



Communities and Local Government Committee

House of Commons, London SW1A 0AA

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Alok Sharma MP
Minister of State for Housing and Planning
Department for Communities and Local Government

24 October 2017

Dear Alok,

Many thanks again for appearing before the Committee a couple of weeks ago alongside your ministerial colleagues in what was an extremely useful and wide-ranging session. The Committee is very much looking forward to you coming before us again next week to talk about the housing needs consultation, alongside a few other housing issues that we had insufficient time to cover at our session on 11 October with you.

In advance, of next week I wanted to follow up on the issue of leasehold reform and the comments that both you and the Secretary of State made on this issue to the Committee on 11 October. Your proposals and consultation over the summer on future new build houses were of course welcome, alongside your announcement last week on consulting on regulating managing agents in the leasehold sector.

However, as we discussed with you, there remain much wider problems in the sector particularly related to people affected by existing leasehold contracts. It was promising that these were areas that both you and the Secretary of State said the Department was looking at, and considering options. I note that you also said you were in sensitive discussions with the parties that might be involved in such changes, but that you would be willing to come back and talk to the Committee about possible proposals when the time is right. This is welcome, as it is an issue that is of particular importance to many members and their constituents and the Committee would therefore welcome such discussions. However, what would be useful to the Committee at this stage would be any information you can provide on timings and on how developed the Department's planning is for when any further proposals or consultations in the field of leasehold reform might be.

Clive Betts MP
Chair, Communities and Local Government Committee



Department for
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Clive Betts MP
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7 November 2017

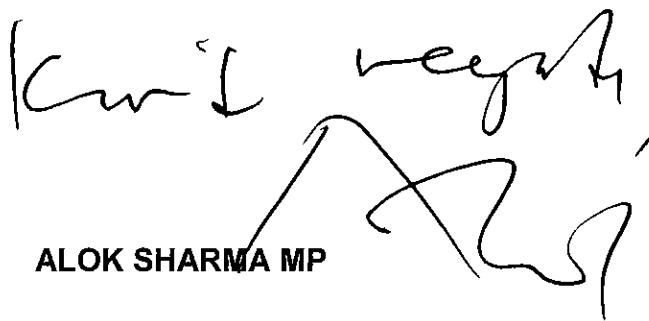
Dear Clive,

I am grateful to have had the opportunity to give evidence to the select committee on 11 October and 1 November.

Thank you for your letter of 24 October, and your request for further detail on timings regarding the outcome of the leasehold consultation and the work to be done to help existing leaseholders with onerous terms.

As you are aware, the '*Tackling unfair practices in the leasehold market*' consultation closed on 19 September and we received over 6,000 responses, of which many were detailed.

My officials are analysing these results and I hope to be in a position to publish the Government's response document before Christmas. By this stage, I also hope to be in a position to outline our plans for leasehold reform and possible proposals in support of existing leaseholders.


ALOK SHARMA MP



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Alok Sharma MP
Minister of State for Housing and Planning
Department for Communities and Local Government

10 November 2017

Dear Alok,

Thank you for your letter of 7 November in response to my request for additional information regarding leasehold reform, and for giving evidence to the Committee on 1 November on the housing need consultation and a range of wider issues.

It is welcome that you will be in a position to outline your future plans for leasehold reform and possible proposals in support of existing leaseholders before the end of the year.

In the meantime, and further to your correspondence, the Committee has in recent weeks received a range of further representations on the topic of leasehold reform, including from the APPG on this subject. In discussing these various representations, the Committee agreed that I should write with a number of additional questions:

- How many leasehold homes, flats and apartments with doubling ground rent clauses have been sold each year in England and Wales since 2007?
- What steps the Government is taking to expedite the effective and greater use of commonhold?
- If the Government will provide an assessment of the effectiveness of the Chair of the Leasehold Advisory Service (LEASE) and other Board members appointed by the Secretary of State?
- How LEASE will be funded over the next five years?
- What steps the Government has taken to ensure leaseholders are properly and fully represented on the LEASE board?
- What the Government's assessment is of the potential merits of introducing a lower mathematical formula for calculating lease extension and enfranchisement valuations similar to that which is effective in Scotland and Northern Ireland?

Thank you in advance for your consideration of these issues, and I look forward to receiving your response.

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Chair, Communities and Local Government Committee



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21 December 2017

Dear Clive,

Thank you for your letter of 10 November and for the continued work that you and the committee are doing on leasehold reform. You asked a number of questions which I have addressed below in turn.

1. How many leasehold homes, flats and apartments with doubling ground rent clauses have been sold each year in England and Wales since 2007?

Neither DCLG nor the Land Registry collects ground rent information.

2. What steps the Government is taking to expedite the effective and greater use of Commonhold?

3. What the Government's assessment is of the potential merits of introducing a lower mathematical formula for calculating lease extension and enfranchisement valuations similar to that which is effective in Scotland and Northern Ireland?

In answering question 2 and question 3 jointly: The Law Commission's 13th programme of reform has now been published and can be found at: <https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jsxou24uy7q/uploads/2017/12/13th-Programme-of-Law-Reform.pdf>.

It includes a project on residential leasehold, which is expected to cover reinvigorating commonhold and simplifying the procedure for enfranchisement. The Department will be working closely with the Law Commission as it develops detailed proposals for the residential leasehold project.

4. If the Government will provide an assessment of the effectiveness of the Chair of the Leasehold Advisory Service (LEASE) and other board members appointed by the Secretary of State?

The Chair's most recent formal appraisal, conducted by senior DCLG officials, was that his performance was strong. The Department regularly engages with officials at LEASE and at no point have any concerns been raised regarding the performance of the Chair or any Board member. The Chair will have his next appraisal in the New Year and all Board members will be subject to appraisal in the spring.

5. How LEASE will be funded over the next five years?

LEASE will continue to operate as it does now, pending work on its future operation, and be funded by the Department to do so. You will be aware that the Secretary of State announced on 4 December that DCLG is providing additional funding to LEASE over 2017-18 and 2018-19 to provide a dedicated advice and dispute resolution service for leaseholders affected by building safety works. We will also be conducting an internal review of the wider landscape of support and advice to leaseholders to ensure it is fit for purpose in this new legislative and regulatory environment.

6. What steps the Government has taken to ensure leaseholders are properly and fully represented on the LEASE board?

All appointments to the LEASE Board, including the Chair, are regulated by the Commissioner for Public Appointments (OCPA). The OCPA Code of Practice emphasises fair and open competition to ensure the best candidate is appointed to the role. Consideration is given to the diversity of appointments and to ensure that Board membership continues to reflect the people they represent. The membership of the LEASE Board includes people with knowledge, experience and/or practice across the leasehold sector – including leaseholders, freeholders, lawyers, valuers and surveyors.

I hope this answers your questions but please feel free to come back to me if needed. May I also take this opportunity to inform you that the Government has today published its response to the recent consultation on '*Tackling unfair practices in the leasehold market*'. This builds on the proposals we made in the Housing White Paper, '*Fixing our broken housing market*', to ensure that the market works for everyone regardless of tenure.

In light of Sir Peter Bottomley successfully securing the Westminster Hall debate on Thursday 21 December on leasehold and commonhold reform and leasehold abuses, I am copying this letter to him so he is aware of these issues.

Kind regards,


ALOK SHARMA MP

cc. Sir Peter Bottomley MP