



Llywodraeth Cymru  
Welsh Government

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## WRITTEN STATEMENT BY THE WELSH GOVERNMENT

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<b>TITLE</b>	<b>Leasehold and Freehold Reform Act and the Renters (Reform) Bill</b>
<b>DATE</b>	<b>06 June 2024</b>
<b>BY</b>	<b>Julie James, Cabinet Secretary for Housing, Local Government and Planning</b>

Members will wish to be aware that, as part of the expedited consideration of legislation by the UK Parliament due to the calling of the General Election, also known as ‘wash-up’, the [Leasehold and Freehold Reform Act](#) was granted Royal Assent on 24 May.

The Act brings substantial improvements to the law and significant new rights for homeowners in Wales. These include:

- Increasing the standard lease extension term for houses and flats to 990-years (up from 90 years for flats, and 50 years for houses), with ground rent reduced to a peppercorn (zero financial value) upon payment of a premium.
- Introducing a new right to remove the ground rent from an existing lease without extending its term, upon payment of a premium.
- Removing the so-called ‘marriage value’ used in calculation of the premium payable to extend or buy out a lease.
- Removing the requirement for a leaseholder to have owned their house or flat for 2 years before they can extend or buy out a lease.
- Increasing the 25% ‘non-residential’ limit which applies to mixed use properties, and which may prevent leaseholders in buildings with a mixture of homes and other uses such as shops and offices, from buying their freehold or taking over management of their buildings.
- Banning the use of leasehold for most new houses.
- Requiring transparency over leaseholders’ service charges.
- Replacing buildings insurance commissions for managing agents and landlords with transparent administration fees.
- Scrapping the presumption that leaseholders must pay their landlords’ legal costs when challenging poor practice.

- Setting a maximum fee and time for the provision of information required to support the sale of a leasehold property or freehold property subject to estate management charges, to make sales of such properties quicker.
- Granting freehold homeowners on private and mixed tenure estates the same enhanced rights of redress as leaseholders, including a right to apply to the tribunal to appoint a manager in place of an estate charge manager.

It is regrettable that the expedited passage of the Bill meant that it was passed without the opportunity for the Senedd to consider legislative consent; without further amendments to improve the law in relation to leasehold forfeiture and ground rent; and without the amendments I was seeking to delegate further powers to the Welsh Ministers. Minor amendments which were made to the Bill during its final stages are explained in the annex below.

Notwithstanding these concerns, the passing of the Bill enables the delivery of the benefits listed above, as well as our Programme for Government commitment to enact the recommendations of the Law Commission in relation to leasehold reform. It also represents significant progress towards a second commitment to ensure that estate charges for public open spaces and facilities are paid for in a way that is fair.

I will now turn my attention to implementation of the Act and making the necessary Welsh subordinate legislation regarding enhancing the transparency of leasehold service charges, replacing unfair commissions in the arrangement of leasehold buildings insurance with fairer and more transparent fees and setting out the maximum fee and time within which responses must be given to requests for information required to support a sale. Exercise of these powers will be subject to appropriate engagement, consultation, and Senedd processes, and I will update members on progress in due course.

### *Renters (Reform) Bill*

Members will also wish to be aware that the Renters (Reform) Bill was not included in the wash-up, and so has fallen. The Bill included provisions preventing landlords operating 'blanket bans' on renting to households with children or people in receipt of benefits. The ban on these discriminatory practices would have applied to Wales, and I am considering options on how we can achieve this policy aim. I will update members further on this in due course.

### *Annex: explanation of final amendments made to the Leasehold and Freehold Reform Bill prior to Royal Assent*

The UK Government tabled 30 minor and technical amendments to the Bill during its closing stages which took place on 24 May. Amendments are referred to by the reference number on the marshalled list, available at this link: [HL Bill 76—I \(parliament.uk\)](https://www.parliament.uk/hybrid-panels/2022/05/24/leasehold-and-freehold-reform-bill). The effect of the

amendments made are set out below. Clause numbers refer to the Bill as amended at House of Lords Committee stage, which is available at this link: [Leasehold and Freehold Reform Bill \(parliament.uk\)](https://www.parliament.uk/bills/2021/leasehold-and-freehold-reform).

#### *House ban*

Amendments 1, 2 and 3 to Schedule 1 ('Categories of permitted lease') clarify the definitions of retirement housing and National Trust property which are exempt from the ban on new leasehold houses and add a new exemption for certain Crown properties. Amendments 4, 5 and 6 to clause 12 ('Restriction on title') make a correction to terminology used to ensure that restriction on title to enforce the house ban applies in the intended circumstances. Amendment 7 adds a new clause before clause 24 which applies the house ban to Crown (save for exceptions set out by amendment 3).

#### *Enfranchisement*

Amendments 12, 14 and 27 to Schedule 4 ('Determining and sharing the market value') clarify the application of the new regime to tenants with the right to hold over under Local Government and Housing Act 1989. Amendment 10 is consequential on these amendments.

Amendments 11, 18, 26 and 28, also to Schedule 4, and amendments 42 and 43 to Schedule 8 ('Leasehold enfranchisement and extension: miscellaneous amendments') are technical and ensure the correct leases are under consideration during enfranchisement.

Amendment 39 to Schedule 6 ('Schedule 4 and 5: interpretation'), makes a minor amendment to valuation in circumstances where there is a deemed single lease (as defined in Schedule 6 para 2). Amendments 38 and 41 are consequential on amendment 39.

#### *Litigation costs*

Amendments 55 and 58 to clause 61 ('Limitation on rights of landlords to claim litigation costs from tenants') add in a new power to the Landlord and Tenant Act 1985 and Commonhold and Leasehold Reform Act 2002 respectively for the appropriate authority (Welsh Ministers for Wales) to make regulations to provide for exemptions to the new restriction in this clause on landlords reclaiming litigation costs. Amendments 54, 56 and 57 are consequential on 55 and 58.

#### *Estate charges*

Amendments 60 and 61 update clauses 88 ('Notices of complaint') and 91 ('Criteria for determining whether to make appointment order) to correct an error in drafting to reflect that the Welsh Ministers already have powers to approve a code of practice under the existing section 87 of LRHUDA 1993. This power is extended by the amendment made by clause 87 ('Codes of management practice: extension to estate managers').

Amendment 59 to clause 84 ('Enforcement of section 83') confirms that the negative procedure should be used for exercise of existing powers in that clause to vary the limit for damages which may be ordered by the tribunal enforcing the new duty to publish estate management administration charges.

*Amendments which do not make provision for Wales*

Amendments 64 and 65 relate to the redress scheme provisions in clause 110 ('Interpretation of Part 6'), which only apply in England.