Browne Jacobson

The long-awaited Leasehold and Freehold Reform Bill is finally introduced into Parliament

29 November 2023   David Harris

As promised in the recent King's Speech, this Bill was introduced into Parliament this week.

It is a weighty document running to over 130 pages and attempts to consolidate all the proposed leasehold (and some freehold) reforms that the government has been promising over the last few years. Amongst other things, the Bill covers:

- making it cheaper and easier for leaseholders to extend their leases or buy their freehold (e.g. it removes the existing requirement for leaseholders to have owned their house or flat for two years);
- increasing the standard lease extension term to 990 years for both houses and flats;
- making it cheaper and easier for leaseholders to take over the management of their building (e.g. in mixed-use developments, it increases the permitted commercial space from 25% to 50%);
- requiring service charge bills to be issued in a standard format;
- preventing freeholders and managing agents charging leaseholders excessive insurance costs (e.g. insurance commissions);
- giving freehold owners paying service charges on an estate the same statutory rights as are currently enjoyed by leaseholders; and
- taking away the more draconian statutory remedies currently available to rentcharge owners for non-payment of historic rentcharges.

The government's press release accompanying the draft Bill says that the Bill will, subject to certain exceptions, ban the sale of new leasehold houses. However, this is not currently in the draft Bill. In addition, the Bill does not at the moment cover the capping of ground rents for existing leases (the government consultation on this does not close until 21 December).

It is highly likely therefore that the Bill will undergo significant amendments before it becomes law (and will almost certainly increase in length yet further).

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