



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

Benefits of our proposals for leaseholders of houses

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 leases.

Current law	Our proposals
Different regimes for leasehold houses and flats.	One regime for both houses and flats, reducing complexity and costs.
Minimum two-year period of lease ownership before a leaseholder of a house can bring a claim.	No minimum period of lease ownership, reducing delay and costs for leaseholders.
Leaseholders of houses who wish to extend their lease (rather than buy their freehold) only able to extend their lease once, by 50 years at a (relatively high) “modern ground rent”.	Leaseholders of houses able to extend their lease for a longer period, at a nominal rent. No limit on number of extensions.
Where an estate includes houses and flats, the leaseholders of houses cannot join with the other leaseholders to acquire the whole estate.	A right for all leaseholders on an estate (whether they own a flat or house) to join together to acquire the freehold to the whole estate.
Separate procedures apply to each of the different enfranchisement rights.	A single procedure to apply to any enfranchisement claim, reducing complexity, confusion and costs.
Frequent challenges by landlords to the validity of notices given by leaseholders	Limiting the types of challenges to notices that can be made.
No procedure for dealing with missing landlords where a leaseholder wishes to extend the lease of a house. Procedures for dealing with missing landlords in other cases complex and costly.	Common procedure for dealing with missing landlords, ensuring leaseholders can exercise rights and save costs.

Both leaseholders and landlords can dispute terms on which freehold is transferred or lease extended.	Ability to argue about terms restricted.
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.	All disputes to be determined by the Tribunal, reducing complexity and costs.
Leaseholders of houses are required to pay their landlord's reasonable non-litigation costs.	Leaseholders no longer required to pay their landlord's non-litigation costs or those costs to be controlled; for example, through a fixed costs regime.
Most favourable valuation basis only available to leaseholders who satisfy complex financial criteria.	Replacing financial criteria to reduce complexity and costs, whilst preserving most favourable valuation method for those who already benefit.
Valuation is complex and requires leaseholders 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.	Options to reduce premiums payable by leaseholders of houses including: <ul style="list-style-type: none"> • a simple formula (ground rent multiplier, or percentage of capital value) • the removal of, or prescription of rates for, some or all elements of the valuation. Sufficient compensation to be paid to landlords.