

FPRA Response to Consultation by DCLG on 13 September 2017

TACKLING UNFAIR PRACTICES IN THE LEASEHOLD MARKET

Q1: We are an organisation.

Q2: N/A

Q3: We are an organisation representing leaseholders

Q4: Throughout England and Wales

Q5: Consider ban - but consider:-

1. What is meant by 'new build'? Does it include conversion from flats to houses or offices to houses? There does not seem to be a statutory definition of 'new build'

2. What is meant by 'house'? The suggestion seems to be that the definition of 'house' from the Leasehold Reform Act 1967 is used - however, that definition is not satisfactory as there still seems to be much case law arising from the definition.

3. Further to what extent would it apply to building comprising mixed use buildings or derelict buildings?

Q6: Where a developer only have a leasehold interest – how are they going to be able to sell house as freehold?

Historically new estate house have been sold on leasehold rather than freehold due to the greater ease to enforce covenants and provide for maintenance and recovery of service charges. Enforcement of freehold covenant – very problematic.

What about heritage areas and managed estates? There is a good reason for selling houses leasehold rather than freehold because in those areas there are good reasons for including restrictions on alterations, external decorations etc.

Q7: No

Q8: No knowledge but should be done in any case.

Q9: Yes

Q10: Only as in Q6.

Q11: Yes – stop.

Q12: N/A

Q13: None at this stage.

Q14: An exemption should also be made for new leases granted by leaseholder –owned freehold or management companies for whom the ground rent may be the only source of income to meet the companies own management expense which cannot be paid out service charges.

Q15: Yes – shared ownership leases by their nature will need to retain a rent

- Need to consider lease extensions under the Leasehold Reform Act 1967
- Need to consider mixed use properties

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- What about mixed use properties
- What about occupational leases granted out of a head lease which reserves rent?

Q16: No

Q17: Stop them/allow appeal if unfair or onerous.

Q18: Code of conduct for housebuilders which deals with terms on which leases should be granted.

Council of Mortgage Lenders setting down a criteria on what lease terms are acceptable and those which are not.

Q19: Amend ground 8 to state that it would not apply in a case where the lease is for an original term of more than 21 years but that does not deal with a landlord gaining possession under ground 10 and 11 for a non payment by the tenant.

Q20: This would seem fair and sensible just as long as the freeholder/management company has the same rights to recover service charge that they do against leaseholders.

Q21: Commonhold – we welcome the inclusion of Commonhold in the responsibilities of the DCLG and strongly feel that legislation should enable existing leasehold blocks to convert to Commonhold with the agreement of an appropriate majority of leaseholders. The present requirement that every single leaseholder should agree effectively makes it impossible for the larger blocks to convert.