

Commonhold



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Why is commonhold not in the Bill?



“Commonhold should not be thought of as a way of resolving all the perceived problems of leasehold but rather as a useful option for property owners in England and Wales.”

- UK Finance's consultation response to Commonhold Consultation Paper



“There are 4.2m leasehold properties paying ground rent, and the average ground rent is £298. Using typical valuation formulae, the present value of this investment is around £31 billion, meaning the Government would need to compensate investors for this amount. This is greater than the sum paid by the Government to bailout the banks in the 2008 financial crisis.”

Written evidence submitted by the Residential Freehold Association (RFA) to the Leasehold and Freehold Reform Bill Public Bill Committee, January 2024, para. 2.5



“Whilst we wish to be helpful and constructive in our responses, our membership feel strongly that leasehold is not a broken tenure and it is flexible enough to deal well with most situations, however complex.... the overwhelming reaction of our membership is that they wish to continue to have freedom of choice in the tenure they use on their schemes.”

British Property Federation's consultation response to Commonhold Consultation Paper, paras. 6-8.



Where might we end up?



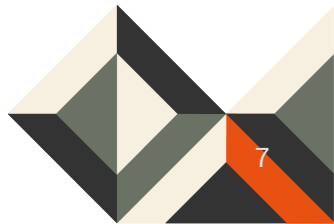
Foundations for commonhold?

New clause 2 proposed by Labour on 30th Jan 2024:

“(1) The Secretary of State may by regulations make provision—

(a) requiring any long lease of a dwelling to include a residents management company ('RMC') as a party to that lease, and

(b) for that company to discharge under the long lease such management functions as may be prescribed by the regulations.”



Foundations for commonhold?

New clause 29 proposed by Labour on 30th Jan 2024:

“(1) The Secretary of State must publish a report outlining legislative options to ensure that all qualifying tenants in newly-constructed residential properties containing two or more flats have a proportionate share of the freehold of their property.

(2) The report must be laid before Parliament within three months of the commencement of this Act.”







Does it matter?



Thank you

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