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# Leasehold and Freehold Reforms Update England and Wales

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# Background

Specialise in:

- Lease extensions
- Title rectifications for both freehold and leasehold flats
- Tyneside lease arrangements
- Landlord and tenant matters
- Freehold enfranchisement
- Adverse possession
- Commercial and residential sale/purchase/refinance
- HMO/BTL properties
- Commercial to Resi developments
- Range of bespoke matters

# What this presentation covers

- What the issues people were facing within the current leasehold system.
- What is already in force under the Leasehold and Freehold Reform Act 2024
- What is still pending and why implementation has slowed
- What the draft Commonhold and Leasehold
- Reform Bill aims to do next

**Key message: Reform is real, but much of the headline benefit for leaseholders still depends on secondary legislation and further primary legislation.**

# Practical Procedures today in relation to Leasehold and Freehold properties

**Lease Extensions –** This allows leaseholders to extend the number of years remaining on their lease. There are two routes for a lease extension. A **voluntary** and **statutory route**.

**Voluntary Lease Extension** – a term of years and any variations agreed between landlord and tenant directly (solicitors usually have no involvement in this), at a rent that has been agreed at equal or lesser proportion of the current rent until the end of the original term and a peppercorn ground rent from the new term or a peppercorn rent from the grant of this extension for a premium that is agreed between the landlord and tenant.

Upon agreement of the details of the new lease. The solicitors can then be appointed, and the draft leases can be sent by the Landlords solicitor to the Tenant's solicitor for review and approval and signed by the parties once approved. The usual case is that the Tenants would be responsible for the costs of the Landlord and the registration of the lease in addition to any premium agreed. If there is a mortgage on the tenant's property, consent will be needed, through a deed of substituted security from the tenant's mortgage lender. if no lender, this is not required.

This route is most common whereby the landlord/freeholder is an individual that you already have correspondence or a relationship with, but it is possible for any freeholders to offer it if they are willing to correspond with you.

**Statutory Lease Extension** – leaseholder will have a right to a statutory lease extension of their flat (or House). A term of 90 years (or 50 years in respect of a House) is granted in addition to the remaining term of years left on the lease at a peppercorn (£0.00) rent as required by statute. The premium to be paid is obtained through a valuation done by a RICS accredited valuer in respect of a statutory lease extension under Section 42. Upon receiving this valuation, the notice would then need to be served on the landlord by us. The landlord has a 2-month time frame by statute for to respond admitting the claim and either accepting or submitting a counter-notice with their proposed premium and conditions and a statutory deposit to proceed. If the premium is within the scope of the valuation, we would usually recommend accepting the same. If it is beyond the scope of your valuation, you may choose to proceed or request your valuer to negotiate with the landlord's valuer.

Once agreed, the draft lease is then provided for review and approval within a time frame set by statute and once this has been done, the landlords solicitor would submit the final engrossment to us for signature and completion as usual. The tenant is required by statute to cover the landlords' reasonable costs and legal fees in relation to the lease extension.

# Practical Procedures today in relation to Leasehold and Freehold properties

**Right to Manage –** The Right to Manage (RTM) procedure allows leaseholders to take over the management of their building from the landlord without needing the landlord's consent or going to court. Here are the key steps involved in the RTM procedure:

**Set up an RTM company**: Leaseholders must establish a dedicated RTM company, which can manage the building directly or appoint a managing agent.

**Invite leaseholders to join**: A notice inviting participation must be served on all leaseholders who are not members or have not agreed to become members.

**Serve a notice of claim**: The landlord must be notified of the claim for RTM at least 14 days after the notice inviting participation.

**Counter-notice period**: The landlord has one month to send a counter-notice after the RTM company's notice of claim.

**Arrange contracts**: Contracts for services needed to manage the building must be arranged.

**Take over management**: The RTM company takes over management on the date set out in the notice of claim, which must be at least three months after the landlord's deadline for sending a counter-notice.

**Transfer funds**: The landlord transfers any money from unspent service charges or a reserve fund to the RTM company.

**Dispute resolution**: If the landlord disputes the claim, the RTM company can apply to a tribunal for a decision.

**The RTM procedure is designed to be simple and straightforward, but it is important for leaseholders to follow the correct steps to ensure the right to manage is successfully claimed**.

# Practical Procedures today in relation to Leasehold and Freehold properties

**Statutory Freehold Purchase –** A leasehold house means you own the property for a fixed term under a lease, while the freeholder owns the land. Buying the freehold transfers full ownership of both the house and the land, eliminating ground rent obligations and giving you greater control over property modifications. You can approach the freeholder to purchase this on a voluntary basis, and this can be agreed between the freeholder and the leaseholder directly. However as before, the freeholder has no obligations to respond to you. in this instance the freehold enfranchisement procedure under the Leasehold Reform Act 1967 can be employed:

Requirements:

- You must be a leaseholder of a house (not a flat, which has different rules)
- Recent reforms under the Leasehold and Freehold Reform Act 2024 removed the previous two-year ownership requirement, allowing new owners to pursue enfranchisement immediately after Land Registry registration. Note that the registration gap applies.
- Your lease must meet statutory conditions, typically being a long lease (usually over 21 years remaining)

Procedure: This follows the same procedure as a statutory lease extension in terms of serving the relevant notice on the landlord. You should obtain a valuation for this from the RICS Valuer to get an idea for costs.

Benefits: Acquiring freehold interests provides substantial benefits including eliminating ground rent obligations, removing freeholder consent requirements for property modifications and improvements, securing long-term property value by avoiding lease depreciation, and enhancing mortgage eligibility by eliminating lender concerns about short remaining lease terms. Freehold ownership also eliminates future lease extension costs and provides complete control over property use and disposition.

# The 2024 Act

Leasehold and Freehold Reform Act 2024 (Royal Assent 24 May 2024)

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## Issues the in the current system

The leasehold system has been profitable for freeholders, which has led to a cycle of increased service charges and ground rents, which ultimately lead to a financial strain on leaseholders.

Mortgage lenders in the UK are reluctant to lend on leasehold properties which have less than 80 years remaining. This leads to the property's marketability and mortgageability becoming an issue for prospective sellers and buyers alike.

Lease extensions have become very expensive once the lease terms drop below 80 years due to marriage value, which reflects the additional market value of the longer lease.

These issues have led to calls for a more equitable and transparent leasehold system, which the leasehold reform aims to address. The reforms are expected to provide leaseholders with more control over their properties and reduce their financial burden.

## Who does it affect

The changes to the current system affect:

- General Flats
- North and south Tyneside flat arrangement
- Leasehold houses
- Highrise buildings
- First time buyers
- Landlords and tenants
- Freeholders with underleases
- Leaseholders
- Management companies
- Investors and homebuyers

# Timeline: key milestones

## From Royal Assent to the current reform programme

**24 May 2024**
LFRA 2024 receives Royal Assent

**31 Jan 2025**
Two-year rule removed

**3 Mar 2025**
RTM reforms commence

**4 Jul-26 Sep 2025**
Charges & services consultation

**24 Oct 2025**
High Court dismisses JR challenge

**27 Jan 2026**
Draft Bill published

**13 May 2026**
King's Speech confirms Bill

# The 2024 Act: what it is meant to achieve

Leasehold and Freehold Reform Act 2024 (Royal Assent 24 May 2024)

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Cheaper and easier lease extensions and freehold purchases, including removal of marriage value from valuation calculations.

Standard lease extension term increased to 990 years at peppercorn ground rent.

Wider eligibility to enfranchise, extend and take over management.

Ban on granting most new leasehold houses.

Greater transparency around service charges, administration charges and insurance commissions.

Reduced presumption that leaseholders should pay the landlord's legal costs in disputes.

New protections for freehold homeowners on private and mixed-tenure estates.

**Important caution**

Although the Act is on the statute book, the House of Commons Library says most provisions are not yet in force.

That is why many leaseholders still do not have the practical benefit of the headline reforms.

For day-to-day conveyancing advice, the existing law often still governs unless a specific provision has been commenced.

# Executive summary

The current position in one slide

## In force now

The two-year ownership rule for statutory lease extensions / enfranchisement was removed from 31 January 2025.

Right to Manage was widened from 3 March 2025: mixed-use threshold increased to 50% and freeholder legal cost recovery is restricted in most cases.

## Still pending / not yet fully live

The big-ticket enfranchisement valuation reforms remain to be commenced, including
the 990-year standard extension and abolition of marriage value in practice.

Service charge transparency, insurance and litigation-cost reforms still depend on detailed regulations.

Government says technical flaws in the 2024
Act must be fixed through further primary legislation before some provisions can be switched on.

## Where reform is heading

Draft Commonhold and Leasehold Reform Bill
published on 27 January 2026.
Would make commonhold the default for most
new flats, cap ground rent at £250, abolish
forfeiture and ease commonhold conversion.

The 2026 King's Speech confirmed a Commonhold and Leasehold Reform Bill will be brought forward.

# What is already in force

Measures leaseholders can point to today

31 Jan 2025

## No two-year wait

Leaseholders can start a statutory
lease extension or freehold claim
immediately after purchase.

Practical note: in conveyancing,
title registration timing still matters
operationally.

3 Mar 2025

## Right to Manage expanded

Mixed-use buildings can qualify where non-residential space is up to 50% (previously 25%).

In most standard RTM claims, leaseholders no longer pay the freeholder's legal fees.

27 Dec 2025

## Assured tenancy change

Long residential leases over 21 years no longer count as assured tenancies because of high ground rent.

This should assist mortgageability and saleability of leasehold properties with old high ground rent.

# What is still pending

The reforms causing the most client questions remain largely uncommenced

## Headline reforms not yet fully switched on

990-year standard lease extensions at peppercorn rent as the lived
default position for claims.

The new valuation regime, including removal of marriage value in
practice and prescribed rates for enfranchisement calculations.
Standardised service charge forms, annual reporting and proactive
insurance information.

New litigation cost rules aimed at reducing barriers to challenge unfair
charges and poor management.

## Why the delay matters

Leaseholders with shortening terms still need case-by-case advice now;
it is risky to assume future reforms will arrive before a lease
dips below key thresholds.

Until valuation reforms commence, clients may still face the current
framework in live transactions and remortgages.

Fixes to technical flaws in the 2024 Act are still needed before parts of the amended enfranchisement scheme can be implemented.

This will mean that leaseholders will need to consider their position and options when thinking about whether a lease will need to be extended now or later.

# Why implementation has been slower than many expected

## What government and Parliament have said

The House of Commons Library says many provisions need consultation and secondary legislation before commencement.

On 29 April 2026, the Housing Minister said some 2024 Act provisions cannot be switched on until specific flaws are fixed through further primary legislation.

The minister also said government will prescribe capitalisation and deferment rates in advance, so the new valuation regime can be implemented swiftly once those fixes are made.

The government is considering sequencing for a complex package of statutory instruments on service charges, insurance and legal costs.

**Practical takeaway**

The delay is not framed by government as a change of policy direction.

It is framed as an implementation and legislative sequencing problem.

That distinction matters when a person is considering whether to "wait for reform" or act under current law.

# Service charges, insurance and managing agents

Latest consultation-led strand of reform

## Closed consultation

“Strengthening leaseholder protections over charges and services” was published on 4 July 2025.

It ran until 26 September 2025.

## Topics covered

Service charge transparency requirements.

Building insurance transparency requirements.

Litigation cost reforms.

Future reform priorities including section 20 major works and mandatory qualifications for managing agents.

## Why it matters

These are the reforms most likely to affect day-to-day disputes about opaque charges and poor management.

The minister said in April 2026 that the government intended to begin the statutory instrument process in the coming months.

As at 29 May 2026, the final outcome and dates are still awaited on the public record searched.

# Judicial review: a major obstacle was removed

High Court judgment of 24 October 2025

The Divisional Court dismissed the freeholder claimants' judicial review challenges to key LFRA 2024 valuation and cost reforms.

The court rejected challenges to the ground rent cap used in valuation calculations, the abolition of marriage value and the costs recovery reforms.

The summary records that the court found the reforms pursued legitimate objectives, were rationally connected to those objectives and fairly balanced competing interests.

The Housing Minister said on 29 April 2026 that government had robustly defended the challenge and would defend the appeal just as tenaciously.

## Key point to keep in mind

The litigation is a justification that the core policy will not collapse.

But a successful defence of the Act does not itself commence the remaining reforms. **Things can still change!**

Individuals will still need to consider the present law versus possible future law.

# The draft Commonhold and Leasehold Reform Bill (27 January 2026)

## The next legislative stage beyond the 2024 Act

### Core proposals

Make commonhold the default tenure for most new flats by restricting new leasehold flats.

Make it easier for existing leaseholders to convert to commonhold.

Cap existing ground rents at £250 a year, changing to a peppercorn after 40 years.

### Enforcement changes

Abolish forfeiture and replace it with a fairer, more proportionate lease enforcement scheme.

Repeal harsh enforcement powers relating to estate rentcharges on freehold estates.

### What this means

Reform is no longer only about tweaking leasehold; it is also about replacing it over time with commonhold for flats.

For current owners, ground rent reform and enforcement reform are likely to be the most immediately felt elements if enacted.

# Commonhold direction of travel in 2026

Political commitment has continued to harden

The Commonhold White Paper (published 3 March 2025; updated 19 March 2025) described commonhold as the proposed new model for homeownership in England and Wales and a radical improvement on leasehold.

On 29 April 2026, the Housing Minister said the aim was to stop leasehold perpetuating itself while empowering existing leaseholders to exit the system if and when they choose.

The 2026 King's Speech background notes confirmed legislation would be brought forward to reform the leasehold system, including capping ground rents, through a Commonhold and Leasehold Reform Bill.

following consideration of consultation feedback and pre-legislative scrutiny, the government will then be able to finalise commencement arrangements.

## Parliamentary scrutiny

The Housing, Communities and Local Government Committee reported on 27 May 2026.

It supported the direction of reform but said the final bill needs changes and additions.

It also recommended stronger regulation of managing agents and argued the £250 ground rent cap could come into force in late 2027 rather than late 2028.

# Outstanding uncertainties

What remains impossible to state with confidence today

The exact commencement dates for the remaining LFRA 2024 enfranchisement reforms.

The final content of the substantive Commonhold and Leasehold Reform Bill once introduced to Parliament.

Whether the committee's recommendations on managing-agent regulation, ground-rent transition timing and commonhold conversion are accepted in full.

The precise timetable for the leasehold flat ban and its exemptions.

When a final consultation response will be published on charges, services, insurance and managing agents.

**Best current summary: reform is advancing, but the legal position remains a "live transition" rather than a finished code.**

# Key public sources used


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You can navigate the minefield or come to us at Sweeney Miller and let us assist you through the nuances of lease rectifications and extensions.

# Disclaimer

The information provided within this presentation **does not constitute legal advice** and is being provided as a general update. If you wish to seek any legal advice you should appoint and seek counsel in relation to your matter.

# Get in touch


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