



The new Labour government has unveiled plans to bring the feudal leasehold system to an end and overhaul how people own their new-build homes and common areas. Currently, the default tenure for new-build homes, particularly flats, is leasehold, but rising ground rents and unregulated service charges have made it harder to sell these properties affecting house prices and mortgage lenders have been more cautious about lending against them.

This has left many homeowners struggling to sell their property.

The housing minister has promised to abolish the centuries-old leasehold system in England and Wales before the end of this parliament, as the government takes the next steps towards an outright ban on new leasehold developments.

The commonhold white paper will form the basis of a draft leasehold reform bill later this year that is likely to include a ban on developers selling new flats under the controversial system.

Had anyone said to any leaseholder 5 or 10 years ago that in a single parliament the government is going to bring the system to an end, I think any of them would have said that is incredibly ambitious.

“When and if this gets done it will have lasting, generational impact in overhauling a system, which is a feudal right. Freehold was used in the Domesday Book, you know, the concept of leasing goes back to serfs being able to work a plot of land.

“This arrangement has been in place for centuries and is essentially, in some ways, unchanged. Its land owned by someone else who grants the right of use of that land to another person. That is why it’s inherently unfair. That is why, in many ways, leaseholders are second-class homeowners – that’s what we’ve got to change.”

MPs are increasingly complaining about the behaviour of some freeholders and building managers, whom they accuse of levying fees for services that do not exist and failing to make repairs for which they have charged.

Leasehold reform campaigners hoped Labour’s election win would increase the pace of change, but some have been disappointed by how long it is taking to publish a draft bill and to enact some of the reforms that Government passed.

This new white paper will include a number of suggestions to make it easier to run buildings under commonhold – a form of ownership that allows flat owners to own and manage their buildings jointly. They include strict rules on how commonhold buildings can be run, designed to give confidence to mortgage lenders that they will not fall into disrepair. The plans will also allow commonholders to split their buildings into separate sections so that only those who benefit from certain amenities have to pay for and run them.

This wider set of reforms is necessary to bring the feudal resolving system to an end in its entirety.

“We want to see these things enacted quickly, because lots of them are suffering at the hands of, in many cases, unscrupulous freeholders.

For far too many leaseholders, the reality of home ownership has fallen woefully short of the dream – their lives marked by an intermittent, if not constant, struggle with punitive and escalating ground rents; unjustified permissions and administration fees; unreasonable or extortionate charges; and onerous conditions imposed with little or no consultation.

These reforms mark the beginning of the end for a system that has seen millions of homeowners subject to unfair practices and unreasonable costs at the hands of their landlords and build on our plan for change commitments to drive up living standards and create a housing system fit for the 21st century.”

This system has previously been recommended by the Law Commission and is popular in Europe, New Zealand, Australia, the US and other parts of the world.

The shift has been broadly welcomed but industry insiders warn it won't be easy to make the transition.

Lenders will certainly be encouraged to give mortgages to purchase flats held on commonhold.

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