



**Leasehold home ownership: buying your freehold or extending your lease
Law Commission Consultation Paper**

What do our proposals mean for landlords?

The Law Commission was asked to propose reforms that would promote transparency and fairness in the residential leasehold sector and provide a better deal for leaseholders as consumers. We were also asked to provide options to reduce the price payable by leaseholders to buy the freehold or extend their lease while ensuring sufficient compensation is paid to landlords to reflect their legitimate property interests.

Our consultation paper sets out a series of provisional proposals for a new, single enfranchisement regime for leaseholders who want to buy their freehold or extend their lease. While many of these changes would primarily benefit leaseholders, other proposals will also benefit landlords. We also think that the introduction of a simpler and more efficient regime will benefit landlords as well as leaseholders.

Current law	Our proposals
Different regimes for leasehold houses and flats.	One regime for both houses and flats, reducing complexity and costs.
A collective enfranchisement claim cannot be made if more than 25% of the building has non-residential use.	The 25% limit to apply to all freehold acquisition claims, allowing landlords to retain buildings with substantial commercial use.
No obligation on leaseholders acquiring a freehold within an estate to continue to contribute to the costs of maintaining the estate.	A power to require contributions to be made after the freehold is acquired, allowing estates to continue to be maintained.
Separate procedures apply to each of the different enfranchisement rights.	A single procedure to apply to any enfranchisement claim, reducing complexity, confusion and costs for all parties.
No prescribed forms for claims by leaseholders of flats.	Prescribed forms for making and responding to any enfranchisement claim, making mistakes less likely to occur.
Frequent challenges to the validity of notices given by leaseholders and landlords.	Limiting the types of challenges to notices that can be made.

<p>A landlord who has failed to serve a valid counter-notice on the leaseholder of a flat is forced to sell on the terms proposed in the leaseholder's notice of claim.</p>	<p>The terms to be determined by the Tribunal in such cases, removing windfall gains for leaseholders.</p>
<p>The power to determine disputes is split between the county court and the Tribunal. A single claim may require a number of separate applications to be made before it is concluded.</p>	<p>All disputes to be determined by the Tribunal, reducing complexity and costs for all parties.</p>
<p>Valuation is complex and requires parties to obtain expert valuation evidence in respect of each element of the valuation (including the value of the term, the reversion, any marriage value, and other elements), and legal advice to resolve disputes.</p>	<p>While options to reduce premiums necessarily benefit leaseholders, changes to the procedure may benefit both parties. For example:</p> <ul style="list-style-type: none"> • prescribed rates would prevent disputes • provision of an online tool to calculate the premium makes the process quicker and easier for both parties.
<p>Valuation disputes are resolved by the Tribunal at a full hearing with expert evidence produced by both parties.</p>	<p>Low value claims to be resolved by a valuation member of the Tribunal alone, without the need for a hearing or expert evidence, reducing delay and costs.</p>