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Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref P-06-1194
Ein cyf/Our ref JJ/11328/21

Jack Sargeant MS
Chair - Petitions committee
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5 October 2021

Dear Jack,

Thank you for your letter of 2 September regarding Petition P-06-1194 to legislate to give freeholders in new build properties the right to manage their own estates.

I am also concerned by the problems faced by freeholders regarding estate charges, which is why I launched the [Call for Evidence into the practice of estate charges](#) last year. There are a range of issues identified in the summary of responses which was published last November, and as I stated in my accompanying [written statement](#), I will use the evidence gathered to help identify where change is needed and the options to bring about that change, legislative or otherwise. To date, I have already taken the opportunity afforded by the development of the third phase of Help to Buy-Wales, which opened in April 2021, to tackle what I see as some of the most worrying practices.

Firstly, Help to Buy-Wales is now only be available on new developments where an estate charge expressly forbids estate management companies granting themselves a long lease over a property or taking possession where there are arrears of the charge payment (via Section 121 of the Law of Property Act 1925). I consider this power to be draconian and disproportionate, and I am keen to do all that we can to prevent its use.

Secondly, I have ensured that clearer, more definitive information about the presence and likely level of estate charges is being provided at an early stage of sales, and certainly before a potential buyer is required to make a commitment to a property. This will allow prospective residents to make an informed decision about whether a property with such charges is the right one for them. In addition, there has been a further tightening of the requirements placed on Help to Buy-Wales conveyancers to raise and explore the existence of estate charges with their clients.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

However, the evidence gathered also raised a more fundamental question regarding how public open spaces and facilities, which are so valuable in new housing developments, should be paid for. This question requires proper thought and investigation and will take some time to work through, in order to ensure any potential changes proposed do not bring about unintended consequences or unforeseen adverse impacts.

I am committed to tackling the unacceptable and unfair practices that are currently possible due to the unregulated nature of estate management companies and the charges they can raise. I have already announced my plans to give freeholders legal rights to challenge unfair charges. My intention is to also include estate management companies within our plans to introduce a registration and licensing scheme for residential property management companies as part of the Building Safety Legislation that I will introduce later in this Senedd Term.

Whilst we are, therefore, looking to take a range of legislative and non-legislative actions to address the legitimate concerns of freeholders in Wales, we are also working closely with the UK Government to bring forward further changes. We will use the evidence already gathered in Wales to help inform and shape the legislation to be developed through this collaborative approach, and working with the UK Government in this way will also enable reforms to be implemented in Wales more quickly. The reforms are currently expected to include giving freeholders equivalent rights to those enjoyed currently by leaseholders, such as the right to apply to a Tribunal to appoint a new manager to manage the provision of services covered by estate rent charges. More information on these proposals is available at <https://www.gov.uk/government/consultations/implementing-reforms-to-the-leasehold-system>.

Notwithstanding the actions on estate charges already being taken forward, either by ourselves or in collaboration with the UK Government, my officials are also considering what other protections may need to be put in place on either a legislative or non-legislative basis.

I trust this is a helpful explanation of my commitment to tackle estate management charge problems faced by freeholders, and a useful summary of measures both already taken and planned.

Yours sincerely,



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