

Government proposals for residential leaseholds reforms

Date: 11 January 2021

On 7 January 2021 the Government announced proposals to bring forward in the next session of Parliament for legislation to reform the residential leasehold market.

These proposals follow from the recommendations for leasehold reform made to the Government by the Law Commission in July 2020. The main focus of the Law Commission's recommendations was to suggest methods of making enfranchisement and extensions of leases quicker, easier and cheaper, saving leaseholders of houses and flats money, whilst ensuring sufficient compensation is paid to landlords to reflect their legitimate property interests. The Government has now announced proposals to implement these recommendations. At this stage the full detail has not yet been set out by the Government for the method of calculating the value payable by a leaseholder to a freeholder on the enfranchisement or the extension of a lease. The Fund's independent valuer has advised that the Government's statement of 7 January 2021 largely reflect the recommendations as put forward by the Law Commission in July 2020 and as a result are not expected to have a consequent impact on the current valuation of the Fund's property assets. They and we therefore await confirmation of the Government's detailed proposals for legislative changes within the residential leasehold market.