



**Law
Commission**
Reforming the law

THE FUTURE OF HOME OWNERSHIP

Summary of the Law Commission's reports on:

1. Leasehold home ownership: buying your freehold or extending your lease | LC No 392
2. Leasehold home ownership: exercising the right to manage | LC No 393
3. Reinvigorating commonhold: the alternative to leasehold ownership | LC No 394

INTRODUCTION

Our homes are hugely important. It is no surprise, therefore, that housing policy is high up the political agenda. Problems that we experience with our homes can become particularly pronounced. Many leaseholders of flats would point to issues with cladding that were brought into focus following the Grenfell Tower fire tragedy as an illustration of this impact. For all of us, the COVID-19 pandemic, and the requirement to “stay at home” that followed, has emphasised how much we depend on our homes.



Broadly speaking, we occupy our homes either as owners or as renters. The focus of our projects, and of Government’s work on leasehold and commonhold reform, is on owners.

Reforms concerning home ownership have been discussed for some time, and the future of home ownership is set to change.

We have published three Reports in which we recommend reforms to three areas of law:

1. **leasehold enfranchisement**, which is the right for people who own property on a long lease (“leaseholders”) to buy the freehold or extend their lease
2. the **right to manage**, which is a right for leaseholders to take over the management of their building without buying the freehold
3. **commonhold**, which allows for the freehold ownership of flats, offering an alternative way of owning property which avoids the shortcomings of leasehold ownership.

This paper summarises our vision for home ownership in the future, including a summary of our key recommendations for reform and how they fit with Government’s own proposals for reform.

The Reports are long, detailed documents. That is necessary as they are the blueprints for legislation to reform these complex areas of law. Each of the Reports is accompanied by a Summary of the recommendations in that Report. The Reports and their Summaries are available at www.lawcom.gov.uk/project/residential-leasehold-and-commonhold/.

These three Reports supplement a Report that we have already published on valuation in leasehold enfranchisement. That Report sets out the options for reducing the price that leaseholders must pay to make an enfranchisement claim. It is also available on our website.

In this Summary:

1. we explain how home ownership currently works and its problems
2. we summarise the key recommendations for reform in our three Reports
3. we look to the future, explaining how our recommended reforms, and Government’s own proposals for reform, fit together.

Before doing so, it is important to note the wide range of problems with leasehold law that were raised by those we have spoken to during the course of our project, and by those who responded to our consultations.





Our Terms of Reference for the work on residential leasehold and commonhold home ownership required us to examine three specific areas of the law. Our work is therefore not able to address all the problems that homeowners are facing with leasehold properties; or, as some would like, to bring an end to leasehold itself.

However, by making it easier for homeowners to convert their leaseholds to freehold, by improving the right to take over management of their properties from their landlords, and by paving the way for a future of commonhold ownership, our recommendations represent a significant step in transforming home ownership in England and Wales.



HOW HOME OWNERSHIP CURRENTLY WORKS AND ITS PROBLEMS

What is leasehold ownership?

In England and Wales, people almost always own their homes on either a freehold or a leasehold basis.

1. **Freehold** is ownership that lasts forever, and generally gives fairly extensive control of the property
2. **Leasehold** provides time-limited ownership (for example, a 99-year lease), and control of the property is shared with, and limited by, the freehold owner (that is, the landlord).

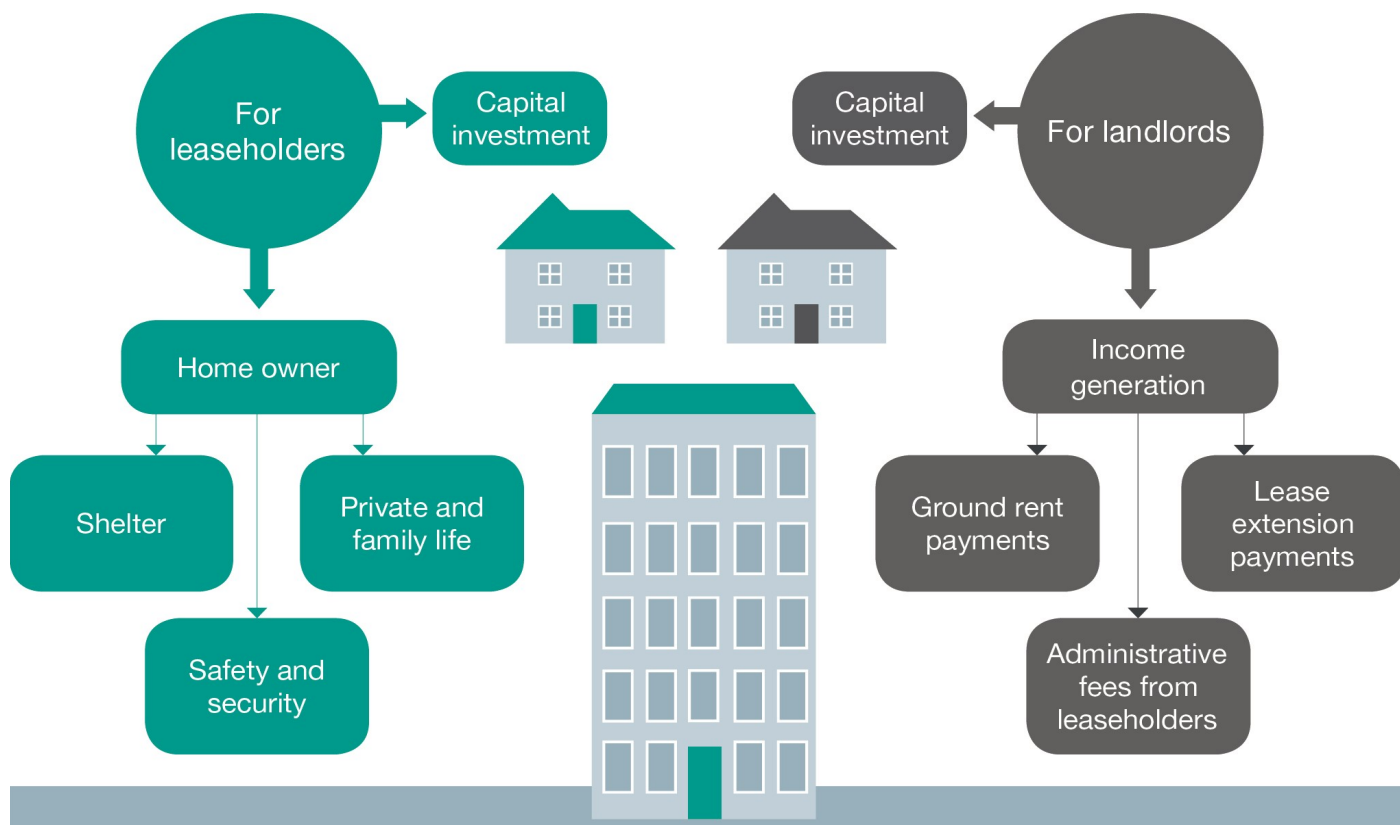
Our project concerns leasehold ownership.



Leasehold does not provide outright ownership. The experience of leasehold owners has been described as being that of “owners yet tenants”.

The inherent features of leasehold ownership – that it is time-limited and control is shared with the landlord – are the root cause of many criticisms that have been levelled at it as a mechanism to deliver home ownership. Conversely, these features are the very reason that it is an attractive investment opportunity, and a valuable asset, for landlords.

The purpose of a leasehold home



What is wrong with leasehold home ownership?

Residential leasehold has, for some time, been hitting the headlines and is the subject of an increasingly prominent policy debate. There is a growing political consensus that leasehold is not a satisfactory way of owning residential property.

Many people have a fundamental objection to leasehold being used as a mechanism for delivering home ownership. They argue that the fact that external investors have a financial stake in a person's home creates an inappropriate, unbalanced and inherently unfair starting point for home ownership.

"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". Housing, Communities and Local Government Select Committee

There are also criticisms of specific aspects of how the leasehold market operates. For example, concerns have been raised about:

1. legal, practical and financial obstacles for leaseholders seeking to exercise their statutory rights
2. high and escalating onerous ground rents
3. houses being sold on a leasehold, as opposed to freehold, basis, for no apparent reason other than for developers to extract a profit from owning the freehold
4. the absence of any compulsory regulation of managing agents
5. excessive service charges, legal fees, or permission fees levied by landlords
6. the legal entitlement of landlords to "forfeit" (that is, terminate) a lease if the leaseholder breaches a term of the lease.

Freehold ownership of flats: commonhold

Commonhold is an alternative to leasehold. It was introduced in England and Wales in 2002, to enable the freehold ownership of flats.

Around the world there are equivalent systems of ownership, often called “strata” or “condominium” title.

How is commonhold different from leasehold?

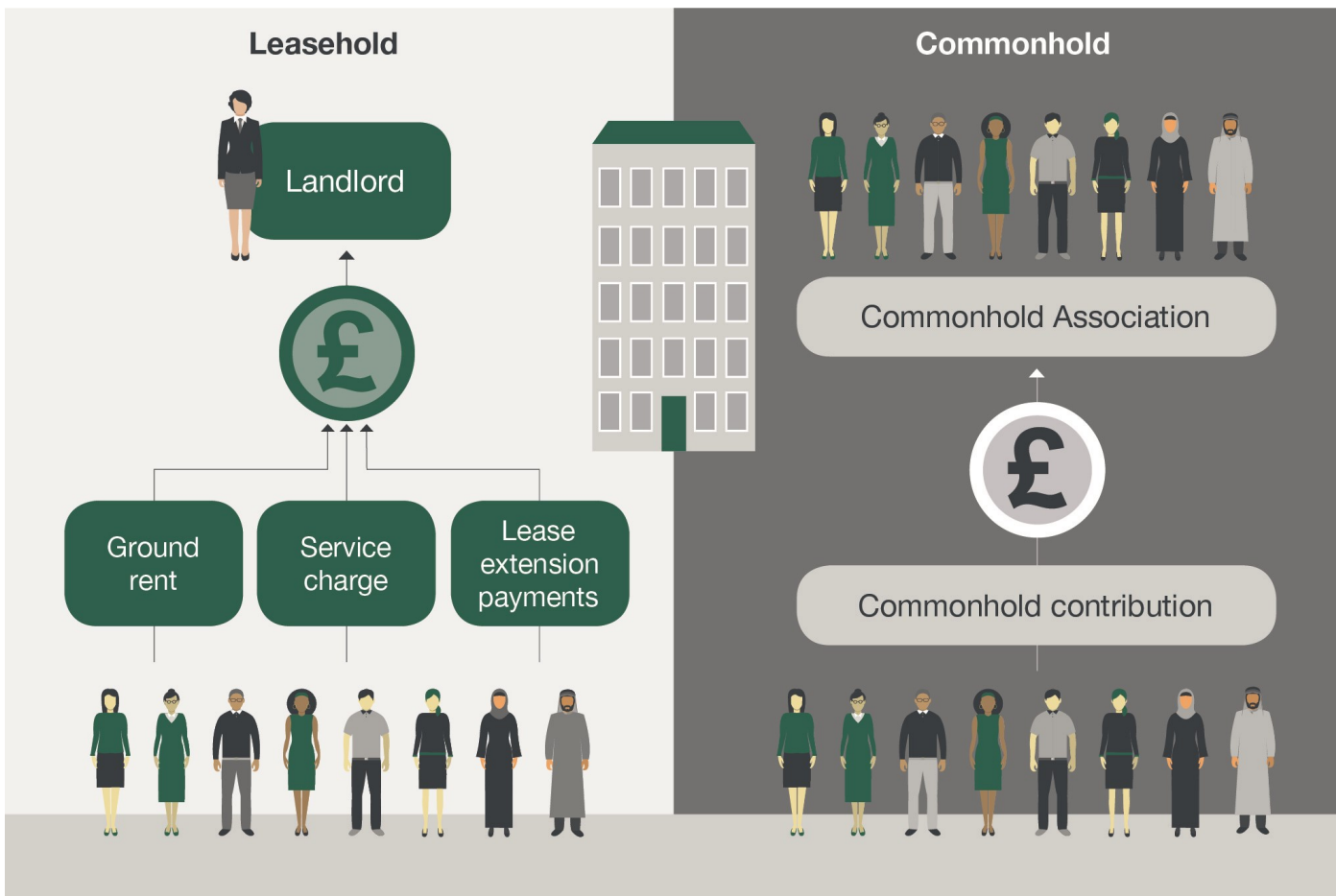


Commonhold allows the residents of a building to own the freehold of their individual flat (called a “unit”) and to manage (or appoint someone to manage) the shared areas through a company.

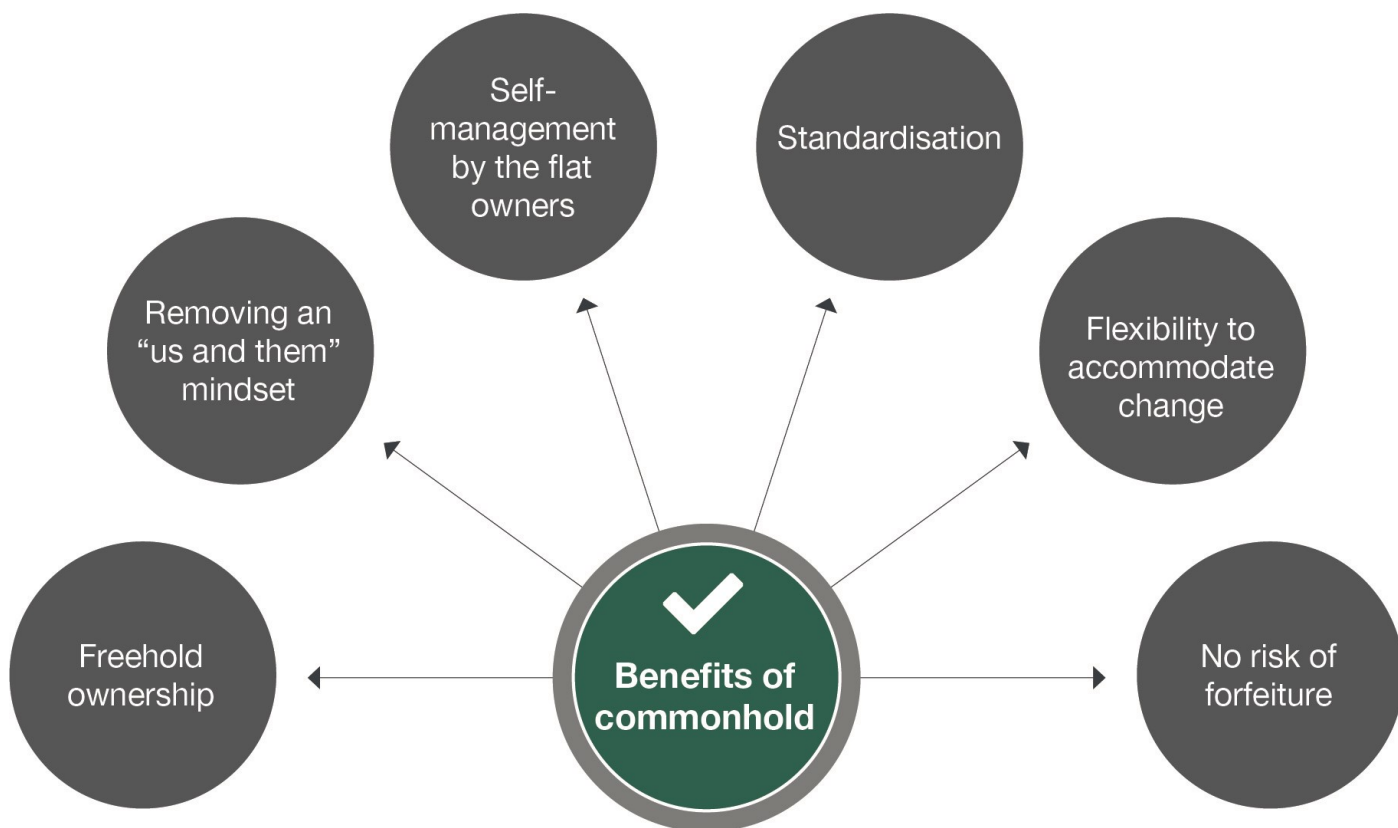
For homeowners, commonhold offers a number of advantages over leasehold ownership. In particular:

1. it allows a person to own his or her home forever, with a freehold title – unlike a leasehold interest, which will expire at some point in the future
2. no ground rent is payable
3. it gives the homeowner greater control of his or her property than leasehold
4. it is specifically designed to regulate the relationship between a group of people whose interests are broadly aligned.

Payments in leasehold and commonhold



Benefits of commonhold



Despite the apparent advantages of commonhold, it has not taken off – fewer than 20 commonholds have been created since the commonhold legislation came into force.

“We urge the Government to **ensure that commonhold becomes the primary model of ownership of flats in England and Wales**, as it is in many other countries”. Housing, Communities and Local Government Select Committee

Why has commonhold not succeeded so far?

Various suggestions have been made as to why commonhold has so far failed to be widely used.

One key reason is that commonhold remains less attractive to developers than leasehold because of the opportunities that leasehold offers to secure ongoing income-streams on top of the initial purchase price paid by the leaseholders. It is also clear, however, that there are shortcomings in the current law which have prevented its use.

LAW COMMISSION RECOMMENDATIONS FOR REFORM

Introduction

Our three projects fall into two categories.

1. **Improving leasehold:** our recommendations about leasehold enfranchisement and the right to manage are aimed at improving the existing system of leasehold ownership, to make it easier, quicker and cheaper to exercise leasehold rights.

Our starting point in these projects is the fact that leasehold ownership exists. Our recommendations are aimed at improving the law governing leasehold ownership.

2. **Reinvigorating commonhold, so that leasehold is no longer needed:** our recommendations about commonhold are aimed at creating a workable alternative to leasehold ownership, with a view to its widespread use in the future.

“Once we have commonhold in a way that works ... **we do not need long residential leases**”. Prof Nick Hopkins, Law Commissioner

Our starting point in this project is that it is not necessary for leasehold to be used as the mechanism for delivering home ownership.

Commonhold can be used instead, and we would go as far as to say that it *should* be used in preference to leasehold, because it overcomes the inherent limitations of leasehold ownership set out above. But commonhold can only replace leasehold if it is workable in practice.

Our Terms of Reference

The Terms of Reference for all three of our projects include two general policy objectives identified by Government, which are:

1. to promote transparency and fairness in the residential leasehold sector
2. to provide a better deal for leaseholders as consumers.

Our Terms of Reference are not neutral. They require us to make recommendations that would alter the law in favour of leaseholders. They indicate a policy conclusion reached by Government that the leasehold system in its current form is not a satisfactory way of owning homes.



Improving leasehold: reform of leasehold enfranchisement

Leasehold enfranchisement is the process by which leaseholders may buy the freehold or extend their lease.

We previously published our final Report concerning one aspect of leasehold enfranchisement, namely the price that leaseholders must pay to their landlords in an enfranchisement claim. As required by our Terms of Reference, we set out the options for Government to reduce the price paid by leaseholders.

Our recommendations

In our Enfranchisement Report, we make recommendations for a brand-new, reformed enfranchisement regime.

Our recommendations will:

1. reduce the costs of making an enfranchisement claim, and give leaseholders more control over those costs
2. make enfranchisement rights available to more leaseholders in more types of property
3. make the enfranchisement process less complicated and protect leaseholders from procedural traps.

Our recommendations are designed to reform enfranchisement rights to the lasting benefit of leaseholders. In many cases, streamlining and simplifying the law will also benefit landlords responding to enfranchisement claims.

Enfranchisement rights — our key recommendations

- We recommend that leasehold owners of houses and flats should no longer have different enfranchisement rights, reducing the complexity of the current system. Wherever possible, our recommendations apply uniformly, irrespective of whether a property is a house or a flat.
- We recommend that leaseholders of both houses and flats should have a new right to a lease extension for a term of 990 years, in place of shorter extensions of 90 or 50 years under the current law. There would be no ongoing ground rent under the extended lease, and landlords could not use the lease extension process to impose new, onerous obligations. Our recommendations place the vast majority of the home's value in the hands of the leaseholder, preventing the need for further extensions and providing increased security for the leaseholder.
- We recommend a new right for leaseholders with very long leases to “buy out” the ground rent under their lease without also having to extend the length of their lease. This will enable those leaseholders to free themselves from the ongoing obligation to pay ground rent.
- We recommend that the scope of enfranchisement is expanded so that more leaseholders can buy the freehold or extend their lease. We recommend that leaseholders should be able to enfranchise immediately after acquiring their lease rather than having to wait two years, as they do now. And flat owners should together be able to buy the freehold of premises where up to 50% of the building is commercial space rather than the current limit of 25%.
- We make several recommendations to make it easier for leaseholders of flats to enfranchise. For example, we recommend that groups of flat owners should be able to acquire multiple buildings (such as an estate) in one claim, rather than incurring the unnecessary expense of acquiring each building individually. We recommend that leaseholders should be able to require landlords to take “leasebacks” of units within the building which are not let to leaseholders participating in the claim, which will significantly reduce the price that leaseholders must pay.
- We make recommendations to protect leaseholders from the imposition of onerous or unreasonable obligations when they buy the freehold of their house or flat. In particular, our recommendations protect leaseholders from obligations which are designed to generate a profit or provide an ongoing income stream for landlords.
- We recommend replacing the various procedures for making enfranchisement claims with a single, efficient procedure. This procedure removes the legal traps which cause claims to fail and which enable unfair procedural or tactical advantages for landlords with experience of the system.
- We recommend that the current requirement for leaseholders to pay their landlord's costs of dealing with an enfranchisement claim should be eliminated or controlled. Leaseholders must currently pay their landlord's uncapped costs, which can exceed the price that leaseholders have to pay to their landlords in an enfranchisement claim. The approach we recommend depends on Government's response to the options we have presented about how to calculate the price but, either way, leaseholders will know up front what the costs of a claim will be.
- We recommend that, where possible, the Tribunal should determine enfranchisement disputes and issues, replacing the current division between the Tribunal and the county court. Alongside the role of the Tribunal, we recognise the importance of alternative dispute resolution. Our recommendations will save leaseholders and landlords time and money.
- Landlords and leaseholders can enter into voluntary agreements (for example, freehold transfers) that are not consistent with our recommended statutory scheme. Those agreements fall outside our Terms of Reference, but we recommend that Government consider taking steps to regulate these transactions to prevent leaseholders from being persuaded to agree to lease extensions or transfers that have been drafted on unreasonable terms.

Improving leasehold: reform of the right to manage

The right to manage (“RTM”) is a right for leaseholders to take over the management of their building without buying the freehold. They can take control of services, repairs, maintenance, improvements, and insurance.

Our recommendations

Our recommendations will:

1. reduce the costs of making an RTM claim, and give leaseholders more control over those costs
2. make the RTM available to more leaseholders in more types of property

3. make the process of claiming the RTM less complicated and less likely to be frustrated because of mistakes in the process.



Right to manage — our key recommendations

- We recommend removing the requirement that leaseholders pay the landlord’s costs of an RTM claim, including in any Tribunal proceedings. In many cases, leaseholders will seek to claim the RTM because they are not in a position to pay the enfranchisement price. Giving leaseholders significantly more control and certainty over the costs they will incur will bring the RTM within reach of more leaseholders.
- We recommend relaxing the qualifying criteria, so that the RTM can be claimed in respect of leasehold houses, buildings with up to 50% commercial space, and self-contained parts of buildings which do not meet the qualifying criteria but which are capable of being managed independently. These changes will open up the RTM to more leaseholders in more properties.
- We recommend permitting leaseholders to acquire the RTM over multiple buildings (such as an estate). Where buildings are already managed together, it makes sense that the leaseholders of those buildings should be able to act together to acquire the RTM over multiple buildings, provided that each building meets the qualifying and participation criteria in its own right.
- We recommend reducing the number of notices that leaseholders must serve in order to claim the RTM, and giving the Tribunal the power to waive procedural mistakes in claim notices. Our recommendations are designed to ensure that an RTM claim is not prevented due to technical, minor and inconsequential mistakes in the claim process.
- We recommend clearer rules for the management of property which is not exclusive to the premises claiming the RTM, such as shared gardens and carparks. Our recommendations are designed to ensure that either the parties or the Tribunal will have set out how dual management will be carried out, if the RTM company is to acquire management functions in respect of such property.
- We recommend that the RTM company should have the right to request information about the premises early on in the process so they can make an informed decision about claiming the RTM, and can properly prepare for the handover of management functions. We also recommend that free training should be made available to RTM company directors and prospective directors, ensuring that they are aware of their obligations under company law and in respect of building management.

The alternative to leasehold: reinvigorating commonhold

As we have explained, commonhold allows for the freehold ownership of flats (and other interdependent properties), offering an alternative way of owning property which avoids the shortcomings of leasehold ownership.

Our role and Government's role

There are various barriers to the uptake of commonhold. Our project seeks to address the perceived shortcomings in the legal design of the commonhold scheme. In accordance with our Terms of Reference, we recommend reforms to reinvigorate commonhold as a workable alternative to leasehold, for both existing and new homes.

Other barriers to the uptake of commonhold are issues which Government is considering – and (as we explain further below) Government has a crucial role in taking steps to reinvigorate commonhold as a mechanism for delivering home ownership.



Our recommendations

Our recommendations will result in a commonhold regime that is fit for purpose for all those involved with a commonhold, whether because they wish to convert leasehold premises to a commonhold, are living in a commonhold, are building a new commonhold, or are lending in respect of a commonhold.

Our recommendations:

1. provide the flexibility, safeguards and streamlined processes that are necessary for modern life
2. will improve confidence in commonhold across the property sector and will assist in making commonhold the prevalent form of flat ownership in England and Wales
3. ensure that the commonhold regime offers not just a *workable* alternative to residential leasehold for all involved, but a *preferred* alternative. Unlike leasehold, commonhold has been specifically designed for communal living, taking account of the problems that have arisen in leasehold and the experience of commonhold-like systems around the world
4. balance the desire to be as simple to operate as possible with the need to provide clear rules to deal with the issues that arise when people own interdependent properties
5. balance the need for flexibility, enabling the rules to be adapted for particular properties and to develop over time, with rules to protect individuals and provide confidence in the enjoyment of their homes.

While the commonhold regime will be new to practitioners, it is more rational than the complex existing system of leasehold, and will be more efficient to operate than leasehold law.

Commonhold — our key recommendations

- We recommend removing the requirement that conversion to commonhold needs the unanimous agreement of leaseholders and others with particular interests in the building. This recommendation will enable more leaseholders to benefit from the commonhold regime by making it much easier to convert buildings from leasehold to commonhold, while providing protections for those who have not consented. We also recommend a simpler, more cost-effective procedure for converting to commonhold, which puts leaseholders in the driving seat and prevents tactical delays by those opposed to the conversion.
- We recommend changes to provide developers with the flexibility they need to build new commonhold developments. The current commonhold legislation has been criticised for being “one size fits all” and unsuited to more complex, mixed-use developments. We make recommendations that will enable commonholds to be tailored, by using “sections” (along with other tools) to suit their individual needs, irrespective of their size, make-up or complexity. We also enable developers to build new commonholds in phases, so that they can respond to the changing needs of their site as building progresses.
- We make recommendations to accommodate shared ownership leases and home purchase plans in commonhold. The inability to use these types of arrangement at the moment is a particular block on commonholds being built. Accommodating these arrangements in commonholds is important in ensuring that as many people as possible are able to buy in a commonhold development.
- We recommend changes to improve the day-to-day operation of commonholds, enhancing the experience of the homeowners living within them. For example, we make a number of recommendations to ensure that commonholds are kept in good repair and are properly insured.
- We recommend a robust regime for financing commonholds, which will provide owners with a greater say on setting the commonhold’s costs and enhanced powers to take action against those who fail to pay their share.
- We recommend that every commonhold must maintain a fund towards future repairs, which will allow the cost of major works to be budgeted for over the years and will reduce the risk of large and unexpected bills. If emergencies arise, we provide unit owners with easier ways of raising finance to undertake essential works.
- We recommend reforms to the content and layout of the commonhold’s rulebook (the commonhold community statement) that will make it easier for owners to understand their rights and obligations within the building. We also make it harder to change the rules of the building, so as to protect the expectations of those buying into the building, whilst ensuring that important changes can still be made.
- We recommend that where a change is made to the commonhold’s rulebook that particularly affects one of the owners, he or she will be able to apply to the Tribunal under our new regime of protection for the minority. Additionally, where owners or the association fail to comply with the rulebook, we make recommendations to ensure that any disputes are resolved quickly and informally, through commonhold’s bespoke dispute resolution process.
- We make recommendations to provide greater certainty to lenders that their interests will be protected, including in the unlikely event of a commonhold association’s insolvency, or on the termination of a commonhold at the end of a building’s useful life.

“Commonhold should not be looked at through the lens of leasehold. **Commonhold involves a culture change. It moves away from an ‘us and them’ mindset, towards ‘us and ourselves’**”. Prof Nick Hopkins, Law Commissioner

Stewardship and culture change

It is important to remember that commonhold as a form of ownership is not untested, and our confidence in owners’ abilities to take responsibility for running their properties is not just theory or conjecture. All around the world, commonhold-type arrangements are successfully allowing homeowners to live without landlords, avoiding many of the problems presented by leasehold in England and Wales.

Some oppose commonhold, saying that landlords act as stewards, who take a long-term view of the investments needed in a building or estate, and have superior expertise.

But if owners of houses are trusted to be the stewards of their house, why can owners of flats not be similarly trusted? There is no reason to assume that leaseholders would not have the same incentives as landlords presently do if they had the same financial stake. It should not be assumed that apathy generated in a leasehold system – where the long-term financial investment and control of a building lie with an external third party – will carry over into a system in which, from the outset, investment and control lie with the unit owners.

In terms of landlords’ expertise, for many commonhold blocks, the homeowners would not themselves carry out the day-to-day management, but would instead appoint agents to manage the block. Crucially, however, the homeowners (rather than an external landlord) would control the appointment of those agents – and therefore the quality of service and their fees.

The reinvigoration of commonhold brings about a need for a culture change. While commonhold is about empowering and giving responsibility to owners of flats, it is also about owners of flats being ready to accept responsibility and therefore being ready to take on that culture change.

“Developers and purchasers should choose commonhold, because that means that the property gets developed, it gets sold, and people then have self-determination”. Sir Peter Bottomley MP, Co-Chair of the All-Party Parliamentary Group on Leasehold and Commonhold Reform

“The single biggest opportunity for the Government is the introduction of a commonhold law that works. ... We should learn from similar jurisdictions, such as Australia”. Ruth Cadbury MP



THE BIG PICTURE – HOW OUR RECOMMENDATIONS AND GOVERNMENT’S OWN WORK FIT TOGETHER

Reform of residential leasehold and commonhold law has increasingly become a priority for Government. The UK Government and Welsh Government have announced various proposals for reform. Our recommendations for reform will be considered by both Governments as part of their overall programmes of reform.

We now explain how our recommendations for reform (set out above) and Government’s work fit together.

It is important to look at existing and future home owners.

1. **Leaseholders of existing homes:** reform must cater for the needs of the leaseholders of existing houses and flats, as well as the future owners of those homes. It is estimated that there are at least 4.3 million leasehold homes in England alone
2. **Owners of future homes:** reform must cater for the needs of the owners of houses and flats that are built in the future: 178,000 new-build properties were completed in England in 2019, of which 78% were houses and 22% were flats.

Overall aim: fit-for-purpose home ownership

The aim of all the proposed reforms can be summarised as seeking to create fit-for-purpose home ownership.

There are two strands to that work:

1. paving the way for the future: laying the foundations for homes to be able to be owned as freehold
2. essential reform of leasehold: addressing problems for leaseholders in the present.



(1) Paving the way for the future: laying the foundations for homes to be able to be owned as freehold

Owners of future homes

Houses

The UK Government intends to ban the sale of houses on a leasehold basis (subject to limited exceptions). The Welsh Government’s working group made similar recommendations. A leasehold house ban would ensure that houses that are built in the future will predominantly be owned on a freehold basis.

Flats

Government wishes to reinvigorate commonhold as a workable alternative to leasehold.

Our recommendations to reform the law of commonhold will overcome the defects in the current legal regime so that commonhold can be used with confidence.

We have concluded, however, that commonhold will not be used unless:

1. it is made compulsory, or
2. adequate incentives are put in place to make it more attractive to developers than leasehold (or conversely that leasehold is disincentivised sufficiently to makes it less attractive than commonhold).

“we also want to look at ways to reinvigorate commonhold. ... This will help **ensure that the market puts consumers’ needs ahead of those of developers or investors**. We will also look at what more we can and should do to support commonhold to get off the ground working across the sector, including with mortgage lenders”. UK Government

Commonhold is used around the world; it can and does work. But for so long as there is more money to be made from leasehold, and unless initial impetus can be given to overcome inherent inertia and a lack of awareness, it is not going to take root on its own. Without Government intervention, commonhold simply cannot compete with leasehold.

Accordingly, while implementation of our recommendations on commonhold reform is *necessary* for the reinvigoration of commonhold, it will not be *sufficient* on its own.

Government must therefore decide:

1. whether, going forward, commonhold should be made compulsory. Making commonhold compulsory would be an equivalent of the leasehold house ban for *flats*, so that flats cannot be sold on a leasehold basis in the future, or
2. whether developers should (as is currently the case) be left to choose between using leasehold or commonhold for the sale of flats, and if so:
 - a. whether – and, if so, how – the sale of flats on a commonhold basis should be incentivised, and/or
 - b. whether – and, if so, how – the sale of flats on a leasehold basis should be disincentivised, and
3. what measures it will adopt in order to overcome the other practical barriers to commonhold – in particular a lack of awareness, and caution and inertia amongst developers, lenders and professionals.



Leaseholders of existing homes

Houses

For leaseholders of existing houses (including leaseholders of any future houses that are sold on a leasehold basis), our recommendations to reform the enfranchisement regime will provide improved rights – making it easier, quicker and cheaper – to acquire the freehold, and therefore move away from leasehold ownership to freehold ownership.

Flats

For leaseholders of existing flats (including leaseholders of any future flats that are sold on a leasehold basis), our recommendations to reform the enfranchisement regime will provide improved rights both to extend their leases and to acquire the freehold of the block.

In addition, our recommendations to reform the law of commonhold will make it easier for leaseholders to then convert the block to commonhold, if they wish to do so.

Summary: reforms that lay the foundations for home ownership to be freehold

Laying the foundations for home ownership to be freehold	Existing homes	Future homes
Houses	Improved enfranchisement rights: existing leaseholders can buy the freehold	Leasehold house ban: new houses to be sold on a freehold basis
Flats	Improved enfranchisement rights: existing leaseholders can buy the freehold and convert to commonhold	Commonhold is available. Government to decide whether commonhold should be compulsory, incentivised, or optional

(2) Essential reform of leasehold: addressing problems for leaseholders in the present

While there can be an ambition for freehold to be the basis of home ownership in the future, it is crucial to recognise that leasehold currently exists, and will continue to exist – certainly in the short term, and probably for many years to come.

There are millions of existing leaseholders of houses and flats. Even if those leaseholders convert to freehold (or commonhold) ownership, that process will be gradual. Unless and until existing leaseholders become freeholders, they need suitable protection as leaseholders.

It is therefore necessary for various problems with leasehold ownership to be resolved. Reforms intended to improve the position of existing leaseholders include:

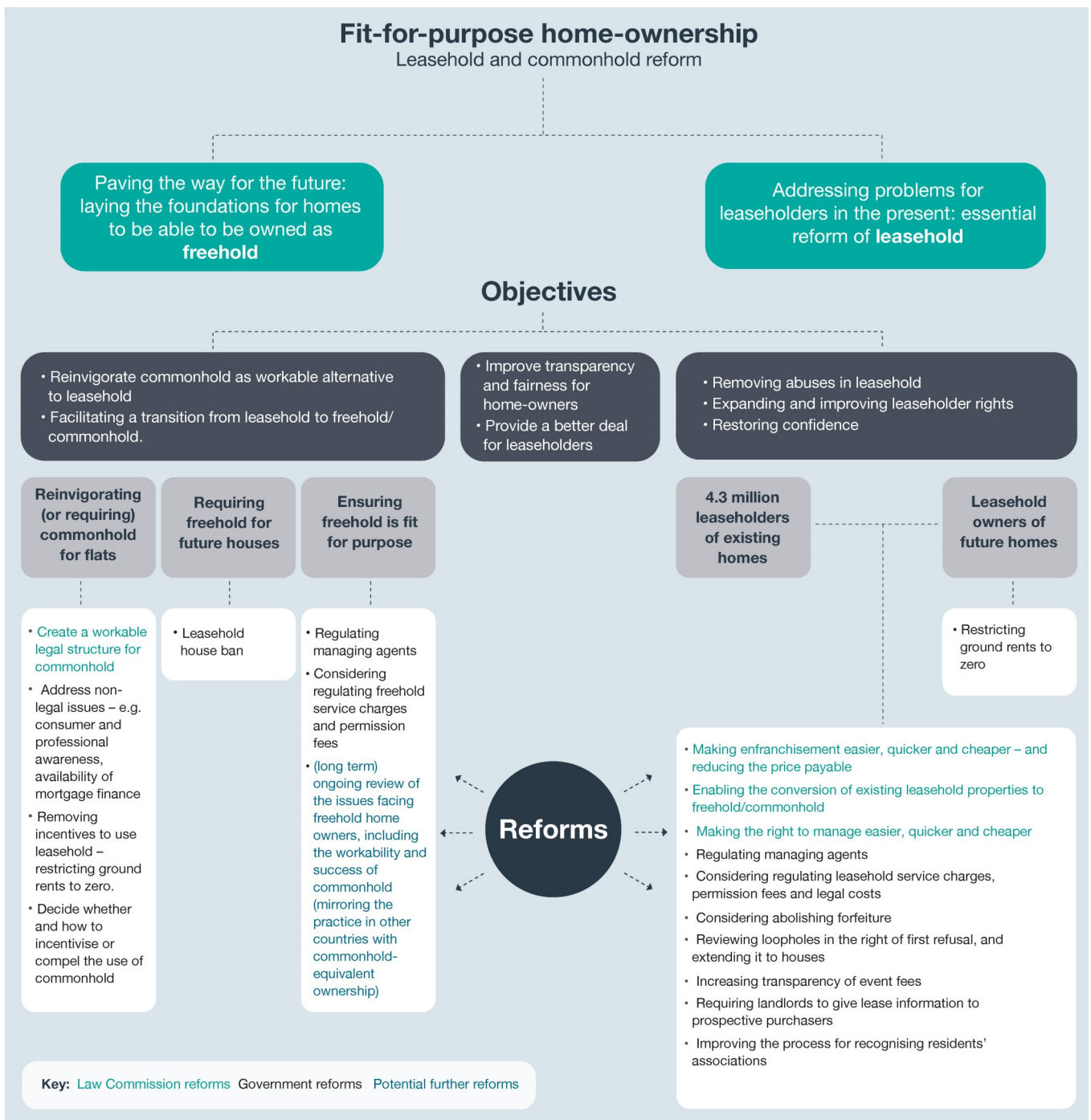
1. Our recommendations to improve the enfranchisement regime, so that it is easier, quicker and cheaper for leaseholders to buy the freehold or extend their lease
2. Our recommendations to enable the conversion of existing leasehold properties to commonhold
3. Our recommendations to improve the right to manage, so that it is easier, quicker and cheaper for leaseholders to take control of the management of their block
4. The following announcements by the UK Government:
 - a. a Government-backed pledge, designed to help leaseholders with onerous ground rent terms, which has been agreed by many landlords, developers and managing agents

- b. the regulation of property agents
- c. considering reform of the regulation of:
 - i. the service charges that leaseholders must pay
 - ii. the ability of landlords to charge leaseholders permission fees
 - iii. the requirement for leaseholders to contribute to their landlord's legal costs
- d. reviewing the [Law Commission's previous recommendations to abolish "forfeiture" in leasehold](#) (that is, the right of landlords to terminate a lease)
- e. reviewing loopholes in the "right of first refusal" (which is intended to allow leaseholders whose landlord proposes to sell the freehold of their block of flats to step in to the purchaser's shoes and themselves purchase the freehold instead) as well as extending the right to leaseholders of houses
- f. implementing most of the [Law Commission's recommendations on fees charged in leasehold retirement properties](#)
- g. setting a cap on what leaseholders can be charged for the provision of information about the lease to potential purchasers, and a time limit for providing that information
- h. changes to the recognition of residents' associations, to require landlords to provide residents' associations with information about leaseholders.

In the diagram on the next page, we explain how all the various reform proposals fit together.



The big picture: how our recommendations and Government's own work fit together



NEXT STEPS

We have set out our recommendations for wholesale reform of the enfranchisement, right to manage, and commonhold regimes. We have also, previously, set out the options for reducing enfranchisement prices.

It is now for Government to decide whether to take forward our recommendations. Ultimately, for our recommendations to become law, an Act of Parliament is required.

FURTHER INFORMATION

Details of our work on residential leasehold and commonhold, including links to the parts of our website where our three Reports and supporting documents are located, can be found at:

www.lawcom.gov.uk/project/residential-leasehold-and-commonhold/