

Leasehold Question Time With the FPRA – The Reforms

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Session overview – the proposed reforms

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- DLUHC Consultation
 - Collective Enfranchisement – non-residential limits
 - RTM – non-residential limits
- CMA market interventions
- Leasehold Reform (Ground Rent) Act 2022
- Leasehold Reform proposals
 - Lease extension to 990 years
 - Abolition of marriage value
- Building Safety Act
- Regulation of Managing Agents

DLUHC Consultation – 11th January 2022

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Collective Enfranchisement – non-residential limits

RTM – non-residential limits

- Proposal to lift the threshold to 50% and to make leasebacks mandatory
- No current time line for implementation

CMA market interventions

- Competition and Markets Authority – has looked at ‘sector abuses’
- Initial announcement 4.9.2020 – 22.12.21 Taylor Wimpey and others agree to remove 10 year doubling ground rents
- 18th March 2022 – 15 businesses that bought freeholds from Countryside have given ‘undertakings’ to remove doubling ground rents

(see <https://www.lease-advice.org/news-item/15-businesses-give-commitments-to-remove-terms-that-cause-ground-rents-to-double-in-price/>)

Leasehold Reform (Ground Rent) Act 2022

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- Royal Assent 8th February 2022
- Commencement 30th June 2022
- Bans ground rent for new leases
 - Doesn't ban ground rent on a voluntary renewal during old lease term
- Penalties for non-compliance
- Will this lead to a shift in the market?

Leasehold Reform proposals

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Announced 7th January 2021 by MHCLG (as it then was)

- Lease extension to 990 years at zero rent
- Commonhold Council
- Cap on ground rent
- Leasehold calculator
- 'Abolition of marriage value'

*All announced but **NO FURTHER ACTION***

Building Safety Act

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- A massive topic
- If you want to know more then there is a free webinar 11th May at 2pm with Justin Bates of Landmark Chambers

Sign up via the Bishop & Sewell website www.bishopandsewell.co.uk

- <https://www.bigmarker.com/bishop-and-sewell-llp/In-conversation-with-Bishop-Sewell-Building-Safety-Bill>

Regulation of Managing Agents

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- Housing Ombudsman has called for better regulation (March 2022)
- Lord Best's report – Published July 2019
- Proposal for an independent regulator

Members Questions

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Question 1

My Landlord has offered me a new lease extension at a lower price than the statutory lease extension but it is not as long, what should I do?

Question 2

I have heard that the government have changed the law to mean that all lease extensions will be for 990 years. Is that right?

Question 3

My lease is long – 250 years, but has a ground rent that rises every 10 years, by reference to the value that my flat bears to all the other flats in the building. It is making it difficult to sell. What can I do to get rid of the ground rent provisions in my lease?

Question 4

I have a mortgage – do I need to tell the bank that I am going to be extending my lease? The reason that I ask is that my lease is 58 years long at the moment and I rent the property out. Can I get a mortgage as things stand?



Question 5

We have more than 25% of the ground floor and basement of our building used as offices and shops. At the moment our building does not qualify for the right to buy the freehold because more than 25% is not residential.

I have heard that the law is about to change. So will we be able to buy our freehold?

Question 6

When will the proposed reforms come in? I have a short lease and will have to pay marriage value – if this is going to be abolished should I just wait?





Any questions?

To obtain a copy of our briefing notes email

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