



**Ministry of Housing,
Communities &
Local Government**

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The Rt Hon James Brokenshire MP
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Dear Clive,

Leasehold Reform

Thank you for your letter dated 5 July, where you helpfully set out your Committee's queries about progress delivering our leasehold reform agenda. Many of these areas were also covered when I appeared before your committee on 9 July.

I believe that housing is the defining domestic challenge of the moment. For those who strive for home ownership, I will do all I can to make their dreams a reality.

As you say in your letter however, abusive practices in the leasehold market can turn that dream into a nightmare. Unexpected costs which rise every year and bear no relation to the service received have no place in a modern housing market. Neither do excessive ground rents which exploit consumers and for which they get nothing in return.

I am particularly concerned, as you are, by unjust and unfair leasehold terms. Whilst our plans to ban the granting of long leases on new houses, and the planned reduction of ground rents to a peppercorn, will help prevent future abuses of the system, the nature of contract law means legislation cannot change the terms of leases that have already been signed.

I am taking steps, however, to put pressure on developers and freeholders to identify which leaseholders have onerous leases and to work with them to ensure their terms are fair and transparent. My department is undertaking a survey of onerous leases, and over a thousand people have submitted their stories. These stories will help give me the evidence I need to directly challenge abusive practices and drive out unfair terms and conditions once and for all. Although on a longer timescale, the Law Commissions work to make enfranchisement fairer, cheaper and more transparent will help here. The easier we make it for people to buy their freehold, the sooner they will not be held to onerous terms. Our recently published *How to Lease* guide gives clear advice to potential leaseholders on what they should look for, and ask, before they sign a contract as well as highlighting the importance of independent legal advice.

Since our December announcement, my department has been talking to a range of interested parties about how we can effectively implement our leasehold reforms. I want to make sure the leasehold system in England is, at all time, fair and transparent to the consumer, so their home truly feels like their own. At the same time, I want to make sure we maintain our current momentum on building the homes this country desperately needs.

I therefore plan to consult on more specific proposals over the summer, setting out a clear statement of intent on how our reforms will work in practice. We plan to set out how we intend to ban new long leases on houses, and the levels of ground rent we think it is appropriate for people to pay. We will seek views on whether people think we are right and our thoughts on who, if anyone, should be exempt from our proposals.

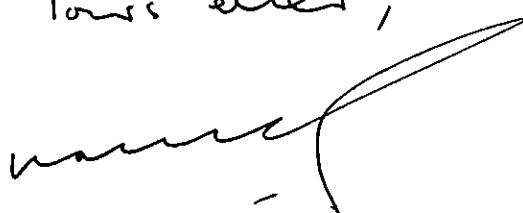
You wrote you would find it helpful to see what we plan to take action on before the end of the year. Our current plans include:

- Publishing the aforementioned consultation over the summer. We will then consider our final proposals in the autumn, and we hope to give a firm indication by the end of the year.
- Establishing a Working Group to consider how fees such as service charges should be presented to consumers and to explore the best means to challenge fees which are unjustified.

In terms of introducing legislation, we still plan to do so as soon as Parliamentary time allows but that will clearly be a matter for the business managers in the usual manner.

In general, to help existing leaseholders, it is worth noting that we are also:

- making it easier for leaseholders to form Recognised Resident Associations, with which freeholders are obliged to consult on service charges and management of blocks;
- regulating managing agents by introducing a single, mandatory Code of Practice and requiring managing agents to have a nationally recognised qualification to practice;
- working with the Law Commission to review the law on "right to manage", which empowers leaseholders to manage their own buildings;
- providing leaseholders with clear support on the various routes to redress available;
- reviewing the support and advice available to leaseholders.

Yours ever,


RT HON JAMES BROKESHIRE MP