable footing. The government must also require developers to deliver infrastructure to common standards, to ensure local authorities can adopt essential amenities on developments in future. (Conclusion, Paragraph 125)

22. The government is aware that the implementation of a significant portion of its leasehold and commonhold reform agenda—including measures which will be of the greatest financial benefit to leaseholders in the short-term—is contingent on fixing flaws which it has identified in the Leasehold and Freehold Reform Act 2024 (LAFRA). Therefore, it is concerning that provisions to rectify these flaws were not included in the draft bill, and they must be prioritised for inclusion in the final bill. (Conclusion, Paragraph 132)

23. The final bill must include provisions to fix the flaws which the government has identified in LAFRA. The government must urgently bring forward its consultation on the valuation rates used to calculate the cost of enfranchisement premiums. It should ensure these measures to make it cheaper for leaseholders to enfranchise are ready to be implemented two months after the Commonhold and Leasehold Reform Bill gains Royal Assent. (Recommendation, Paragraph 133)

Making commonhold work

24. The commonhold model of homeownership promises to have a range of advantages over leasehold—above all the principle that homeowners should have a vote in decisions which affect their home and the building in which they live. Where a commonhold association chooses to appoint a managing agent, they will be accountable to homeowners, not faceless landlords, for the decisions they make and the charges which homeowners pay. (Conclusion, Paragraph 145)

25. Whilst commonhold will introduce greater market competition among agents to deliver value for homeowners as their clients, it will not address some of the drivers behind rising service charges, such as inflation. Nonetheless, commonhold will improve transparency around how homeowners' contributions are determined and spent, and give them a say in decisions over what works are carried out and when. Commonhold associations will gain responsibility for making decisions over the long-term stewardship of the building, including the duty to hold a reserve fund to save up for the cost of major maintenance works. (Conclusion, Paragraph 146)

26. The government should ensure the new requirement to hold a reserve fund applies to new and existing leaseholders, as well as commonhold blocks, to ensure parity between the duties placed on blocks of different tenures. Whilst we recognise that this new requirement may increase day-to-day charges for some homeowners, it will prevent financial hardship and distress caused by large, unexpected bills; share long-term costs more fairly between successive flat owners; and support the ongoing stewardship of blocks. (Recommendation, Paragraph 147)

27. The draft bill's current proposal for a two-step process of converting to commonhold—first a collective enfranchisement, then a vote to convert to commonhold—presents a potential barrier to leaseholders realising its benefits. The government has said that it believes commonhold will be the preferred tenure of homeownership and that it wants to maximise uptake once its reforms are in place, so it is unclear why the 'share of freehold' model should remain in common use. Indeed, it is conceivable that some solicitors and practitioners could see perverse incentives to discourage leaseholders from converting to commonhold to preserve aspects of the leasehold system. (Conclusion, Paragraph 152)

28. To promote uptake of commonhold as the default ownership tenure and streamline the conversion process, the draft bill should establish conversion to commonhold as the default outcome of a collective enfranchisement. This would remove an additional layer of bureaucracy from the process, which in some cases may impede homeowners from realising the benefits of commonhold once they have already met the 50% threshold of support to buy their building's freehold. To retain consumer choice, leaseholders should still be able to 'opt-out' of automatic conversion by a 50% vote. Only following a successful vote against automatic conversion to commonhold would leaseholders be able to proceed under a share of freehold model should they wish. (Recommendation, Paragraph 153)

29. We have identified that a non-consenting leaseholder who subsequently decides to participate in a commonhold, after their block has converted, may do so without contributing to the shared costs of collective enfranchisement paid by their neighbours. In an extreme scenario, a leaseholder could choose to join a commonhold days after it is established to deliberately avoid contributing towards shared costs. The perceived risk of such a scenario may foster mistrust between leaseholders and undermine support for conversion to commonhold. (Conclusion, Paragraph 158)

30. The government must clarify that a non-consenting leaseholder who subsequently participates in a conversion will be required to contribute to the shared costs incurred by those who did previously participate in a collective enfranchisement. The government must design a mechanism for non-consenting leaseholders to contribute towards the shared costs of a

collective enfranchisement if they choose to join a commonhold at a later date. In response to this report, the government must set out its plans for such a mechanism, which must include a contribution towards the premium paid for buying the freehold of a building's common parts and the legal and other professional costs incurred. (Recommendation, Paragraph 159)

31. Currently, freeholders are not required to disclose information regarding building safety defects in a block as part of the enfranchisement process. Leaseholders must be fully informed of any liabilities they may be assuming during the enfranchisement process when converting to commonhold. Whilst we agree with the Minister that homeowners must always seek professional advice before deciding to convert to commonhold, this does not negate the need for freeholders to be open and transparent about any building safety defects. (Conclusion, Paragraph 163)

32. The final bill must include a requirement for freeholders to disclose information about the building safety status of a block as part of the enfranchisement process which leaseholders follow to convert to commonhold. The government must issue guidance after Royal Assent on the required format of this information. (Recommendation, Paragraph 164)

33. The effectiveness of commonhold associations will depend on unit-holders being supported to come to fair, informed decisions about the management of their block. Unit-holders must have access to complete information about their building and the background to different options which directors are presenting to commonhold associations, with time to consider these before a vote is taken. (Conclusion, Paragraph 170)

34. The government must issue guidance after Royal Assent on the relevant documents which directors must provide to unit-holders for different types of vote in a commonhold association. This should include guidance on what format the documents should be presented in, and with how much notice they should be provided before the vote is taken. (Recommendation, Paragraph 171)

35. The draft bill stipulates new procedural requirements in commonholds, which will be bound by company law. In some cases, such as strict time limits on filing annual accounts, these requirements may present additional challenges for commonhold associations which may not be in unit-holders' interests. (Conclusion, Paragraph 175)

36. The final bill must include provisions to give the First-tier Tribunal in England and the Leasehold Valuation Tribunal in Wales discretion to waive some breaches of the statutory process. This should include technical breaches of procedure, such as a failure to meet time limits, where these do not affect the result of decisions made by members of a commonhold association. (Recommendation, Paragraph 176)

37. The draft bill is not clear what voting rights shared owners will have during the 10-year initial repair period, as this is to be determined in secondary legislation. This has understandably led to concern among shared owners that they may be shut out of decisions which directly affect them for several years. This has left many shared owners unsure whether they can fully embrace the commonhold tenure. (Conclusion, Paragraph 184)

38. The government must urgently clarify the circumstances in which shared ownership providers will exercise the vote of a shared ownership property—either by publishing draft regulations alongside the final bill, or by publishing a statement which sets out the "specified purposes" under which shared owners may not have a vote during the 10-year initial repair period. (Recommendation, Paragraph 185)

39. The final bill should make provision for shared owners and the shared ownership provider to share the unit's vote during the 10-year initial repair period, rather than treat the shared ownership provider as the member of the commonhold association. If there are any circumstances where the government believes shared owners should not be able to share the vote, the final bill must allow shared owners to attend and participate as non-voting members of commonhold association meetings in those circumstances. (Recommendation, Paragraph 186)

40. Failure to modernise HM Land Registry's legacy systems poses a risk to the successful implementation of commonhold. We are concerned that the government may not have supported the organisation with sufficient funding to undertake this work. Greater digitisation and automation would support the organisation to address its backlog of casework and prepare for an increase in commonhold applications. (Conclusion, Paragraph 192)

41. The government must invest in digitising HM Land Registry's systems, making them more accessible and user-friendly, to support the move to commonhold. This will ensure HM Land Registry is prepared to respond to an increased demand for its services as commonhold becomes more prevalent. (Recommendation, Paragraph 193)

Banning leasehold for new flats

42. Clause 109—which provides for a ban on new leasehold flats—is among the most important provisions in the draft bill to advance commonhold as the default tenure, as many development stakeholders lack incentives to transition away from leasehold voluntarily. Overall, we heard that developers, housing associations, and mortgage lenders are supportive of the move to commonhold in principle, but will require close consultation in

advance of and during its implementation, to understand further detail of what commonhold will mean for their systems and operations in practice. (Conclusion, Paragraph 205)

43. While the government is right to be mindful of its wider housing policy objectives, including its target to deliver 1.5 million homes during this Parliament, we believe that phasing out leasehold flats is an imperative to deliver greater security and affordability for future flat buyers. Blocks of flats will remain an important part of the housing mix in the coming years, but meeting the 1.5 million homes target by entrenching leasehold would not constitute success. (Conclusion, Paragraph 206)

44. The government must continue close engagement with industry throughout the passage of the legislation, to ensure a transition to commonhold that minimises unintended impacts on the wider housing market. However, alongside considering the responses to its ongoing consultation, the government should continue with its fundamental aim of introducing the ban on new leasehold flats as soon as possible. (Recommendation, Paragraph 207)

45. Whilst the care model and complex financing of some retirement housing—particularly Integrated Retirement Communities—may justify a different approach to other leasehold housing, we have heard evidence that homeowners in retirement housing are still exposed to some of the worst features of leasehold. In particular, the shocking record of McCarthy Stone, one of the country's largest providers of specialist retirement housing, demonstrates why homeowners in retirement housing must also see the benefits of leasehold and commonhold reform. (Conclusion, Paragraph 211)

46. The government must ensure that any exemptions for the retirement housing sector from the ban on new leasehold flats, or other aspects of the legislation, are strictly limited. Retirement housing providers must also be included in the regulation of property managing agents scheme we have proposed in chapter 3, so that homeowners have access to meaningful redress. (Recommendation, Paragraph 212)

Implementation

47. The provision of education and advice for homeowners will be vital to the success of commonhold. Many leaseholders are positive about the prospect of commonhold but will need impartial legal advice and guidance to take advantage of their new rights. We support the government's plan to expand the Leasehold Advisory Service's (LEASE) provision of advice and guidance on commonhold, and to direct the organisation to prioritise this aspect of its existing remit in the coming years. However, as a small organisation with a modest number of employees, LEASE will likely need to expand its staff capacity to prepare for the transition to commonhold, while continuing its current service provision for leasehold blocks. (Conclusion, Paragraph 219)

48. The government must match this service expansion with new funding for LEASE, to enable it to advise both leaseholders and commonholders. MHCLG must work closely with LEASE to develop a suite of practical guidance to promote awareness and understanding of commonhold, and to support both leaseholders who are converting to commonhold and consumers buying properties in new commonhold developments. These resources must be published and additional staff recruited ahead of the new commonhold legal framework becoming available for use. The government must also extend the organisation's provision of government-funded legal advice to support homeowners to make informed decisions about their blocks' conversion to commonhold. (Recommendation, Paragraph 220)

49. Throughout our inquiry, leaseholders have called on the government to act with greater urgency to bring forward the reforms they need, both through this legislation and by implementing LAFRA. The government must pursue an ambitious parliamentary timetable for the final bill, to ensure its provisions are implemented in time for leaseholders to see a tangible change in their experience of homeownership during this Parliament. (Conclusion, Paragraph 224)

50. The government must provide its initial response to each of the recommendations in this report within two months. It must introduce the final bill to Parliament in autumn 2026, and schedule Second Reading before the November recess. The government should aim to ensure the final bill receives Royal Assent in mid-2027, so that some of the provisions, such as the cap on ground rent, can come into force in late 2027. (Recommendation, Paragraph 225)

51. Some of the powers to make secondary legislation in the draft bill are drafted too broadly and too vaguely, and in places have not been adequately justified. While we agree that there is a proper role for delegated powers in the final bill, each must be clearly justified and tightly drafted so that secondary legislation may only be used by ministers for the precise purpose Parliament intends. Henry VIII clauses should not be added to legislation "just in case" they are needed. (Conclusion, Paragraph 231)

52. The government must reconsider and redraft provisions in the draft bill that would introduce sweeping delegated powers which have not been adequately justified, as set out in Table 3. (Recommendation, Paragraph 232)

53. We recommend that the government must consider incorporating the proposed drafting changes set out in Annex 1 of this report into the final bill. (Recommendation, Paragraph 233)

54. Overall, we welcome the draft Commonhold and Leasehold Reform Bill, which, once implemented, will make a significant step towards replacing leasehold with commonhold and give homeowners greater control. The legislation also offers an opportunity for the government to introduce measures during this Parliament which will significantly improve all leaseholders' experience of homeownership in the short-term. However, we are concerned that the government's commitment to "bring the feudal leasehold system to an end" has left leaseholders with mixed expectations and understandings of what the draft bill will achieve. If passed, this legislation would not end leasehold overnight: many leaseholders will be unable to convert to commonhold; it may be several years before the use of commonhold is mandated; and some properties, for example shared ownership flats, will continue to be "permitted leases". (Conclusion, Paragraph 238)

55. The government must consider how it communicates the advantages of this legislation for homeowners responsibly and honestly. Messages from government suggesting that this legislation alone will "end leasehold" once it is passed, or that it will tackle all the injustices which leaseholders face in the short-term, risk undermining the government's ability to promote the benefits of commonhold to homeowners clearly. (Recommendation, Paragraph 239)

56. The government must use the months ahead of the introduction of the final bill to ensure it has a clear strategy to deliver its manifesto commitments on leasehold reform during this Parliament. This must include a clear timetable for implementation of measures in this bill and in LAFRA, and preparation to bring forward further primary legislation on those manifesto commitments for which clauses cannot be drafted in time to be included in this bill. The government must set out its initial plans for further legislation in response to this report. Once this bill is passed, the government's leasehold and commonhold reform agenda will stand or fall on whether leaseholders see meaningful change to improve their experience of homeownership before the end of this Parliament. The final bill must now be strengthened, in line with our recommendations, to meet this test. (Recommendation, Paragraph 240)

Annex 1: Drafting changes

Clause or Schedule	Committee comment
6(2)(b)	It is unclear what the purpose is of the words "and the building is partly on the previously enfranchised land", given that earlier on in (b) this applies "where the part is wholly on the previously enfranchised land" – if the part is on the land, it would appear to follow automatically that the building is partly on the land. If the words serve no purpose, it would be better to remove them to avoid confusion.
8(2)	It would be worth considering giving the Tribunal power here to determine whether consent that was given was ineffective for any reason (for example, if given under duress or if the person concerned did not have capacity to give it). There appears to be no specific power for the Tribunal to determine this under the current Tribunal Procedure Rules (SI 2013/1169).
13(11)	This is very broadly worded and could be rephrased to be clearer about what is intended. For instance, if the purpose is to allow the Registrar to take various steps to give effect to registration, in order to avoid the need for a further application, provision may be needed to ensure the Registrar can find out that such action might need to be taken.
15(2)	It is unclear why the Registrar should not be able to alter the register where everyone agrees that there is an error, instead of sending such errors to the Tribunal. While there should be suitable protection for anyone who may have an objection, and for the issue to be resolved in the Tribunal in such cases, it would be preferable for the Registrar simply to be able to alter the register in all other cases, to avoid unnecessary cost, inconvenience and use of scarce court resources.
15(5)(b)	This appears to be superfluous and potentially confusing: it provides that the Tribunal does not have to make an order if it is "not appropriate" to do so. But this concerns the Tribunal's discretionary power under clause 15(3). The Tribunal would not decide itself to make an order which it itself considered inappropriate. If the provision is of no real use, it would be better to remove it.

Clause or Schedule	Committee comment
17(2)	In the sentence at the end of this provision, it would read more naturally if something like the word "instead" was added, to distinguish the similar wording used elsewhere in the section. ("But that is subject to any provision of this section stipulating that a tenant under a lease of the unit is entitled to be the member in respect of the unit *instead*.")
29(4)	This does not appear to be intended as a freestanding provision: it states "See in particular…" but does not explicitly refer back to any other provision. The two sentences would perhaps make more sense added to the end of clause 29(3), and amended as necessary. As it is, the provision looks unfinished or misplaced. Although in itself the wording appears to have no substantive effect, it would be better to tidy this up to avoid potential confusion.
30(4) (and 30(2))	In clause 30(4), it is not clear what the difference is between a "specified provision", and a "provision of a specified kind, for a specified purpose or about a specified matter". All these must differ from "provision specific to the commonhold in question" in clause 30(2), in that the latter concerns provisions in a CCS of individual commonholds that are not prescribed by regulations, whereas the former are classes of provision made in regulations. But having three categories of "specific" or "specified" provision in the same clause makes this potentially even more confusing. It would be worth rephrasing to differentiate more clearly between the different types of provision that these regulations can make.
37(3)	It would be preferable to refer here to "regulations under section 36" not just "the regulations", given that this is how they are described elsewhere in the clause (see clause 37(4) and (7)). Although it may be assumed which regulations are being referred to, it is confusing to describe them differently within the same clause, particularly given that there are other regulations referred to (see clause 37(8)).
45(10)	The effect of this provision appears to be for the Registrar to make changes to the CCS (regarding transfer of part of the commonhold) without there needing to be any application. However, it is not clear how the Registrar would know that a CCS needs to be amended in such circumstances. The usual process for making amendments to the CCS by the Registrar is set out in clause 32(3)-(5), which envisages applications being required. It would be helpful to set out how the Registrar would find out when such an amendment was needed.

Clause or Schedule	Committee comment
62	Statutory Codes of Practice are usually laid before Parliament for approval after being drafted. Given the subject matter, it would be expected that this Code should be laid. If that is the intention, provision should be made for that here.
77(2)	It would be helpful to find a clearer way of describing “the existing commonhold” in clause 77(2)(a), and “a commonhold” in (b). Where there are two commonholds, one of which is diminished and one enlarged, both remain “existing”, albeit altered; and “a commonhold” could refer to either. It looks as though (a) is meant to refer to the enlarged commonhold, and (b) to the diminished commonhold. While it may be possible to work this out from the context, it would be more helpful to the reader to make this clear straightaway.
79(2)(a)	This refers to proposals for partial transfers of “some of the commonhold units and some of the common parts”, but proposals could relate to the transfer of just one unit or one part. While legislation using words expressed in the plural can be interpreted to include the singular, this depends on the context. It would be better to avoid ambiguity to make explicit that proposals for single units or parts are covered if that is intended.
99(4)	Under clause 99(4)(b), where the Registrar considers it appropriate in consequence of or for the purpose of “anything” done or proposed to be done in connection with Part 1 of the bill, the Registrar may “take any other action”. Presumably this is supposed to read as “in connection with the Register”. However, as it is this is very widely drafted, potentially enlarging the scope of the powers of the Registrar. Unless it is obvious from other legislation circumscribing these powers, it would be preferable to add a qualification here to avoid any potential future uncertainty.

Clause or Schedule	Committee comment
131, 132 and 133	Under clause 131, the “lead enforcement authority” has a duty to “oversee” the provisions of Part 2 of the bill (there is no further detail on what “oversee” means here, and no specific functions flow from it), and to issue guidance and advice to “enforcement authorities”. Enforcement authorities are, in practice, the Trading Standards bodies in each local authority. By default, the lead enforcement authority is the Secretary of State, though one Trading Standards body can be appointed instead. Every enforcement authority has a duty to enforce the leasehold flat restrictions in its area. But under clause 132, the lead enforcement authority may “take steps to enforce the leasehold flat restrictions if it considers it is necessary or expedient to do so”, including exercising any of the powers of the enforcement authority, in which case it must inform the authority concerned. So as drafted, the bill appears to envisage every Trading Standards body undertaking enforcement, with only a guidance and information-gathering role for the lead enforcement authority, unless on occasion the latter steps in to undertake enforcement itself if necessary or expedient. The “oversee” function does not appear to add anything of substance in this case, and could be removed. It is also unclear what the purpose is of the requirement in clause 133 for enforcement authorities to “notify the lead enforcement authority if the enforcement authority believes that a breach of a leasehold flat restriction has occurred in its area”, if enforcement authorities are themselves responsible for enforcement. That provision could also be removed if of no real use. (It is also unclear why the threshold here is “belief” of a breach, rather than for example suspicion of a breach, or no reasonable doubt that a breach has occurred, which would prompt a financial penalty.) If instead the intention is for the lead enforcement authority itself to undertake enforcement in every case (having been alerted in each case to potential breaches by the enforcement authorities under clause 133), clause 132 as drafted does not easily accommodate this. The power can only be exercised if the lead enforcement authority “considers it is necessary or expedient to do so”. If the matter was subject to legal challenge, a court may determine that a lead enforcement authority purporting to exercise this power automatically in every case was not exercising its discretion properly in deciding it was either “necessary” or “expedient”. If the real intention of the bill is for the lead enforcement authority to undertake all enforcement, with each Trading Standards body simply providing information, and being able to deputise if necessary, the bill should be amended accordingly. There are also enforcement provisions in the Leasehold Reform (Ground Rent) Act 2022 (unamended in substance by this bill), but they do not include any provision for a lead enforcement authority. Instead, all enforcement authorities under the 2022 Act simply have to have regard to any guidance issued by the Secretary of State or Welsh ministers. Unless there are good reasons for have different enforcement regimes, it would be far preferable for both to be the same, or as similar as possible. It is hard to see the justification for having a lead enforcement authority carrying out the enforcement relating to properties covered by this bill, and a local enforcement authority carrying out the enforcement relating to properties covered by the 2022 Act (and particularly undesirable if a finding of fact had to be made to determine whether a property falls within one piece of legislation rather than another purely to identify the relevant enforcing authority).

Clause or Schedule	Committee comment
136	The words from "for the purpose of" to the end of the clause appear to be technically inoperative, and if so should be in brackets.
140(4)-(6)	These provisions are hard to read (partly because of the frequent references to the word "occurrence"). While there is likely to be a good reason why they have been written in a particular way to capture all the relevant circumstances, consideration should be given to redrafting in a way that makes them easier to read and avoids potential confusion. In essence, clause 140(4) appears to be referring to breaches that can arise from conduct or omission that leads to the occurrence of a particular event on which the continuation of the lease depends. It is not clear what clause 140(5) adds to (4) here. There thus appears to be scope to simplify the wording.
143(1)(d)	This provides that a breach of covenant is excepted (i.e. may not be the subject of a lease enforcement claim in accordance with this Part) where that breach occurs on the ground of an individual's death or incapacity. Incapacity is not strictly defined: clause 143(4) provides that it *includes* a reference to a breach occurring on the ground of the individual suffering any illness or condition (physical or mental) described in the lease as giving rise to such incapacity. So it would appear from the current drafting that incapacity means something wider than this, but it is not clear how far the concept extends. If the intention is to capture incapacity as understood in other more limited contexts (for example, capacity to make legal decisions), that should be made clear. Otherwise it could be interpreted that "incapacity" is of wider application than this, and tenants may seek to argue that many breaches might fall into this excepted category, for example, where they have no financial resources to pay.
156(2)	The definitions to be inserted in section 120A(3) of the Law of Property Act 1925 mirror those that are included in the current section 120A(2) of the Act, save that there is no definition of "demand for payment" provided for in the bill. At present, this is defined in the Act as "a notice under section 120B(1)(a) demanding payment of regulated rentcharge arrears". The reference to "demand for payment" would remain in section 120B. The same phrase would also now appear in newly inserted section 120AA. It would be worth considering retaining this definition in section 120A, but amended to make reference to section 120AA(3) as well.
156(9)	A minor point but for consistency with the Law of Property Act 1925, the words in brackets should read "contrary provision *of* no effect" rather than "contrary provision *to* no effect".

Clause or Schedule	Committee comment
Schedule 1	It was not clear what the frequent use of the word “or” between sub-paragraphs meant throughout this Schedule: whether it should it be read as requiring only one of the sub-paragraphs to apply, or all of them. For example, paragraph 7: “A flat that was not, immediately before the relevant time— (a) let to a person who was a qualifying tenant of that flat, **or** (b) premises falling within Part 2 of this Schedule.” The meaning can be extracted by applying the negative condition to each of the sub-paragraphs. This could then be read as either: “A flat that was not, immediately before the relevant time— (a) *was not* let to a person who was a qualifying tenant of that flat, or (b) *did not* constitute premises falling within Part 2 of this Schedule.” Or: “A flat that was not, immediately before the relevant time— (a) *was not* let to a person who was a qualifying tenant of that flat, or *and* (b) *did not* constitute premises falling within Part 2 of this Schedule.” It appears from reading the whole of the Schedule that it is likely that the latter interpretation is what is intended. It would be worth considering redrafting to make this clear (even if past drafting practice has used the existing formulation).

Clause or Schedule	Committee comment
Schedule 3, paragraph 2(3)	This states “A CCS may not require…”. It is not immediately clear whether this means “A CCS *cannot* require (a) or (b)” or “A CCS *does not have to* require (a) or (b).” From the context, it appears the latter is intended, given in particular that para 2(4) gives “circumstances in which the whole or a part of a contributions statement or reserve fund statement is not required to be subject to approval by resolution”. But consideration should be given to making this clearer, to avoid potential disputes and confusion (even if this is consistent with past drafting practice).
Schedule 7, paragraph 8	It should be made clear that this is an amendment of *paragraph 1* of Schedule 2 to the 1988 Act.
Schedule 9, para 1	This paragraph does not specify to whom the notice must be given. It seems from paragraph 2, referring to a “recipient”, that it’s the person the claimant believes to be the unit holder. Regulations could spell this out in due course, but it would be preferable for such a fundamental element of the process to be set out in the primary legislation. (See also Schedule 11, paragraph 1.)
Schedule 11, paragraph 1	The same comment applies here as applies regarding Schedule 9 paragraph 1, except that in this case the recipient is presumably the person believed to be the landlord under the lease in respect of which the claim is made.

Clause or Schedule	Committee comment
Schedule 13, paragraph 17 - inserted paragraph 1 of Schedule 2 to the 2022 Act	It would be clearer to set out plainly at the outset which tenants the new Schedule 2 to the 2022 Act applies to. Paragraph 1(1) refers to "the tenant" giving notice, but it is not immediately clear who "the tenant" is. Paragraph 1(5) then refers to "a qualifying lease in relation to a relevant regulated lease", which is further defined in paragraph 1(6). It can be assumed from all these provisions taken together that the Schedule applies to tenants under such leases. But the reader would have found it easier to have this flagged immediately.
Schedule 14, paragraph 5(3)	The wording here does not look quite right: the words purported to be replaced end with the word "or", which does not appear in the existing legislation, and the wording to be substituted does not quite work grammatically (it would appear to read as follows: "…a superior landlord has brought proceedings to enforce a right of re-entry or forfeiture *on a lease enforcement claim under Part 4 of the Commonhold and Leasehold Reform Act 2026 or to enforce* in respect of a failure to comply with any terms of the mesne tenancy or of a superior tenancy having effect subject to the mesne tenancy…"). This would benefit from being reworded.
Schedule 14, paragraph 12(3)(b)	A minor typographical error: a stray quotation mark here after the word "it": "(and the 'or' after it')".

Clause or Schedule	Committee comment
Schedule 14, paragraph 12(5)(d)	The effect of this amendment is to reword Schedule 12 paragraph 7(1) to the Leasehold Reform, Housing and Urban Development Act 1993 as follows: "(1) A tenant who, in proceedings to enforce a right of re-entry or forfeiture *a lease enforcement claim under Part 4 of the Commonhold and Leasehold Reform Act 2026* or a right to damages…". The wording does not quite look right here: it should perhaps read "… in *respect of* a lease enforcement claim under Part 4…" or something similar.

Annex 2: Online survey findings

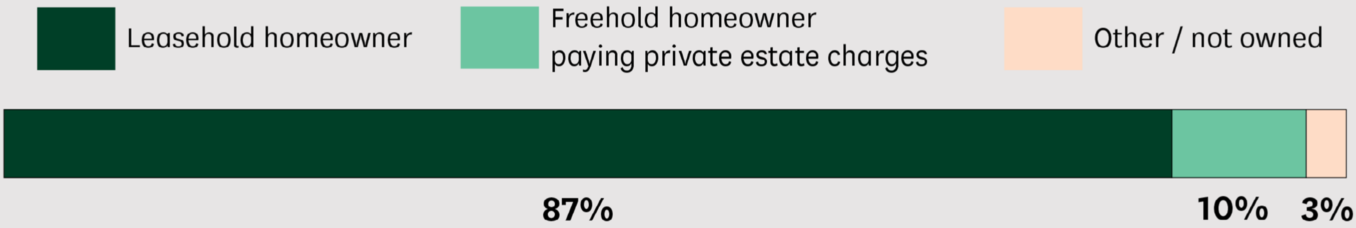
Introduction

On 3 February 2026, we launched an online survey for homeowners to share their views on the draft Commonhold and Leasehold Reform Bill. The survey included a series of questions about respondents' experience of homeownership, and questions to assess the extent to which the draft bill met their expectations for leasehold and commonhold reform. It included separate questions for leasehold homeowners and for owners of freehold homes paying private estate charges. The survey was promoted to homeowners in England and Wales through parliamentary social media channels, newsletters, and through the Petitions Committee to petitioners who have signed selected e-petitions concerning leasehold reform during this Parliament. We are also grateful to the several national campaign groups, residents' associations, and individual leaseholders who shared the survey with homeowners: around a third of responses came through word of mouth. The survey received 7,358 responses before it closed on 31 March 2026.

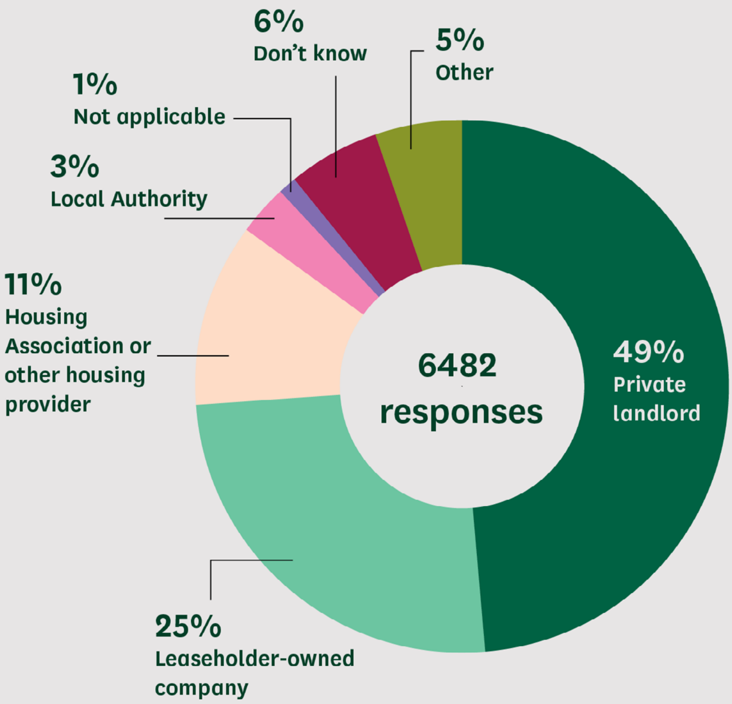
The intention of the online survey was not to gather views from a fully representative sample of homeowners, but to offer as many people as possible the opportunity to share their views on the draft bill with us. We recognise that the findings below are only an indication of views from those who responded to the online survey. The results should not be considered as representative of the wider population of England and Wales. Nonetheless, the responses give an insight into how a large number of homeowners feel about the government's reform agenda. We thank all those who took the time to share their personal experiences and views through the online survey, which informed our final recommendations to the government.

Survey responses at a glance...

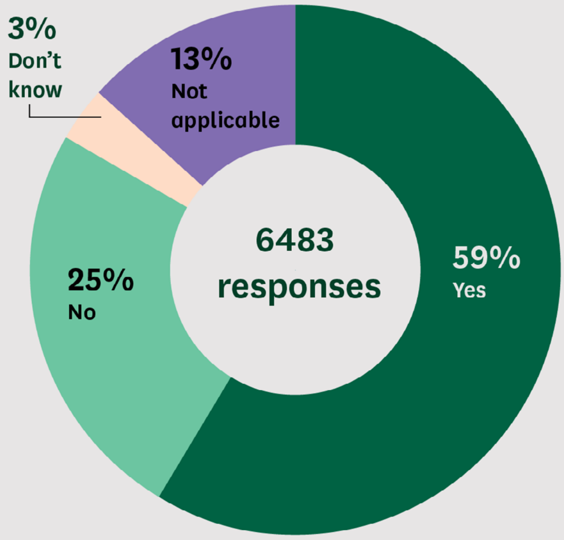
Which of these best describes you?



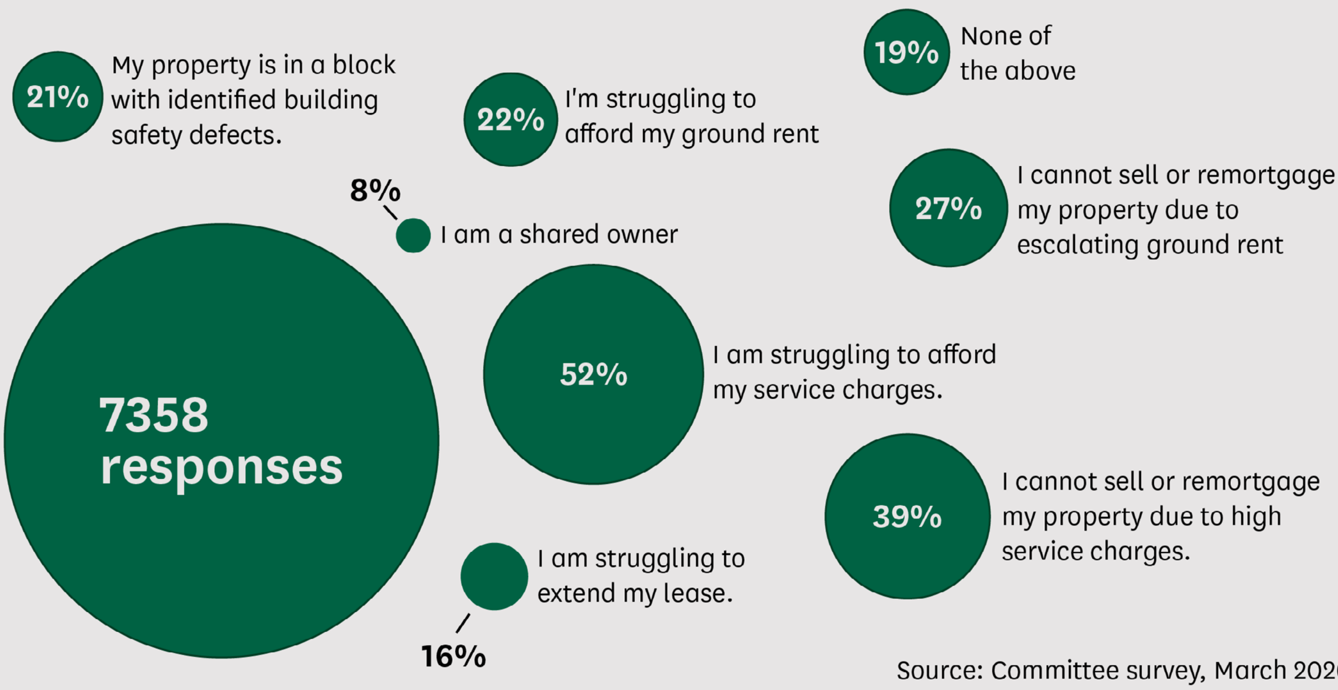
Types of landlord/ freeholder



Would a £250 cap on ground rents make your ground rent more affordable?

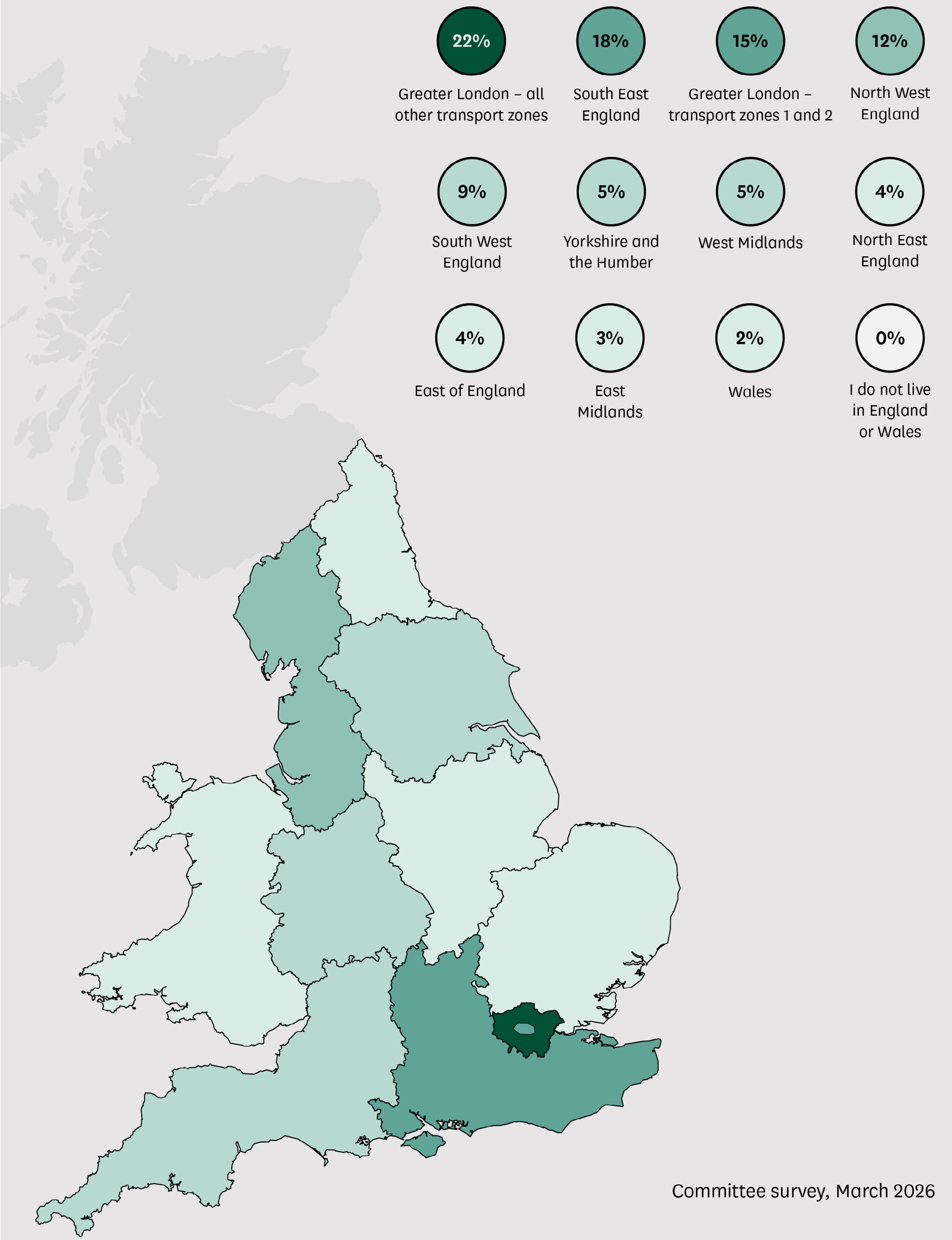


Experiences of homeownership among respondents



Source: Committee survey, March 2026

Locations of respondents' properties



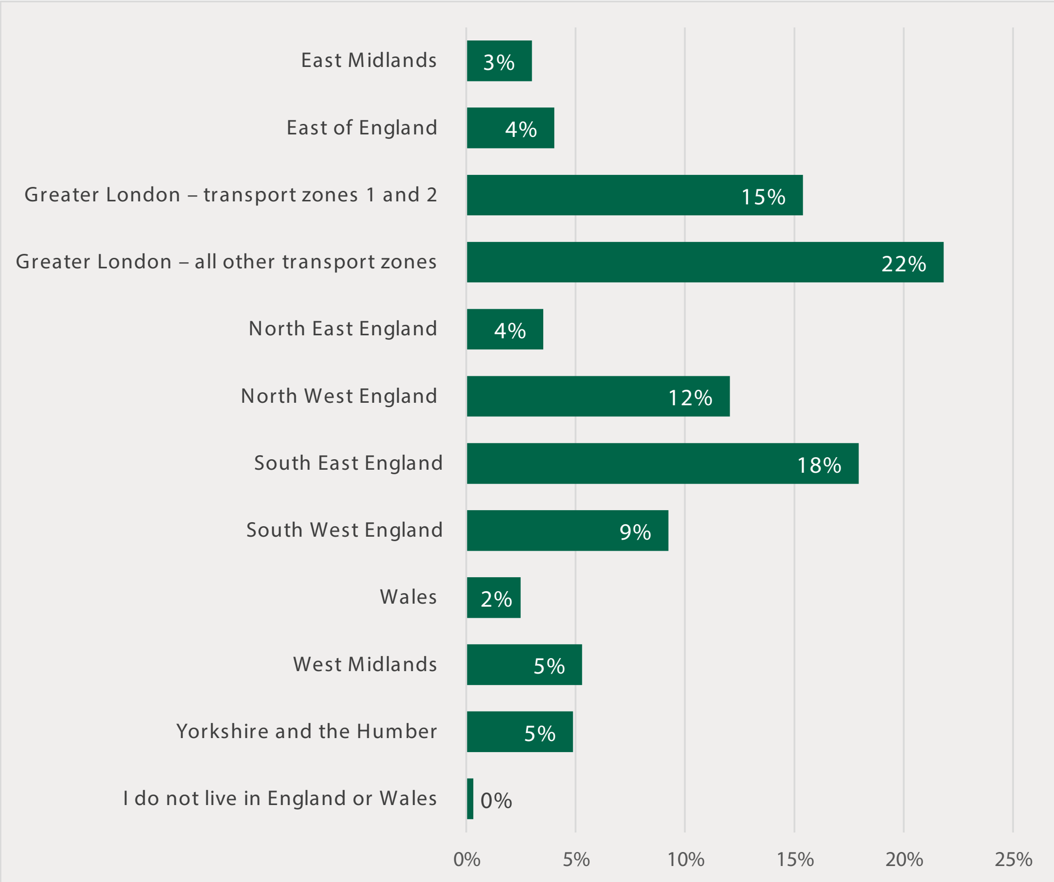
Committee survey, March 2026

Summary analysis[411]

Property location

The chart below shows the locations of respondents' properties. Respondents were only permitted to select one option. The largest number of respondents owned property in London (37%), followed by South East England (18%).

Respondents outside England and Wales were excluded from the rest of the questions, as the draft bill seeks to reform land law in England and Wales only.



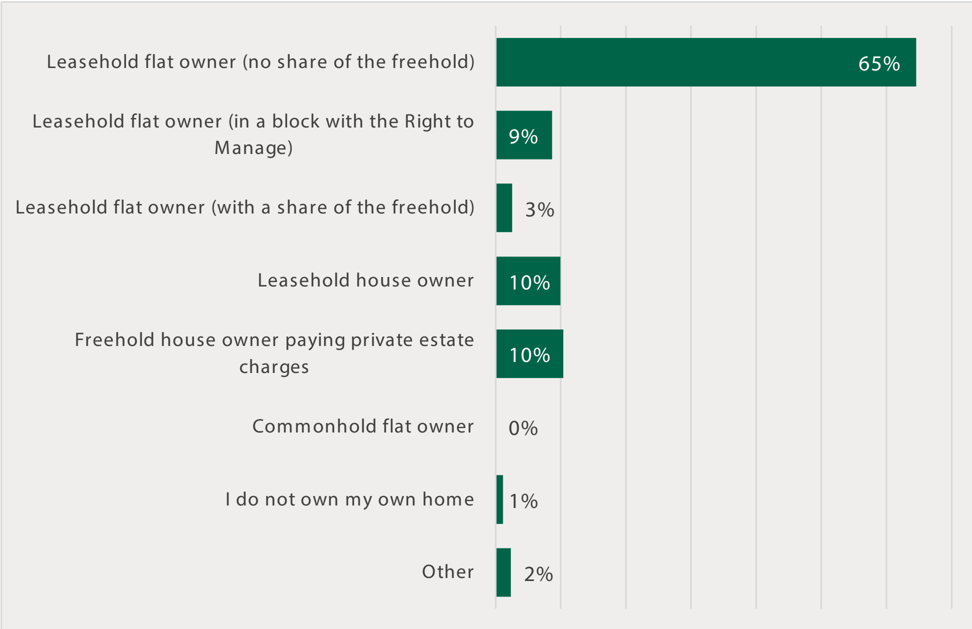
Ownership tenure

The chart below shows the ownership tenure of the respondents. The majority (65%) were leasehold flat owners with no share of the freehold. A further 30% were split roughly evenly between leasehold flat owners (in

411 Note, results have been calculated as percentages of the respondents who were shown the question. The results for some questions may not add up to 100%. This may be due to rounding results, individual respondents opting not to answer and, for some questions, because respondents were able to select as many options as they wanted.

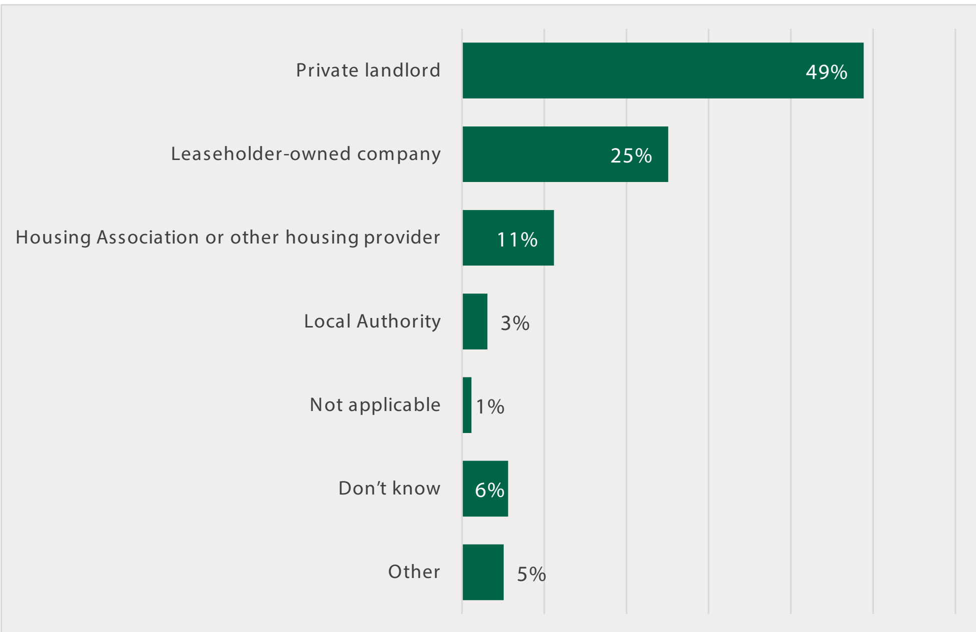
a block with the right to manage), leasehold house owners and freehold homeowners (paying private estate charges). 86% of respondents were leaseholders.

Respondents who said they did not own a property were excluded from the following questions.



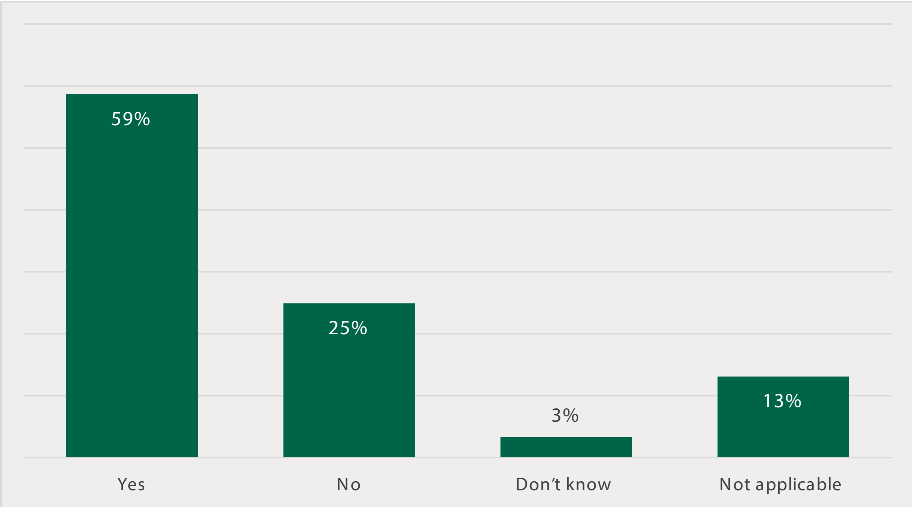
Types of freeholders and landlords

The chart below shows the types of landlords or freeholders that leaseholder respondents had. Almost half (49%) said they had a private landlord.



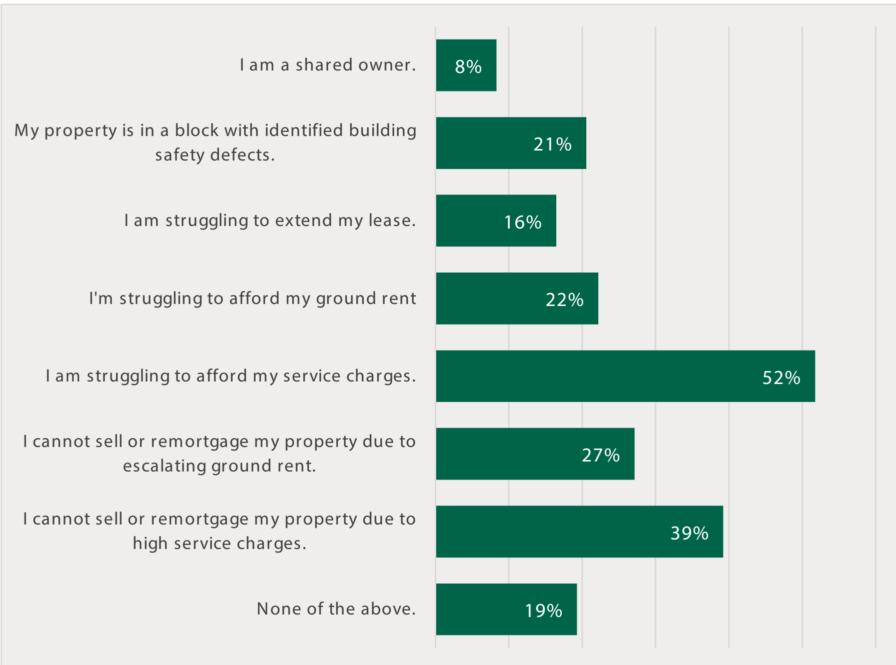
Would a cap of £250 on ground rents make respondents' ground rent more affordable?

The chart below shows whether leaseholders thought that the government's proposed £250 cap on ground rents would make their ground rents more affordable (implying that their current ground rent was more than £250). 59% said it would.



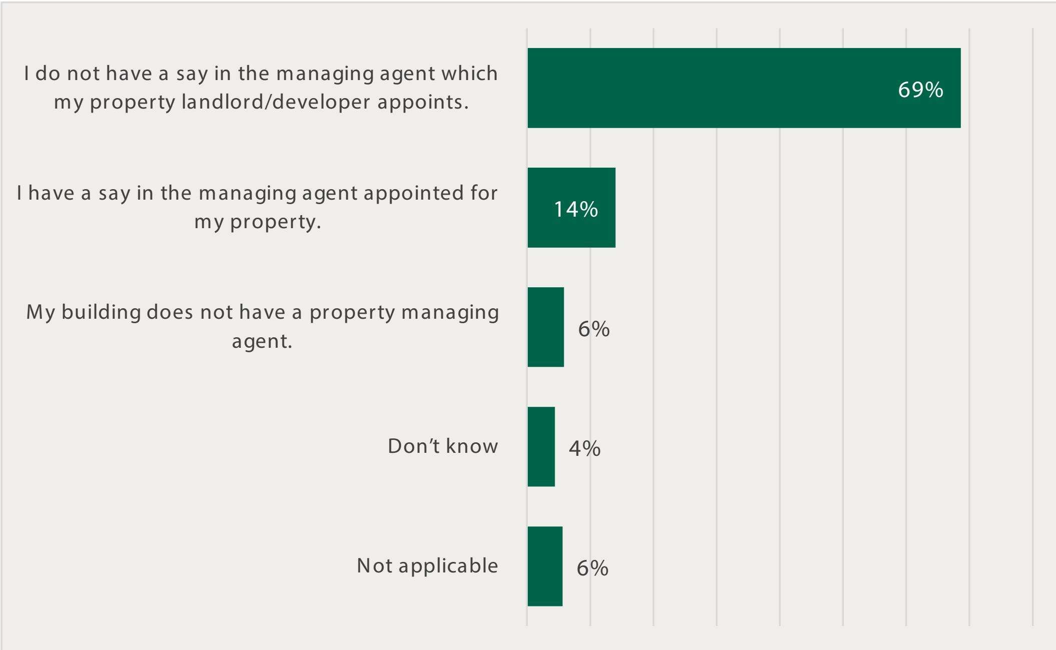
Experiences of homeownership

Part 3 of the survey asked all respondents whether a series of statements regarding homeownership applied to them. Responses show that 8% of respondents were shared owners, and over half of all respondents (52%) said they were struggling to afford their service charges, as shown in the chart below.



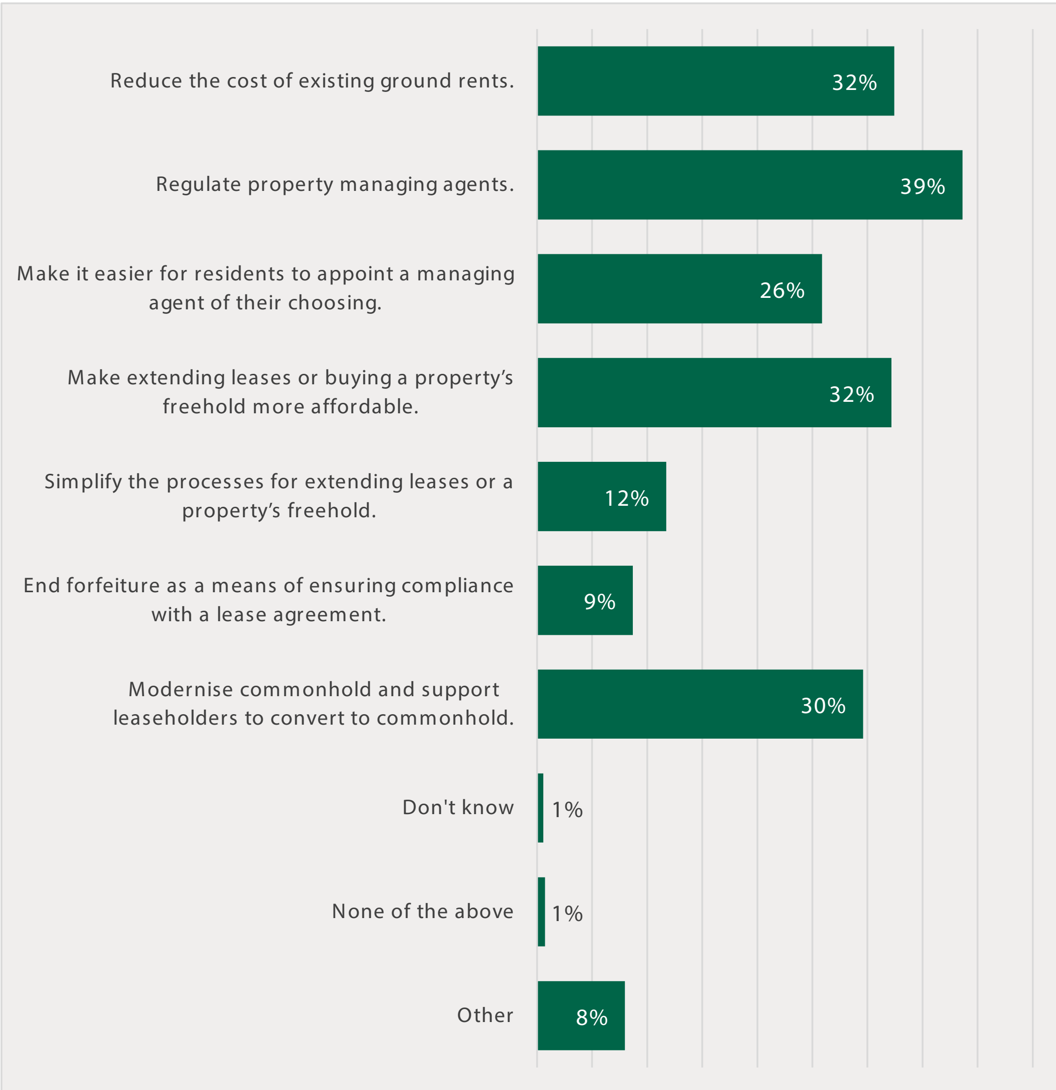
Property and estate management

The chart below shows the relationship of both leaseholders and freehold homeowners to property or estate managing agents. More than two thirds (69%) said they had no say in the agent appointed.



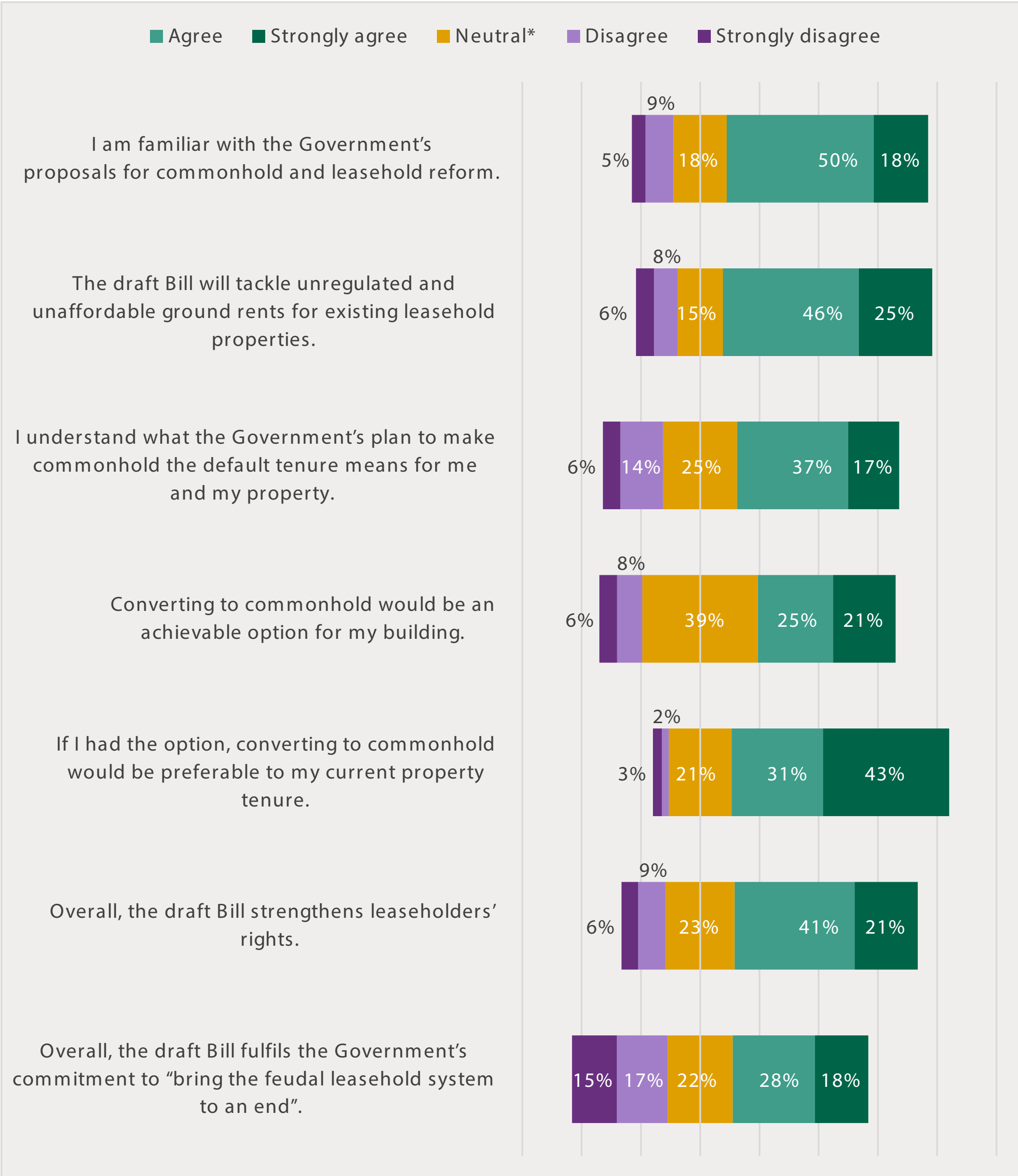
Priorities for government action

The chart below shows which actions respondents felt the government should prioritise to improve the rights and protections of homeowners. Respondents were able to select up to two actions. The most popular response was that the government should prioritise regulating property managing agents (39%), followed by reducing the cost of existing ground rents (32%), and making extending leases or buying the freehold more affordable (32%).



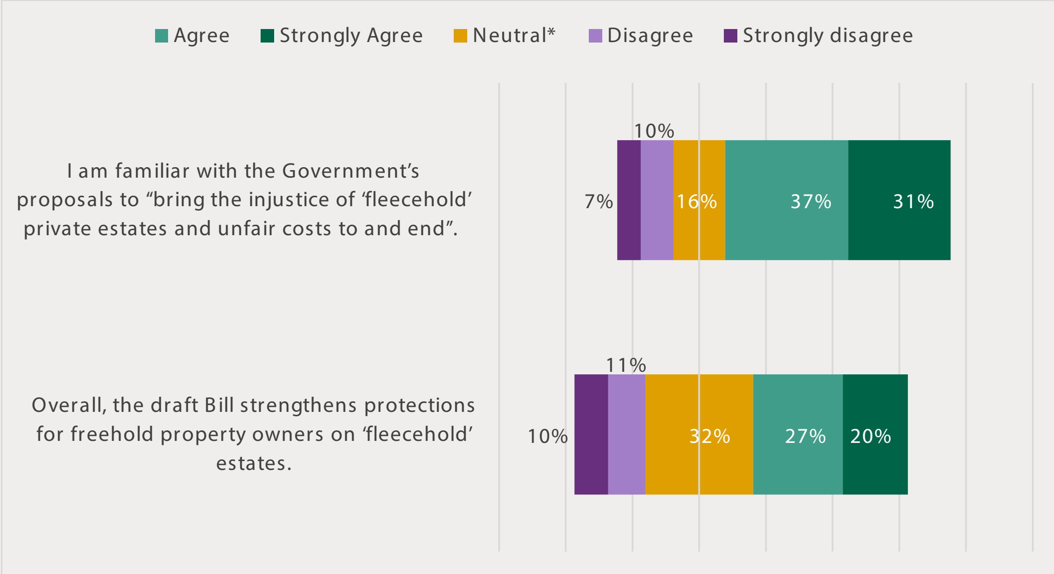
Leaseholders' views on the draft bill

The chart below shows responses by leaseholder respondents to seven statements about the government's draft bill. Of the statements presented, respondents were least likely to agree with the statement that "The draft bill fulfils the government's commitment to 'bring the feudal leasehold system to an end'"—with which 46% agreed or strongly agreed, and 32% disagreed or strongly disagreed. 73% of leaseholder respondents agreed or strongly agreed with the statement ‘converting to commonhold would be preferable to my current property tenure’. In response to the statement ‘converting to commonhold would be an achievable option for my building’, 25% of leaseholders answered “don’t know”.



Freehold homeowners’ views on the draft bill

The chart below shows responses from freehold homeowners to two statements regarding the government’s proposals to address issues faced by owners on privately managed estates. 68% of respondents agreed or strongly agreed that they were familiar with the government’s proposals to "bring the injustice of 'fleecehold' private estates and unfair costs to and end", and 46% agreed or strongly agreed that the draft bill strengthens protections for freehold property owners on 'fleecehold' estates.



Open text responses

Two of the survey questions asked for leaseholders' views in open text boxes. The following thematic analysis of these responses was conducted using a combination of human reviewers with assistance from a version of Microsoft Copilot AI (Artificial Intelligence).[412] Responses were organised into groups based on references to identical or similar themes, to identify the experiences and views which were most frequently mentioned by respondents.

All quotes have been anonymised. Selected quotes from responses to these questions are also quoted in Box 2 and Box 6 earlier in this report.

Open text question 1: What has been your experience as a homeowner and why is leasehold reform important to you?

241. Leaseholder respondents were asked to answer in their own words what their experience had been and why reform was important to them. This question received 6,610 responses. The 'word cloud' below illustrates an overview of the most frequent words respondents used in answer to this question:

412 Open text responses were analysed in a secure version of CoPilot AI. Data are encrypted, are not used to train language models, and are deleted after use.

The analysis identified the following themes as the top five most frequently mentioned among the responses, starting with the most frequent:

1. **Behaviour and performance of managing agents and freeholders**

Responses frequently described poor behaviour and performance of managing agents and freeholders. Many suggested that this imbalance of power under the leasehold system allowed landlords and agents to raise charges, delay works, and ignore homeowners, with little accountability. Quotes from homeowners under this theme include:

- I have looked for alternative quotes and they [the landlord] are charging us at least double of what they should, but the only way I can contest this is by taking them to a tribunal, and spending hundreds of pounds doing so.
- Our management company increases our fees every year but does not seem to do anything but cut grass.
- As a leaseholder currently we have few rights. When you try to complain, no one listens.
- Abysmal maintenance of our building means the 21-storey building is crumbling in less than 10 years.

2. **Escalating ground rents**

Ground rent is widely seen as ‘paying for nothing’ among respondents. Many shared cases of ground rents which had doubled or seen index-linked rises. Several said that escalating ground rents had directly resulted in mortgage refusals or their home becoming harder to sell. Quotes from homeowners under this theme include:

- According to the lease, our ground rent increases indefinitely every five years, in line with the Retail Price Index.
- I tried to sell it last year, however it's currently unsellable, as no mortgage provider will grant a mortgage because the ground rent doubles every 10 years. I'm trapped.
- My flat is effectively worthless thanks to our ground rent. It goes up by 2% or RPI every year (whichever the greater). It's already well over £500 and is a small one-bed in Leeds.
- My ground rent has been £400 per annum since 2013, but is about to double this year to almost £800 and will increase again in 10 years.

3. Rising service charges

Respondents expressed frustration at rising service charges, which many homeowners said represented poor value. Several respondents reported that their managing agent made spending decisions with little or no resident consultation; some respondents said promised work was delayed or not delivered at all. On top of this, some respondents had also been hit with high, unexpected bills for major works. Quotes from homeowners under this theme include:

- As a homeowner, I have seen service charges rise to almost extortionate amounts (almost £10,000 per annum for a 2-bedroom apartment).
- The 2025 service charge was demanded with 3 weeks' notice at a 240% increase.
- Leasehold is not what I envisioned homeownership to be. I am constantly worried about when the next demand for payment will land on my doorstep. Service charges, ground rent, insurance, major works, balancing charges… rarely a month passes without a different demand.
- Service charges are unregulated, lack transparency and there is zero accountability.

4. Feeling stuck

Several respondents said the leasehold system had left them feeling trapped or stuck in their own home. Often this was due to an inability to sell or remortgage, but being "stuck" was also the lived experience of respondents struggling with high service charges, worried about the risk of negative equity, or living in blocks with building safety defects. Quotes from homeowners under this theme include:

- Because the valuation of our flat has decreased by some 40% due to the leasehold issues, we are in significant negative equity, and can only sell to cash buyers.
- I feel trapped. I have no control over the [service charge], it has negatively impacted my quality of life, and yet I can't move out because mortgages are refused for the property. This has impacted me financially and affected my mental health.
- The stress of dealing with [the landlord] and the ever-increasing service charges often keeps me awake at night with worry. I have a mortgage, and pay another 50% on top of that.
- I have a doubling ground rent that is soon going to be very difficult to afford. Unless this bill comes to pass [enfranchisement] will cost about £30,000. Which I don't have. So I'm stuck in this flat forever.

5. Enfranchisement costs

Some respondents shared their experience of the enfranchisement process. Many of those respondents described the financial and emotional impact of the 80-years 'cliff edge'. Quotes from homeowners under this theme include:

- The cost of extending my lease now includes over £50,000 in marriage value… a sum I simply cannot afford.
- [The freeholder] piled the pressure on us through the 'lawful' process to extract the most money out of us. We ended up paying £27,000 for a flat worth only £100,000 after lease extension.
- We have wanted to move for over 10 years now, but the extortionate cost to extend [the lease] plus the additional charge of marriage value has made it absolutely impossible. We are unable to sell.
- My leasehold has fallen below 80 years and I am going to be charged at least £30,000 to extend the lease.

Open text question 2: Are there any additions or changes you would like to see to the draft Bill when the final version is introduced to Parliament?

Respondents were asked to answer in their own words what changes they would like to see in the final version of the Commonhold and Leasehold Reform Bill. This question received 4,356 responses. The 'word cloud' below illustrates an overview of the most frequent words respondents used in answer to this question:

The analysis identified the following measures as the top five priorities most frequently mentioned among the responses, starting with the most frequent:

1. **Measures to improve the accountability of managing agents and freeholders.**
2. **Calls to end or abolish leasehold entirely.**
3. **Measures to tackle existing ground rents.**
4. **Measures to give leaseholders greater control over service charges.**
5. **Implementing enfranchisement reforms, including reforms to marriage value.**

Appendix: Enacting the remaining Law Commission recommendations on enfranchisement and the right to manage

The appendix below has been prepared by Professor Nicholas Hopkins, former Law Commissioner for Property, Family and Trust law at the Law Commission from 2015 until 2025. Professor Hopkins was the lead commissioner for the Law Commission's residential leasehold and commonhold project, which culminated in recommendations on leasehold enfranchisement, the right to manage, and commonhold.[413]

This appendix identifies the Law Commission's recommendations on enfranchisement and the right to manage that have not been enacted by the Leasehold and Freehold Reform Act 2024. It then provides an assessment of which of these recommendations could, in principle, be carried forward in the draft bill. Finally, it provides a prioritisation for implementation of those recommendations.

In accordance with paragraph 98 of our report, we endorse the approach to enacting the remaining Law Commission recommendations set out below.

Outstanding recommendations: enfranchisement

6. In relation to enfranchisement, in particular, it is important to note that the starting point has changed as a result of the Leasehold and Freehold Reform Act 2024 (LAFRA). The Law Commission's recommendations were made in the expectation that the existing legislation that deals separately with houses and flats would be repealed and replaced with

413 Stephen Lewis, then Law Commissioner for Commercial and Common Law, was lead Commissioner for the review of Right to Manage from 2017 until that report was published.

a single, streamlined scheme. With that in mind, the Law Commission's recommendations did not make separate provision for houses and flats. Instead, the Law Commission recommended a unified scheme under which qualifying leaseholders of a "residential unit" would be able to claim a 990-year lease extension. Additional criteria would then determine whether the freehold of the individual unit could be acquired, and where a collective enfranchisement could be claimed.

7. The approach taken in LAFRA, whereby separate legislation for houses and flats has been maintained, rules out or renders otiose the implementation of a number of the Law Commission's recommendations:

   a. Those recommendations that were designed to establish a single scheme or procedure for claiming enfranchisement rights, with qualifying criteria based on having a long lease of a "residential unit" are incompatible with the approach adopted in LAFRA.

   b. Those recommendations that were designed to ensure that provisions of the current law were carried over into the new scheme (for example, the Law Commission recommended that, to qualify for enfranchisement rights, a leaseholder should have a lease that was granted for more than 21 years). These recommendations are otiose as existing legislation is retained.

8. In other instances, either the feasibility or the value of implementation is impacted by LAFRA. For example, as the Law Commission anticipated the creation of a new scheme, its report includes recommendations for the procedure that would be used to exercise enfranchisement rights. The recommendations anticipated a single procedure being used for all claims. It may not be feasible to implement these recommendations in a context in which houses and flats remain governed by separate legislation. Even if it were feasible to do so, the impact of these recommendations is likely to be reduced. At the least, significant additional policy work would be required to determine whether benefits intended to be achieved by the recommendations could be achieved (in a different way) by amendments to the existing legislation.

9. The table below identifies by topic and recommendation number recommendations that have not been implemented by LAFRA. In identifying these recommendations, it is assumed that where provisions in LAFRA deal with an issue that was the subject of Law Commission recommendations, the Act has implemented those recommendations, despite the fact that LAFRA has retained separate legislation for houses and flats. The comments

offer my view on whether these remaining recommendations could (in some form) be implemented. Unless stated to the contrary, recommendation numbers refer to those in the July 2020 report on enfranchisement.[414]

414 For a full list of the Law Commission's recommendations on leasehold enfranchisement, see: Law Commission, Leasehold home ownership: buying your freehold or extending your lease, HC 584 (2019-21), chapter 15

Unimplemented Law Commission recommendations on enfranchisement

Topic	Recommendation numbers	Comments
Development restrictions	Option 9 of January 2020 report	The only aspect of valuation that was not implemented in LAFRA despite being accepted by the previous government. Could be included in the draft Bill.
Individual lease extensions	4-9	Deal with the scope and terms of individual lease extensions and associated issues. In principle these recommendations could still be implemented.
Individual freehold acquisition	10-16	Deal with the scope and terms on which a freehold is acquired and associated issues. In principle these could still be implemented.
Collective enfranchisement	17-20 and 22-23	Various measures relating to the exercise of collective enfranchisement, including enabling the right to be exercised over two or more buildings in a single claim, what property is and can be required, payment of the price, and protection from successive claims. (Recommendation 21 is implemented by LAFRA). In principle these could still be implemented.

Topic	Recommendation numbers	Comments
Qualifying criteria	24-27, 30-39	These recommendations largely anticipate a single scheme for all "residential units" and are incompatible with the retention of the 1967 and 1993 Acts.
	41-41	These two recommendations could be implemented. Recommendation 40 is that the resident landlord exclusion is abolished and recommendation 41 is that the current prohibition on leaseholders of three or more flats in a building being qualifying tenants for the purposes of a collective enfranchisement claim should be abolished.
Procedure – making a claim, responding to a claim and completing a claim	52-81	These recommendations are all made in the expectation that a new scheme for enfranchisement is created, with a single scheme for all claims. They could not readily be carried over (and would not have the same effect) given the retention of the 1967 and 1993 Acts and so appear incompatible with LAFRA.
Vexatious claims	88	This recommendation enables a landlord to apply to the Tribunal for an Enfranchisement Restraint Order. The Order would prevent a leaseholder who has previously brought claims that are vexatious, frivolous or otherwise an abuse of process, from making a further claim without the consent of the Tribunal. This recommendation could still be implemented.

Topic	Recommendation numbers	Comments
Voluntary transactions and contracting out	101-102	Recommendation 101 is that government considers regulating transactions for lease extensions and individual freehold acquisitions that are not on statutory terms. Recommendation 102 is that any term of a new lease or lease extension, or any other agreement, that purports to exclude or restrict the leaseholder's enfranchisement rights is void. The recommendation refers to the rights "in our proposed new regime" but could equally be applied to existing enfranchisement rights. Both of these recommendations could still be implemented.

Outstanding recommendations: Right to Manage

10. Leasehold enfranchisement and the Right to Manage developed separately. The Right to Manage was introduced by the Commonhold and Leasehold Reform Act 2002 and remains governed by that legislation. There are, however, logical overlaps between a collective enfranchisement and the Right to Manage – for example, in relation to the qualifying criteria for each. As the Law Commission was considering enfranchisement and the Right to Manage simultaneously, its recommendations were designed to align the rules governing the rights where it was appropriate to do so. For example, having recommended that the Right to Manage should be extended to be exercised in respect of leasehold houses as well as flats, the Law Commission recommended that the Right to Manage should be excisable in respect of any "residential unit"; aligning the qualifying criteria with the new scheme recommended in relation to enfranchisement. This recommendation falls away as the anticipated scheme has not been implemented for enfranchisement. However, as the Right to Manage exists as a separate statutory scheme, most of the unimplemented recommendations in the Right to Manage report are not directly impacted by LAFRA and could still be implemented. Implementation for the Right to Manage is possible (and appropriate) even where recommendations were intended to dovetail

with those for enfranchisement that are unlikely to be carried forward. For example, as part of the procedure for claims, the Law Commission considered reforms to service addresses for landlords, and made parallel recommendations for enfranchisement and the Right to Manage. I have suggested above that reforms to procedure appear incompatible with LAFRA in respect of enfranchisement, or would require further policy work to ascertain whether and how the benefits could be achieved in a context in which the existing legislation is retained. They could, in principle, still be implemented for the Right to Manage (though the value of doing so would need to be considered).

11. The table below identifies by topic and recommendation number recommendations that have not been implemented by LAFRA. The comments offer a provisional view on whether these recommendations could be implemented.[415]

415 For a full list of the Law Commission's recommendations on the right to manage, see: Law Commission, Leasehold home ownership: exercising the right to manage, HC 585 (2019-21), chapter 14

Unimplemented Law Commission recommendations on Right to Manage

Topic	Recommendation numbers	Comments
Extension of RTM to leasehold houses	1-2	Extends RTM to leasehold houses. Can still be implemented.
Incorporation of “residential unit” scheme	3	This recommendation provides that the RTM can be exercised in respect of any “residential unit” to dovetail with the recommendations in respect of enfranchisement. It would not make sense to adopt this approach as it is not used for enfranchisement. As this recommendation provided the mechanism for extending the RTM to leasehold houses, a different route to implementing recommendations 1 and 2 is needed.
Qualifying criteria (general)	4-6, 8-10	These recommendations identify (and provide some additional flexibility) in relation to the premises over which the RTM can be exercised. They can all still be implemented, though as some assume a scheme based on “residential units” some adaptation is required. (Recommendation 7 is implemented by LAFRA.)

Topic	Recommendation numbers	Comments
Qualifying criteria (special cases)	11-14	These recommendations deal with some specific issues in respect of qualifying criteria. They: • Enable shared ownership leases to be treated as long leases for the purposes of the RTM; • Remove the current exclusion for premises with a resident landlord and no more than four units; • Enable shared ownership leases to be treated as long leases for the purposes of the RTM; • Enable the RTM to be acquired over a building containing different self-contained parts held by different freeholders; • Make provision for determining whether a leaseholder is a qualifying tenant in respect of leases that permit only residential or non-residential use, or permit both residential and non-residential use. These recommendations could all still be implemented.
The RTM and multiple buildings	15-21	These recommendations enable a single RTM company to acquire the RTM in respect of more than one building in a single claim. These recommendations could all still be implemented
The RTM company	22-28	These recommendations make various provision in relation to the RTM company, the model articles of association and the provision of training resources to support RTM directors. These recommendations could all still be implemented.

Topic	Recommendation numbers	Comments
Acquiring the RTM	29-57	These recommendations all deal with the exercise of the RTM, including provisions relating to service of the claim notice and counter-notice, the circumstances in which the validity of a claim notice can be challenged and the date on which the RTM is acquired. These recommendations could all still be implemented
Information notices and management contracts	58-70	These recommendations extend and make provision for RTM companies' rights to obtain information before and after the commencement of a claim, and amend provisions dealing with information about management contracts. These recommendations could all still be implemented.
Management functions	71-78	These recommendations make various provisions in respect of the management functions obtained by the RTM, including the type of management functions (the exclusion of regulated activities relating to health and social care), matters relating to insurance, management functions relating to appurtenant property and handing over the service charge fund to the RTM. The recommendations also enable the Tribunal to vary leases were acquisition of the RTM makes management of the premises in accordance with the leases unworkable. These recommendations could all still be implemented.
Post-acquisition rights and obligations	79-82	These recommendations deal with the grant of approvals in leases (for example, to assign a lease) after the RTM has been acquired. These recommendations could all still be implemented.

Topic	Recommendation numbers	Comments
Vexatious claims	88-89	These recommendations enable a landlord to apply to the Tribunal for an order prohibiting an RTM company from bringing a further claim without the approval of the Tribunal, and set out the Tribunal's corresponding power to enable a claim to be made following a prohibition. These recommendations could all still be implemented.
Termination of the RTM	91-101	These recommendations relate to matters arising on the termination of an RTM. These recommendations could all still be implemented.

Prioritisation of implementation

12. In the event that some, but not all, remaining recommendations are able to be included in the final Bill, a prioritisation of which should be included is provided. The prioritisation takes into account the following factors:

a. The potential reach or impact of the recommendations for leaseholders;

b. The relevance of recommendations for enabling more leasehold blocks to convert to commonhold, by facilitating the collective enfranchisement that is required for conversion where the freehold is not already leaseholder-owned;

c. The likely extent and complexity of drafting required.

d. The possibility that recommendations on the Right to Manage could be implemented alongside a scheme for freehold properties, as discussed in chapter 3 of this report.

13. Based on the criteria set out above, my suggested prioritisation is as follows:

a. Development restrictions (option 9 of the January 2020 report on options to reduce the price payable on enfranchisement). Reducing the price payable on a collective enfranchisement will enable more blocks to enfranchise in order to convert to commonhold.

b. Multi-block claims (recommendation 19 of the July 2020 report on enfranchisement and recommendations 15-21 of the July 2020 report on the Right to Manage). These recommendations enable a collective enfranchisement and the Right to Manage to be claimed over two or more blocks in a single claim. Enabling a collective enfranchisement to be exercised over two or more buildings in a single claim would facilitate multi-block developments to enfranchise and convert to commonhold. If taken forward for enfranchisement, then the same reform could be implemented for Right to Manage. (This approach would reflect that taken in LAFRA, where Law Commission recommendations that were made both in respect of enfranchisement and the Right to Manage were taken forward together.)

c. Qualifying criteria for a collective enfranchisement (recommendations 40 and 41 of the July 2020 report on enfranchisement). These recommendations expand the qualifying criteria for a collective enfranchisement by removing the current resident landlord exception and the prohibition on leaseholders of three or more flats in a building being qualifying tenants for the purposes of a collective enfranchisement. Their implementation would enable more blocks to exercise a collective enfranchisement and to convert to commonhold. Equivalent recommendations in respect of the Right to Manage could also be implemented (recommendation 12 of the July 2020 Right to Manage report).

d. Voluntary transactions and contracting out: these recommendations provide important safeguards to leaseholders to ensure that enfranchisement takes place on statutory terms (recommendations 101-102).

e. Extension of the Right to Manage to leasehold houses (recommendations 1-2 in the July 2020 Right to Manage report).

Formal Minutes

Wednesday 20 May 2026

Members present

Florence Eshalomi, in the Chair

Andrew Cooper

Mr Lee Dillon

Mr Will Forster

Andrew Lewin

Mr Gagan Mohindra

Sarah Smith

Pre-legislative scrutiny of the draft Commonhold and Leasehold Reform Bill

The following declarations of interests relating to the inquiry were made:

> 3 March 2026
>
> Lewis Cocking declared an interest in that he is a leaseholder.
>
> Sarah Smith declared an interest in that she is a leaseholder.
>
> Andrew Cooper declared an interest in that he previously served on Cheshire West and Chester council with one of the co-founders of the National Leasehold Campaign.

Draft Report (*Pre-legislative scrutiny of the draft Commonhold and Leasehold Reform Bill*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 240 read and agreed to.

Annexes and Summary agreed to.

A Paper was appended to the Report as Appendix 1.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

Adjourned till Tuesday 2 June at 9.30am.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Tuesday 3 March 2026

Catherine Williams OBE, Co-Founder, National Leasehold Campaign (NLC); **Liam Spender**, Lawyer and Campaigner, Leasehold Knowledge Partnership Q1-12

Harry Scoffin, Founder, Free Leaseholders; **Halima Ali**, Joint Campaign Co-Ordinator, HorNets Q13-25

Charmaine McQueen-Prince, Chair of the Leasehold Reform Subcommittee, Residential Freehold Association Q26-55

The Rt Hon. the Lord Gove, Former Secretary of State for Levelling Up, Housing and Communities; **Rt Hon Angela Rayner MP**, Former Secretary of State for Housing, Communities and Local Government Q56-74

Tuesday 10 March 2026

Mari Knowles, Solicitor, Commonhold and Leasehold Experts Ltd; **Dr Douglas Maxwell**, Barrister, Henderson Chambers; **Philip Rainey KC**, Barrister, Tanfield Chambers Q75-92

Mark Chick, Director, Association of Leasehold Enfranchisement Practitioners; **Philip Freedman CBE KC**, member of the Land Law and Conveyancing Committee, The Law Society; **Vanessa Griffiths**, member of the RICS Residential Professional Group Panel, Royal Institution of Chartered Surveyors; **Emily d'Albuquerque**, General Counsel and Director of Data & Register Integrity Group, HM Land Registry Q93-118

The Lord Best OBE DL Q119-130

Tuesday 17 March 2026

David O'Leary, Executive Director, Home Builders Federation; **Kevin Dunleavy**, Head of Leasehold Services, The Guinness Partnership Q131-140

Hannah Gurga, Director General, Association of British Insurers; **Charles Roe**, Director of Mortgages, UK Finance; **John Godfrey**, Managing Director of Public Affairs, Policy and Research, TheCityUK; **Robert Stevens**, Head of Property Risk, Nationwide Q141-159

James Raynor, CEO, Grosvenor Property; **Kate Butler**, Assistant Director of Policy, British Property Federation Q160-176

Martin Boyd, Chair, Leasehold Advisory Service; **Sebastian O'Kelly**, CEO, Leasehold Knowledge Partnership; **Sue Phillips**, Representative, Shared Ownership Resources; **Shula Rich**, Vice-Chair, Federation of Private Residents Associations Q177-185

Tuesday 24 March 2026

Matthew Pennycook MP, Minister of State for Housing and Planning, Ministry of Housing, Communities and Local Government; **Caroline Crowther**, Director of Leasehold, Private Rented Sector and Digital Planning, Ministry of Housing, Communities and Local Government; **Rachel Rayner**, Deputy Director of Leasehold, Commonhold, Rent-charges & HMLR Sponsorship, Ministry of Housing, Communities and Local Government Q186-255

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

CLR numbers are generated by the evidence processing system and so may not be complete.

1	1 West India Quay Residents' Association	CLR0207
2	APPG on Leasehold and Commonhold Reform; and Leasehold Knowledge Partnership	CLR0252
3	ARC TIME Fund	CLR0201
4	ARCO (Associated Retirement Community Operators)	CLR0118
5	AYAS, TEOMAN	CLR0115
6	Airebo Ltd	CLR0261
7	Airebo Ltd	CLR0001
8	Allen, Mr Matthew (Director, Acentis Group Ltd)	CLR0143
9	Altorfer Financial Management Limited	CLR0053
10	Anise & Coriander Freehold Ltd	CLR0231
11	Anonymised	CLR0254
12	Anonymised	CLR0253
13	Anonymised	CLR0232
14	Anonymised	CLR0237
15	Anonymised	CLR0187
16	Anonymised	CLR0169
17	Anonymised	CLR0158
18	Anonymised	CLR0150
19	Anonymised	CLR0129
20	Anonymised	CLR0130
21	Anonymised	CLR0131
22	Anonymised	CLR0109
23	Anonymised	CLR0110

24	Anonymised	CLR0111
25	Anonymised	CLR0089
26	Anonymised	CLR0086
27	Anonymised	CLR0082
28	Anonymised	CLR0080
29	Anonymised	CLR0076
30	Anonymised	CLR0079
31	Anonymised	CLR0066
32	Anonymised	CLR0075
33	Anonymised	CLR0023
34	Anonymised	CLR0005
35	Association of Leasehold Enfranchisement Practitioners	CLR0182
36	Au,	CLR0077
37	BURLING, D	CLR0227
38	Backman, Mr Michael	CLR0113
39	Battersea Dogs & Cats Home	CLR0090
40	Beales, Danny	CLR0239
41	Billet, Mr Frederic (Director, cooper fitzsimmons management company limited)	CLR0233
42	Birahim, Shaikh Afnan	CLR0099
43	Blind Justice C.I.C	CLR0017
44	Blind Justice UK	CLR0112
45	Blundellsands Properties Ltd.	CLR0014
46	Boorman, Mr	CLR0087
47	Bowlwonder Limited	CLR0046
48	Brady Solicitors	CLR0179
49	Brash, Jonathan (MP for Hartlepool, House of Commons)	CLR0139
50	Bright, Professor Susan	CLR0094
51	British Property Federation	CLR0192
52	Bruzas,	CLR0162
53	Building Societies Association	CLR0244
54	Burke, Mr Paul (Legal Assistant, Cardiff Council)	CLR0147
55	Burton, Ms (author, Samara Williams)	CLR0159

56	Buziuk, Hleb (Independent public policy and governance researcher, FairGo CIC)	CLR0002
57	Cadogan	CLR0204
58	Carter, Mr Akim	CLR0071
59	Coglianese, Mr Saffio	CLR0222
60	Commonhold and Leasehold Experts Limited	CLR0224
61	CommonholdNow Limited	CLR0229
62	Community Housing Cymru	CLR0208
63	Community Land Trust Network	CLR0190
64	Competition and Markets Authority (CMA)	CLR0240
65	Compton Group	CLR0136
66	Costerousse, Mr Gilles	CLR0175
67	Cousins, Mrs Julie	CLR0119
68	Cousins, Ms A-M	CLR0016
69	Cracknell, Lynda	CLR0061
70	Cullen, Miss Lilly	CLR0206
71	DENNING, MR PAUL (MANAGING DIRECTOR / OWNER, PAPADELTA LIMITED)	CLR0160
72	Davis, Mr Alan	CLR0048
73	Delacote, Stephane (CEO, Eductive media)	CLR0051
74	Delin, Mr Alex (Partner , Irwin Mitchell LLP)	CLR0100
75	Desmond, Mr Stephen	CLR0013
76	Draft, Personal Impact of (Trustee, Richard Hamilton Trust)	CLR0035
77	Eldridge, Dr Lorren (Assistant Professor in Private Law, University of Cambridge)	CLR0102
78	Escott, Mrs Beverley	CLR0140
79	FGRE Asset Management Limited	CLR0153
80	Fanshawe, Mr Angus (Director, Fanshawe White Limited)	CLR0022
81	Federation of Private Residents Associations	CLR0235
82	Fernando group of companies	CLR0049
83	Firstport Group Limited	CLR0180
84	Flambouriari Limited	CLR0219
85	Fletcher, Michael (Architect (retired) , Fletcher Priest Architects)	CLR0092

86	Free Leaseholders	CLR0246
87	Freehold Properties 38 Limited	CLR0134
88	Gowers, Mr Alan; Mrs Rima Karam; and Mr Mark Gowers	CLR0010
89	Greenish, Mr Damian (Consultant, Damian Greenish Consultancy)	CLR0065
90	Grigson, Victoria (Senior Development Scientist, Keit ltd)	CLR0106
91	Grosvenor Property UK	CLR0241
92	HM Land Registry	CLR0258
93	Hammond, Mr Benjamin (Solicitor, Compton Group)	CLR0165
94	Henley Holdings Limited	CLR0050
95	HomeGround Managment Limited	CLR0193
96	Homewise Limited	CLR0142
97	Hopkins, Rachel (Member of Parliament for Luton South and South Bedfordshire, MP for Luton South and South Bedfordshire)	CLR0146
98	Housing Ombudsman Service	CLR0248
99	Hughes, K	CLR0238
100	Isle, Mr Joe	CLR0088
101	Kauffer, Michael	CLR0124
102	Kay-Russell, Mr John (Retired, Retired)	CLR0062
103	Kenneth,	CLR0003
104	Keoghs LLP	CLR0156
105	King, MR John (Retired former Chartered Quantity Surveyor, Worked in Local Government all my career (last employment Essex County Council))	CLR0011
106	King, Mr Michael	CLR0220
107	L&Q	CLR0141
108	Landmark Group	CLR0171
109	Law Commission	CLR0243
110	Leasehold Advisory Service	CLR0245
111	Leerasiri, Miss Arunee	CLR0027
112	Limehouse West Freehold Company Limited	CLR0234
113	Local Government and Housing Committee, Welsh Parliament	CLR0251

114	London Assembly Housing Committee	CLR0172
115	Long Harbour Ltd	CLR0194
116	Ma, Kristine	CLR0230
117	McGuigan, Mr Joe	CLR0176
118	McLaughlin, Mrs. Catherine	CLR0085
119	Meadow Partners	CLR0177
120	Meadowcroft, Mr Robert	CLR0196
121	Millican, John	CLR0026
122	Monteith, Mr Darrell (Independent Financial Adviser, Universal Finance (Omagh) Ltd)	CLR0060
123	Montes, Fiona	CLR0126
124	Moorhouse, Mrs Margaret (retired , Coventry Education Authority)	CLR0128
125	Morgan, Mr Ryan (Associate Director - Civil Engineering, WSP)	CLR0205
126	Mullane, Margaret (Member of Parliament for Dagenham and Rainham, House of Commons)	CLR0052
127	Murphy, Bridget	CLR0163
128	NLG	CLR0226
129	Najo Limited	CLR0122
130	National Housing Federation	CLR0217
131	National Leasehold Campaign (NLC)	CLR0256
132	National Residential Landlords Association	CLR0247
133	Nationwide Pension Fund	CLR0151
134	Nieuwenhuizen, Daniel van	CLR0255
135	Nottingham One Tenant’s Association (N1TA)	CLR0213
136	Odevo UK	CLR0161
137	Outram, John (Self employed Consultant, John Outram Consulting)	CLR0152
138	Oyster Quay Management Ltd	CLR0127
139	Perteghella, Manuela	CLR0166
140	Phillips, Mr Howard; and Margaret Phillips	CLR0170
141	Places for People	CLR0183
142	Propertymark	CLR0242

143	R G Kensington Management Company Ltd	CLR0155
144	RTM Steering Committee	CLR0257
145	Rafiq,	CLR0215
146	Residential Freehold Association	CLR0178
147	Rich, Shula	CLR0260
148	Romeo, Clea (Product Owner, Raptly)	CLR0135
149	Rosentritt, Mr. Brad	CLR0004
150	Rothesay	CLR0212
151	Rothesay	CLR0210
152	Royal Institution of Chartered Surveyors	CLR0191
153	Sandle Nash Ltd	CLR0091
154	Sangha, Ruby	CLR0006
155	Sarum Properties Limited	CLR0038
156	Sayed,	CLR0078
157	Scalvini, Dr Marco	CLR0259
158	Scoffin, Ms Anna	CLR0168
159	Shared Ownership Resources	CLR0223
160	Shek, Ms Gemay	CLR0105
161	Sloane, Ms Peppe	CLR0145
162	Soper, Dr Charles Haward (Honorary Professor, CEO, University of Leicester, Caledonian Roofdwellers Ltd)	CLR0164
163	Sutherland, Miss Judith	CLR0203
164	TIME Investors	CLR0250
165	The ABI	CLR0195
166	The Freehold Collective	CLR0211
167	The Law Society of England and Wales	CLR0200
168	The National Trust	CLR0154
169	The Property Institute	CLR0009
170	The Property Litigation Association	CLR0173
171	The Property Ombudsman	CLR0199
172	TheCityUK	CLR0181
173	Thea Limited	CLR0209
174	Tidball, Mr Chris	CLR0042

175	Timmins, Mr. Philip Martin (Retired, Architects Practice)	CLR0055
176	Tong, Nancy	CLR0108
177	Tulsesense Limited	CLR0024
178	UK Finance	CLR0249
179	Villa Maison Management Company Ltd	CLR0007
180	Vista Building Homeowners Association	CLR0068
181	Wallace Partnership Group Limited	CLR0197
182	Watson, Ms Angela-Marie	CLR0114
183	Wilkinson, Peter (Acting Coordinator, Clevedon Owners Group); and Phillip Holdsworth (Acting Secretary, Clevedon Owners Group)	CLR0221
184	Williamson, Luke	CLR0149
185	Wood, Mr Martin	CLR0058
186	Wright, Mr T	CLR0148
187	Yorkshire Housing	CLR0184

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

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Number	Title	Reference
5th	Housing Conditions in Temporary Accommodation	HC 1831
4th	Housing Conditions in the Social Rented Sector	HC 1154
3rd	Delivering 1.5 million new homes: Land Value Capture	HC 672
2nd	The Funding and Sustainability of Local Government Finance	HC 514
1st	England's Homeless Children: The crisis in temporary accommodation	HC 338
7th Special	Housing Conditions in the Social Rented Sector: Government Response	HC 1853
6th Special	Delivering 1.5 Million New Homes: Land Value Capture: Government Response	HC 1781
5th Special	The Funding and Sustainability of Local Government Finance: Government Response	HC 1355
4th Special	England's Homeless Children: The Crisis in Temporary Accommodation: Government Response	HC 979
3rd Special	The Finances and Sustainability of the Social Housing Sector: Government Response	HC 762
2nd Special	Disabled People in the Housing Sector: Government Response	HC 761
1st Special	The finances and sustainability of the social housing sector: Regulator of Social Housing response	HC 457