

Ministry of Housing,
Communities &
Local Government

Commonhold and Leasehold Reform Bill: Government response to pre-legislative scrutiny by the Housing, Communities and Local Government Select Committee

November 2026

CP 1716



Government of the United Kingdom

Ministry of Housing, Communities and Local Government

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Presented to Parliament by the Secretary of State for Housing, Communities and Local Government by Command of His Majesty

November 2026

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Contents

Ministerial foreword 6

Recommendations 7

Recommendation 1 8

Recommendation 2 9

Recommendation 3 10

Recommendation 4 12

Recommendation 5 13

Recommendations 6 & 7 14

Recommendation 8 16

Recommendation 9 17

Recommendation 10 19

Recommendation 11 21

Recommendation 12 23

Recommendation 13 24

Recommendation 14 25

Recommendations 15 & 16 26

Recommendation 17 28

Recommendation 18 29

Recommendation 19 30

Recommendation 20 32

Recommendation 21 33

Recommendation 22 34

Recommendation 23 35

Recommendation 24 36

Recommendation 25 37

Ministerial foreword

I am extremely grateful to the Housing, Communities and Local Government Select Committee for producing its detailed report on the draft Commonhold and Leasehold Reform Bill and I reiterate my thanks to its previous Chair, Florence Eshalomi MP, other members of the Committee and its clerks for the thorough scrutiny to which this complex and technical piece of legislation was subject.

This Government made a clear and unambiguous commitment in its manifesto to act where previous governments have failed and finally bring the feudal leasehold system to an end. Our Commonhold and Leasehold Reform Bill is integral to honouring that commitment.

It marks the beginning of the end for a system that denies leaseholders control over the homes they live in, and have paid for, and subjects them to excessive extraction in the form of punitive and escalating ground rents; unreasonable or extortionate charges; unjustified permissions and administration fees; and onerous conditions often imposed with little or no consultation.

In conjunction with the continued implementation of the Leasehold and Freehold Reform Act 2024 and intended further legislation in this Parliament to progress reforms necessary to honour our manifesto commitments in full, including remaining Law Commission recommendations on enfranchisement and Right to Manage, the Bill will transform the experience of homeownership for millions of leaseholders across the country.

The Government appreciates the time and effort the Committee invested in gathering extensive written and oral evidence for its inquiry and we very much welcome the careful thought that went into identifying potential improvements and changes to the draft Bill.

We have considered carefully each of the Committee's recommendations. In many cases, we have accepted them in full or in part. Where we believe individual recommendations are either unnecessary or unworkable, the response details why.

The finalised Commonhold and Leasehold Reform Bill that I am proud to introduce into Parliament today has been significantly strengthened as a result of the Committee's work. I thank them once again for their input and I look forward to continued engagement with the Committee as this historic piece of legislation progresses.

Rt Hon Matthew Pennycook

Minister of State for Housing and Planning

Recommendations

Recommendation 1

As part of its response to this report, the government must publish further evidence to justify why it has proposed a 40-year transitional period before a change to peppercorn ground rent, instead of a 20-year transition. This should include publishing the data behind its modelling of the estimated value transfer for transitional periods, to allow analysis of increments between 20 years and 40 years.

1. The Government notes the Committee's recommendation and welcomes the close scrutiny it has given to the proposed transitional arrangements. As previously set out, the Government considers that 40 years is an appropriate transitional period before a peppercorn cap is introduced, and believes that it strikes a fair balance between the interests of leaseholders, freeholders, and investors.

2. The draft Impact Assessment published alongside the draft Bill (which received a 'Green - Fit for purpose' rating from the Regulatory Policy Committee) sets out our assessment of the impacts of a number of different transitional periods. Modelling results for periods of 20, 40 and 60 years were set out in table 4.3 of Annex 5: Ground rents reform (Annex 5 - Ground Rents). These show that shorter transitional periods result in higher levels of value transfer.

3. In the updated Impact Assessment accompanying the Bill as introduced, we have conducted additional transitional period analysis based on updated modelling (details below). These results are presented below in Table 1. Details on our approach to modelling the value transfer, and the data and assumptions underlying it (including adjustments to English Housing Survey ground rent data), can be found in the Technical Annex to the Impact Assessment. In addition, Annex 5 includes extensive sensitivity testing to show the impacts of key assumptions.

Table 1: Additional ground rent transitional periods (2026 prices; 2028 PV)[1]

Transitional period (years)	Value transfer (£bn)	Value transfer (%)
20	£16.4 – £19.7	-71% to -75%
30	£14.7 - £18.0	-63% to -68%
40	£13.5 – 16.8	-58% to -64%
50	£12.7 - £16.1	-55% to -61%
60	£12.3 – £15.6	-53% to -59%

[1] Relative to the draft Impact Assessment for the draft Bill, these results reflect (i) routine modelling changes such as using the latest leasehold dwellings estimate from the English Housing Survey; (ii) updating inflation forecasts from the Office for Budget Responsibility and Gross Domestic Product (GDP) deflators; (iii) presenting impacts in 2026 prices, and (iv) an update to the discount rate used, in line with HM Treasury guidance. More detail can be found in the Impact Assessment accompanying the Bill as introduced.

Recommendation 2

> The final bill must include a commencement clause for the £250 cap on ground rents to come into force two months after the Act is given Royal Assent—not at a time to be decided by ministers, as is currently the case in the draft bill.

4. The Government shares the Committee's objective of ensuring that the cap on ground rents is brought into force as soon as possible. As set out in evidence to the Committee, our clear intention is to implement the £250 cap at the earliest practicable point following Royal Assent, subject to parliamentary timings and the completion of the necessary implementation steps.

5. The Government does not consider it feasible to include a fixed commencement date in the Bill for the ground rent measures two months after Royal Assent.

6. This would not allow sufficient time to complete essential implementation activity, in particular secondary legislation required under new Schedule 2 to the GRA 2022 (regulations prescribing notices (which are not suitable for primary legislation) for intermediate leases), as well as the preparation of supporting guidance for landlords and leaseholders. We will also need to work with enforcement authorities and the new lead enforcement authority to ensure they are ready for the commencement of the measures, including in relation to statutory guidance, and with HM Courts & Tribunals Service on the creation of new tribunal forms.

7. It is also important to allow sufficient time for stakeholders to understand their obligations, for statutory notice processes to operate correctly, and for the regime to come into force in a way that avoids confusion or unintended consequences for leaseholders, for example, in relation to the timing of ground rent demands.

8. For these reasons, the Government considers it appropriate to retain a commencement power to bring the ground rent measures into force by regulations rather than to impose a fixed statutory deadline of two months after Royal Assent. We will aim to bring the cap into force six months after Royal Assent, while ensuring that the new system will function in a robust and workable manner.

Recommendation 3

> The government must ensure the cap on ground rents in the final bill cannot be evaded by attributing ground rent to appurtenant (related) property, such as parking spaces, or by including charges similar to ground rent in headleases.

9. The Government welcomes the Committee's recommendation and recognises the importance of ensuring that the ground rent cap cannot be circumvented. We are clear that the Bill must deliver the intended protections for leaseholders and not leave loopholes that can be exploited.

10. The Bill will impose the ground rent cap by amending the GRA 2022. The existing ground rent legislation and overall system (such as enforcement) will therefore broadly apply to the new measures. Under the GRA 2022, the definition of "dwelling" is "a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, outhouses and appurtenances belonging to it or usually enjoyed with it" (see section 22 of the GRA 2022). Where car parking spaces or similar appurtenant property form part of the dwelling, the drafting of the ground rent measures in the Bill means that they will already be within scope and subject to the cap.

11. It is a question of fact in each case whether a car parking space is part of the dwelling. However, we recognise that there are different definitions of "dwelling" in leasehold legislation so we will amend the definition in the GRA 2022 to provide greater consistency and clarity. This is in line with the commonhold and flat ban measures in the Bill, as well as with definitions in other leasehold legislation (including the Commonhold and Leasehold Reform Act 2002 and the Leasehold Reform, Housing and Urban Development Act 1993).

12. Alongside amending this definition, we will update existing guidance on the GRA 2022 in due course for leaseholders, landlords and enforcement authorities, including on what comprises a dwelling and therefore what is and is not a permitted rent. The Bill also gives the Secretary of State the power to appoint a lead enforcement authority to oversee enforcement across the country, and gives the relevant tribunal new powers to award compensation where a landlord has charged prohibited rent. These measures will help to ensure that unscrupulous landlords do not circumvent the cap.

13. We have also considered the issue of headleases and other superior leases. The GRA 2022 defines "rent" broadly to include anything in the nature of rent, whatever it is called (see section 22 of the GRA 2022). Equally, the GRA 2022 makes clear that a sum expressed to be payable in respect of rates, Council Tax, services,

repairs, maintenance, insurance or other ancillary matters is not rent for the purposes of the GRA 2022 merely because it is reserved as rent in the lease. This means that any payment which is properly characterised as rent in a regulated lease will be subject to the cap. Changes to headlease arrangements cannot unilaterally impose new obligations on leaseholders without agreement, and any rent payable under a regulated lease must comply with the statutory restriction.

14. It is not the Government's intention to legislate to regulate all payments under a lease where those payments are not rent. Taken together, the breadth of the statutory definition of rent and the scope of regulated leases provide a robust framework to prevent the types of avoidance described. We will keep the operation of the new regime under review to ensure it functions as intended.

Recommendation 4

> The government must enact the remaining Law Commission recommendations on leasehold enfranchisement following the approach set out in the Appendix of this report. In particular, the government must enact measures to ensure leaseholders can avoid paying development value upfront by voluntarily agreeing to a restriction on future development of their property.

15. The Government welcomes the Committee's recommendation and remains committed to enacting remaining Law Commission recommendations on leasehold enfranchisement over the course of this Parliament.

16. The Government recognises that, in some cases, development value can make the cost of enfranchisement prohibitively high for leaseholders. We understand the intent behind the Law Commission's proposal to allow leaseholders to avoid paying development value upfront by voluntarily agreeing to restrict future development of their property.

17. However, as the Law Commission identified, its proposed approach on development value ("sub-option 3") raises a number of practical and legal challenges, including how such restrictions would operate in practice, how they would be enforced over time, and how they would interact with property rights and existing valuation frameworks. These issues require careful consideration to ensure that any approach is workable, proportionate and does not give rise to unintended consequences.

18. The Government will continue to consider this and other remaining Law Commission recommendations as policy is finalised. Our approach will be to address development value as a barrier to enfranchisement in a way that is robust, balanced and capable of practical implementation, while maintaining our overarching objective of making enfranchisement easier and cheaper for leaseholders.

Recommendation 5

> The government must enact the Law Commission's recommendations on the right to manage process during this Parliament, either through this bill or through a separate Right to Manage Bill to encompass the Law Commission's ongoing project regarding freehold housing estates.

19. The Government notes the Committee's recommendation and recognises that reform of the right to manage (RTM) process is an important component of improving the leasehold system. The Government's position on this issue is a matter of public record, and we remain committed to enacting through legislation remaining Law Commission recommendations on enfranchisement and the right to manage over the course of this Parliament.

20. We are sponsoring a Law Commission project to consider how homeowners on privately managed estates could be given greater control over the management of their housing estates and will consider the Law Commission's findings and recommendations in due course.

Recommendations 6 & 7

> The final bill must include provisions to establish a new, independent public body as the Regulator for property managing agents, with enforcement powers. This must include powers for the Regulator to issue fines or revoke licences of managing agents who breach a statutory Code of Practice, in line with the recommendations of Lord Best's report on the Regulation of Property Agents.
>
> The Government should not pursue its current preferred option of mandatory qualifications being implemented by designated professional bodies, such as The Property Institute, as leaseholders area clear that they do not have confidence in industry bodies to carry out this duty impartially.

21. The Government notes the Committee's recommendations and recognises the importance of improving standards across the property managing agent sector. Effective regulation is essential to protect leaseholders, commonholders and homeowners on freehold estates, drive up professionalism and ensure a fair, transparent and accountable system. The professionalisation of managing agents will also be crucial to the success of commonhold.

22. The Government agrees with the Committee that the current regulatory framework for property agents is fragmented and does not provide the level of assurance that consumers should expect. We have already accepted the case for reform in this area, including the need for stronger oversight, clearer standards and improved accountability, in line with the direction of travel set out in Lord Best's report.

23. The Government's view is that regulation should not be limited to managing agents alone. Estate agents, letting agents, managing agents and estate managers on freehold estates all perform important functions for consumers across the housing market, and the Government considers that a future regulatory framework should be designed for all property agents, with the detail tailored appropriately to different parts of the sector.

24. On 29 September, the Government announced its intention to legislate for the independent statutory regulation of all property agents. However, we do not consider that the Commonhold and Leasehold Reform Bill is the right vehicle by which to achieve this. The regulation of property agents is a significant reform, requiring a detailed legislative framework. Attempting to add such provisions to this Bill could risk delaying the Bill and its core leasehold and commonhold reforms, while also limiting the opportunity to develop a coherent regime across the property agent sector as a whole and miss the opportunity to tackle issues in the estate and letting agent sectors.

25. The Government will set out further detail about its approach to independent regulation of property agents in due course. However, we are clear about the following broad principles and parameters. Regulation will be delivered by a regulator which will provide independent oversight, which the Committee has rightly identified as necessary. It will deliver a clear, consistent and accountable framework across the property agent sector. It is expected to be responsible for functions including licensing, setting professional standards, ensuring compliance and enforcement and will at a minimum oversee estate agents, lettings agents, managing agents and estate managers of freehold estates. A regulator will help to drive up professional standards, strengthen consumer confidence and provide effective safeguards for leaseholders, commonholders, homeowners on freehold estates and other consumers. It will also align with wider work to strengthen regulation across the housing and construction sectors, reflecting the important connection between managing agents, resident-led management, commonhold and the building safety regime.

26. These plans will introduce a regulator which will operate under a robust governance framework, with clear statutory duties, transparent decision-making and appropriate accountability mechanism.

27. The Government will continue to develop the detail of the regulatory model, and will engage with relevant regulators, professional bodies, devolved governments, consumer representatives and the sector as this work progresses.

Recommendation 8

> The final bill must include provisions to fix the flaws which the government has identified in LAFRA. The government must urgently bring forward its consultation on the valuation rates used to calculate the cost of enfranchisement premiums. It should ensure these measures to make it cheaper for leaseholders to enfranchise are ready to be implemented two months after the Commonhold and Leasehold Reform Bill gains Royal Assent.

28. The Government welcomes the Committee's recommendation and recognises the importance of addressing the known flaws in the enfranchisement provisions in the LFRA. It was announced in the King's Speech on 13 May 2026, that measures to rectify these issues will be included in the Commonhold and Leasehold Reform Bill, including to:
    a. Correct a loophole which means the LFRA goes far beyond the intended reforms to valuation and undermines the integrity of the amended scheme.
    b. Correct an omission that would deny tens of thousands of shared ownership leaseholders the right to extend their lease with their direct landlord given that the providers in question do not have sufficiently long leases to grant 990-year extensions.
    c. Allow third parties to leases, such as resident-led management companies, to recover contributions toward their process costs in some instances. Without this change, these companies may be at risk of insolvency, which would be an unintended outcome of the reforms requiring landlords to pay their process costs;
    d. Correct an unintended constraint on landlords' existing redevelopment break rights that applies in certain limited circumstances; and
    e. Correct technical cross references and make consequential amendments to ensure the smooth implementation of the LFRA.

29. We recognise the importance of prescribing valuation rates to provide clarity and certainty for leaseholders. We published the consultation on valuation rates on 15 July, setting out proposals for reform and seeking views from stakeholders. It closed on 21 October and is an important step in ensuring that the LFRA enfranchisement measures can be commenced as soon as possible.

30. We share the Committee's objective of implementing the LFRA enfranchisement measures at pace and intend to commence these reforms as soon as practicable following Royal Assent. Once enacted, the enfranchisement provisions will make it easier and cheaper for leaseholders to extend their lease or buy their freehold.

Recommendation 9

> The government should ensure the new requirement to hold a reserve fund applies to new and existing leaseholders, as well as commonhold blocks, to ensure parity between the duties placed on blocks of different tenures. Whilst we recognise that this new requirement may increase day-to-day charges for some homeowners, it will prevent financial hardship and distress caused by large, unexpected bills; share long-term costs more fairly between successive flat owners; and support the ongoing stewardship of blocks.

31. The Government welcomes the Committee's recommendation and recognises the benefits of reserve funds in supporting the long-term maintenance and financial resilience of residential buildings. We agree that well-designed reserve fund arrangements can help smooth costs over time, reduce the risk of large, unexpected bills, and support the timely upkeep and effective stewardship of buildings.

32. The Bill already introduces provision for reserve funds in the commonhold context, taking forward recommendations made by the Law Commission in its review of the commonhold legal framework. In relation to leasehold, the Government has been clear that it wishes to take action in this area, and consulted on this in its consultation on Strengthening Leaseholder Protections Over Charges and Services.

33. The Government will legislate within this Bill to also mandate reserve funds for leasehold properties to reduce the risk of large, unaffordable one-off bills for leaseholders, support more predictable contributions towards future major works, and help ensure necessary works can be delivered in a timely manner.

34. Alongside this, the Government will legislate to mandate Asset Management Plans (AMPs), to provide a transparent and evidence-based basis for reserve fund contributions, helping leaseholders understand what works are planned and what reserve funds will pay for, while supporting longer-term strategic planning and maintenance of buildings.

35. Consultation responses raised a number of issues which will need to be considered carefully, particularly around ensuring reserve fund arrangements are fair, transparent and subject to the appropriate safeguards. While leaseholders were generally supportive of reserve funds in principle, many raised concerns about potential misuse by landlords or managing agents and called for reserve funds to be governed by clear rules and standards. The Government will take into account these issues as it develops legislation. Our aim is to ensure that reserve funds and AMPs deliver their intended benefits in a way that is fair and transparent, noting that

leaseholders have fewer powers to shape or challenge the management of their building compared to commonholders.

36. The Government will also carefully consider the practical implementation of mandatory reserve funds. We will phase in the requirement to have reserve funds over a number of years to limit the financial impact on leaseholders and support an orderly transition to the new regime. In addition, we will explore options to ease affordability pressures for leaseholders, with a particular focus on those in buildings in poor condition with no existing funds.

37. In developing the detail of these proposals we will look at how best to ensure any requirements are proportionate and take into account the nature of different buildings. As part of this we will also consider how best to apply these principles to freehold estates, including responses to the separate consultations on this issue.

Recommendation 10

To promote uptake of commonhold as the default ownership tenure and streamline the conversion process, the draft bill should establish conversion to commonhold as the default outcome of a collective enfranchisement. This would remove an additional layer of bureaucracy from the process, which in some cases may impede homeowners from realising the benefits of commonhold once they have already met the 50% threshold of support to buy their building's freehold. To retain consumer choice, leaseholders should still be able to 'opt-out' of automatic conversion by a 50% vote. Only following a successful vote against automatic conversion to commonhold would leaseholders be able to proceed under a share of freehold model should they wish.

38. The Government has been clear that promoting the uptake of commonhold, which is a radical improvement on leasehold ownership, is a central objective of this legislation. That is why, as well as making commonhold the default tenure, the Bill includes a new and improved process for commonhold conversion.

39. Converting to commonhold allows leaseholders to gain full freehold ownership and move to a management structure with no third-party landlord. It affords them greater control over their building's management, shared facilities and related costs, both as compared with a traditional leasehold arrangement with a third-party landlord, and with a share of freehold arrangement achieved following a collective enfranchisement.

40. For existing leaseholders, the benefits of enfranchisement and a move to a share of freehold arrangement should not be underestimated. Many existing leaseholders may decide that this outcome works best for them. We believe that the benefits of moving to commonhold rather than a share of freehold will become compelling as the market matures, but as it is their home, it should be their choice.

41. Our reforms will make it easier to convert from an existing leasehold building straight to commonhold. That is because while conversion to commonhold will require leaseholders to acquire their freehold as part of the process, they will not be required to demonstrate their consent twice. It will be possible for leaseholders to follow the streamlined acquire and convert process as recommended by the Law Commission, meaning that once the 50% level of support is satisfied, leaseholders will be able to go straight to commonhold from leasehold, without stopping at share of freehold.

42. Whilst there is merit in the Committee's recommendation that commonhold should be the *automatic* conclusion of a collective enfranchisement, we believe there are risks in moving too quickly. In particular, mandating a move to commonhold while the tenure is still establishing itself could slow down or negatively affect the take up of enfranchisement, which in itself can be a complex negotiation between multiple parties. As such, we will not be mandating commonhold as the automatic outcome of a collective enfranchisement, but we commit to keeping the matter under review.

Recommendation 11

> The government must clarify that a non-consenting leaseholder who subsequently participates in a conversion will be required to contribute to the shared costs incurred by those who did previously participate in a collective enfranchisement. The government must design a mechanism for non-consenting leaseholders to contribute towards the shared costs of a collective enfranchisement if they choose to join a commonhold at a later date. In response to this report, the government must set out its plans for such a mechanism, which must include a contribution towards the premium paid for buying the freehold of a building's common parts and the legal and other professional costs incurred.

43. The Government welcomes the Committee's recommendation and recognises the importance of ensuring that the commonhold conversion process is fair and is accessible to leaseholders. We note the Committee's concern that non-consenting leaseholders who join a commonhold at a later stage may not contribute to all of the shared costs incurred by those who participated in the initial collective enfranchisement, such as buying the freehold for the collective parts of their block, or covering costs relating to development value, or shared legal fees.

44. The Government has carefully considered this issue. While it is true that non-consenting leaseholders do not contribute to the upfront costs of the original collective enfranchisement, non-consenting leaseholders are not avoiding all costs, rather they defer some of them. Where they choose, or are required to convert at a later stage, they will still incur the costs of buying out the freehold of their unit. They may also face higher professional costs, such as legal or conveyancing support through their enfranchisement, as they will not be sharing these costs with other participants. This is clear to all potential participants at the outset.

45. The Government is exploring measures to address the treatment of development value in commonhold conversion, in particular looking at measures which would allow participants to choose whether or not to leave development rights with the former freeholder. This could remove the most significant potential cost differential between early and later participants. These measures will substantially reduce the gap in costs between initial participants and subsequent converters, thereby mitigating the incentive to delay participation. As noted in paragraphs 15-18, the Government will continue to consider the Law Commission's remaining recommendations, including the option on development value in enfranchisement claims.

46. The Government also notes that there is currently limited evidence that deferred contribution to initial costs of the kind described by the Committee represents a

widespread or significant barrier to collective action. The Committee recommends that government sets out a mechanism whereby those that join a commonhold at a later date should be liable for the same costs incurred by the original leaseholders that enfranchised and converted to commonhold, and which must include a contribution towards the premium paid for buying the freehold of a building's common parts and the legal and other professional costs incurred.

47. Designing a robust and fair mechanism to require retrospective contributions raises substantial practical and legal challenges, including how costs would be calculated over time, how they would apply where properties have changed ownership, where planning rules have changed and how fairness between different cohorts of leaseholders would be maintained.

48. The Government will continue to keep this issue under review as the commonhold model is implemented. However, we do not consider it appropriate to introduce a complex mechanism for retrospective cost-sharing at this point, in the absence of clear evidence that it is required and with the risk that agreeing, implementing and maintaining such a mechanism could significantly slow down the introduction of more accessible route to conversion for existing leaseholders.

Recommendation 12

> The final bill must include a requirement for freeholders to disclose information about the building safety status of a block as part of the enfranchisement process which leaseholders follow to convert to commonhold. The government must issue guidance after Royal Assent on the required format of this information.

49. It is important to ensure that leaseholders are appropriately informed about the condition of their building when making decisions about enfranchisement and conversion to commonhold.

50. The Government agrees that access to relevant information, including on building safety, is an important safeguard for leaseholders. In practice, much of this information is expected to come to light as part of the enfranchisement and conversion process, including through due diligence and professional advice.

51. We will explore the Committee's recommendation further to ensure appropriate and proportionate provision is in place to enable leaseholders to make informed decisions.

Recommendation 13

> The government must issue guidance after Royal Assent on the relevant documents which directors must provide to unit-holders for different types of vote in a commonhold association. This should include guidance on what format the documents should be presented in, and with how much notice they should be provided before the vote is taken.

52. The Government welcomes the Committee's recommendation and agrees on the importance of ensuring that commonhold unit-holders are able to make informed decisions when participating in the governance of their building. Clear, accessible and consistent information is essential to the effective operation of commonhold associations.

53. The framework for governance and decision-making in commonhold will be set out in the Commonhold Community Statement (CCS) and in the commonhold association's articles of association. A standard CCS and standard articles will be provided for in secondary legislation and will include provisions on voting procedures, including what documents or information directors should provide to unit-holders. This will establish the core requirements that apply across commonholds, ensuring a consistent baseline for how decisions are taken.

54. The Government agrees that guidance will play an important complementary role in supporting directors and commonhold associations to operate these processes effectively in practice. We will therefore, issue guidance following Royal Assent to set out expectations on the information that should be provided to unit-holders in advance of votes, including the form in which it should be presented and the notice periods that should apply.

55. This approach will ensure that unit-holders are properly informed while maintaining flexibility to reflect the diversity of commonhold settings.

Recommendation 14

> The final bill must include provisions to give the First-tier Tribunal in England and the Leasehold Valuation Tribunal in Wales discretion to waive some breaches of the statutory process. This should include technical breaches of procedure, such as a failure to meet time limits, where these do not affect the result of decisions made by members of a commonhold association.

56. The Government notes the Committee's recommendation and agrees that proportionality and practicality are important considerations in the operation of a new commonhold regime. We recognise that, particularly in the early stages of implementation, the directors of commonhold associations may commit minor procedural errors, and it is important that these do not unnecessarily undermine valid decisions or discourage participation.

57. The Government envisages that the Tribunal (that is, the First-tier Tribunal in England and the Leasehold Valuation Tribunal in Wales) will sometimes need to intervene in commonhold association disputes that cannot otherwise be resolved. We set out in the Commonhold White Paper that the Tribunal will have the discretion to overlook minor procedural mistakes, such as incorrectly filled-out forms or other non-compliance with the dispute resolution procedure, when it is called on to make determinations in these cases.

58. Most of the decision-making and dispute resolution procedures for commonhold associations will be set out in secondary legislation, and the Bill gives us powers to stipulate factors to which the Tribunal may, must or must not have regard when intervening in disputed decisions. The Government does not believe changes to the Bill are needed to allow us to deliver on the previous commitment in the Commonhold White Paper.

59. The Committee also discusses companies law requirements that will apply to commonhold associations by virtue of their being companies limited by guarantee, and concerns about commonhold associations meeting these. The Government is also mindful that commonhold associations will vary greatly in scale and professionalism, and that a proportionate approach to enforcement of any failures to comply for instance with filing requirements will need to be taken in view of these factors.

60. We note that the Law Commission considered the possibility of disapplying certain companies law requirements on commonhold association and did not recommend this. We agree that commonhold association directors should not be 'let off the hook' from responsibilities to keep records, file with Companies House, and uphold appropriate standards.

Recommendations 15 & 16

> The government must urgently clarify the circumstances in which shared ownership providers will exercise the vote of a shared ownership property— either by publishing draft regulations alongside the final bill, or by publishing a statement which sets out the "specified purposes" under which shared owners may not have a vote during the 10-year initial repair period.
>
> The final bill should make provision for shared owners and the shared ownership provider to share the unit's vote during the 10-year initial repair period, rather than treat the shared ownership provider as the member of the commonhold association. If there are any circumstances where the government believes shared owners should not be able to share the vote, the final bill must allow shared owners to attend and participate as non-voting members of commonhold association meetings in those circumstances.

61. The Government welcomes the Committee's recommendations and recognises the importance of ensuring that voting arrangements for shared ownership properties within commonhold are clear, transparent and fair to all parties. We agree that it is important to strike the right balance between empowering shared owners, who have the most direct interest in their homes, and recognising the interests of shared ownership providers, particularly during the initial repair period (IRP).

62. The Bill includes a power to specify, through regulations, the circumstances in which a shared ownership provider may exercise voting rights during the IRP. The Government's policy intent is that in new build commonholds which include shared ownership units, the vote should rest with the shared owner on all matters, with two exceptions. Firstly, where decisions relate directly to costs for which the provider is responsible during the IRP, it is appropriate that the provider exercises the vote. Secondly, with regards to a decision to voluntarily terminate the commonhold, the vote may be exercised by both the shared owner and provider to ensure that both parties' interests are appropriately reflected.

63. We also agree with the Committee's request for early clarity on how voting rights are delegated to both providers and shared owners in a commonhold. While it will not be possible to publish draft regulations alongside introduction of the Bill, we will continue to engage with the sector on points of detail.

64. Regarding the Committee's recommendation on shared voting, the Government's policy intent is already to prioritise shared owners as the primary voting party, rather than treating the provider as the default member of the commonhold association. We will consider how regulations can ensure that shared owners are able to attend and

participate meaningfully in decision-making, for matters relating to the IRP where they do not hold the vote, while avoiding unnecessary complexity.

65. There is, however, a distinction between shared ownership voting rights in a new commonhold and a converted one. Where a block has converted from leasehold to commonhold with shared ownership homes included, the provider would have exclusive decision-making powers in the new commonhold on all matters, but could decide to delegate its voting rights to the shared owner. This is an acknowledgement that providers in existing leasehold blocks could not necessarily have foreseen that their block would convert to commonhold when they granted the shared ownership lease.

66. In all commonholds with shared ownership units, both a shared owner and a provider may serve as a director of the Commonhold Association, make an application to the Tribunal for the replacement of a failing director or appointment of a Tribunal appointed director where a director vacancy cannot be filled and exercise minority protections to make an application to the Tribunal to overturn a decision of the Commonhold Association where they believe they have been negatively affected.

67. The Government will continue to engage closely with stakeholders as policy is developed, including considering the role of wider regulatory oversight and guidance in supporting appropriate behaviours by providers. Our objective is to deliver a framework that protects shared owners' interests, provides clarity to all parties, and supports the effective operation of commonhold associations.

Recommendation 17

> The government must invest in digitising HM Land Registry's systems, making them more accessible and user-friendly, to support the move to commonhold. This will ensure HM Land Registry is prepared to respond to an increased demand for its services as commonhold becomes more prevalent.

68. The Government notes the Committee's recommendation and agrees that HM Land Registry (HMLR) is a critical delivery partner for the successful implementation of commonhold. We are working closely with HMLR to ensure that its systems and services are ready to support an increase in commonhold transactions and to deliver a modern, efficient service for users.

69. In February 2026 Baroness Taylor wrote to the Chair of the Land Registry[2] Board to set out MHCLG's expectations for HMLR's operational performance and strategic transformation, making reference to digitisation and modernisation, as well as speed of service and readiness to deliver commonhold. The Government continues to hold HMLR to account for delivery against these objectives through its sponsorship of HMLR and through governance arrangements.

70. We also continue to work closely with HMLR on preparations for commonhold reform. HMLR already has systems in place to register existing commonholds and any new commonholds created under the current framework. Work is underway to ensure readiness for increased volumes of commonhold registrations, including digital service design, workforce requirements and engagement with stakeholders and the wider market.

71. While the provisions of the Bill itself are not the primary mechanism for delivering these operational changes, the Government is satisfied that HMLR's ongoing transformation programme, supported by its funding settlement and strategic direction, will ensure it is well placed to respond to increased demand as commonhold becomes more prevalent. We will continue to work closely with HMLR to support its readiness and to ensure that its services continue to be accessible, user-friendly and fit for the future.

[2] HM Land Registry Chair's letter - GOV.UK

Recommendation 18

> The government must continue close engagement with industry throughout the passage of the legislation, to ensure a transition to commonhold that minimises unintended impacts on the wider housing market. However, alongside considering the responses to its ongoing consultation, the government should continue with its fundamental aim of introducing the ban on new leasehold flats as soon as possible.

72. The Government welcomes the Committee's recommendation and recognises the importance of continued engagement with industry to support a smooth transition to commonhold. We understand that reform of this scale will have wide-ranging implications for consumers and the property market, and that close collaboration with consumer groups, developers, lenders, managing agents and other stakeholders is essential to minimise unintended impacts.

73. The department has engaged with consumer groups and the property sector in the development of the commonhold reforms and ban on new leasehold flats, to ensure the transition is deliverable and proportionate. We have also carefully considered the feedback received on transitional arrangements through the *Moving to Commonhold* consultation, and the evidence submitted to the Committee on transitional points. We are grateful to those for taking the time to feedback to both.

74. We agree with the committee on the importance on moving to commonhold as soon as possible while minimising the impacts on housing supply. To that end, we are looking to strike a careful balance and intend to commence the ban after 2.5 years following the regulations for the reformed commonhold model coming into force. In addition, live projects will be protected: developers with either a planning application lodged or consent granted before the ban is commenced will be permitted to continue to sell new leasehold flats on these sites after the ban has commenced. This will prevent disruption to housing supply, while any new projects initiated once the ban is in force will have to use commonhold.

75. The Government recognises that legislation alone will not be sufficient to ensure a successful rollout of the new commonhold framework. We have therefore set out plans to establish a Commonhold Implementation Steering Group, comprised of consumer and industry representatives and chaired by the Housing Minister. This group will support the department to develop a detailed roadmap for the implementation of measures in the Bill, which we intend to publish closer to Royal Assent.

Recommendation 19

> The government must ensure that any exemptions for the retirement housing sector from the ban on new leasehold flats, or other aspects of the legislation, are strictly limited. Retirement housing providers must also be included in the regulation of property managing agents scheme we have proposed in chapter 3, so that homeowners have access to meaningful redress.

76. The Government welcomes the Committee's recommendation and agrees that the treatment of specialist housing for older people should reflect the diversity of the sector. Any exemption from the ban on the use of leasehold for new flats must be limited and justified, so that it does not undermine the overarching objective of moving away from leasehold towards commonhold.

77. Specialist housing for older people ranges from relatively simple age-restricted housing to housing-with-care with extensive facilities and support services, and ongoing operator involvement. These models have materially different service offers, operational arrangements and funding structures. A one size fits all approach would therefore, not be appropriate.

78. Having considered the evidence received through pre-legislative scrutiny and the *Moving to Commonhold* consultation, the Government will adopt a tailored approach. Where new age-restricted housing is sold it will be provided as commonhold or freehold, giving residents the benefit of freehold ownership, greater transparency and control.

79. We will also adapt commonhold so that it can operate effectively for more service-led forms of older people's housing, including retirement living and housing-with-care. These adaptations will support appropriate ongoing operator involvement and the continued delivery of services and facilities, while enabling residents to benefit from commonhold ownership without having to assume greater day-to-day management responsibilities than they may wish to take on.

80. The Government nevertheless recognises that housing-with-care schemes, including Integrated Retirement Communities, are distinct from other forms of specialist housing for older people. These schemes provide care and support as part of their offer and often rely on more complex operational and funding arrangements.

81. The Government will therefore, provide a targeted exemption from the ban on use of leasehold, for specialist older people's housing-with-care schemes, allowing new homes in this category to be developed as leasehold, commonhold or freehold. This approach will support continued investment and supply across the sector, while

ensuring that the exemption is focussed on those schemes whose care and support offer and operational model justify different treatment.

82. In relation to the regulation of property managing agents, the Government agrees with the Committee on the importance of ensuring residents have access to effective redress and consistently high management standards. As set out elsewhere, we are committed to strengthening regulation in this area, and will consider how this applies across different parts of the sector.

Recommendation 20

> The government must match this service expansion with new funding for LEASE, to enable it to advise both leaseholders and commonholders. MHCLG must work closely with LEASE to develop a suite of practical guidance to promote awareness and understanding of commonhold, and to support both leaseholders who are converting to commonhold and consumers buying properties in new commonhold developments. These resources must be published and additional staff recruited ahead of the new commonhold legal framework becoming available for use. The government must also extend the organisation's provision of government-funded legal advice to support homeowners to make informed decisions about their blocks' conversion to commonhold.

83. The Government welcomes the Committee's recommendation and recognises the importance of ensuring that leaseholders and commonholders have access to clear, practical advice as the system transitions to commonhold. We note the important role played by the Leasehold Advisory Service (LEASE) in supporting consumers to understand their rights and make informed decisions.

84. LEASE is already undertaking a significant programme of digital transformation, moving from a predominantly one-to-one advice model to a more scalable, digital-first service. This includes the development of AI-enabled tools and a comprehensive overhaul of its guidance and advice materials, making them more accessible and easier for consumers to use. This approach is designed to increase capacity and reach, enabling LEASE to support a larger number of leaseholders and commonholders effectively.

85. Through this transformation, LEASE has begun work within existing funding to ensure that it can continue to provide a strong level of support to consumers. This includes improving the availability of practical guidance to support leaseholders considering conversion to commonhold, as well as those purchasing properties in new commonhold developments. The Department will continue to work closely with LEASE to develop and refine these resources as the reforms are implemented.

86. The Government will keep the resourcing of LEASE under review as demand for its services evolves. Should further funding be required to support delivery under the new, scalable model, this will be considered on a case-by-case basis. Our approach is to ensure that support is effective, proportionate and sustainable, while maximising the benefits of digital delivery to improve access for consumers.

Recommendation 21

> The government must provide its initial response to each of the recommendations in this report within two months. It must introduce the final bill to Parliament in autumn 2026, and schedule Second Reading before the November recess. The government should aim to ensure the final bill receives Royal Assent in mid-2027, so that some of the provisions, such as the cap on ground rent, can come into force in late 2027.

87. The Government notes the Committee's recommendation. We have responded to the report and its recommendations as soon as possible, given the change of Government and recognise the importance of providing a timely and substantive response to support parliamentary scrutiny and engagement with the reform programme.

88. The Government has introduced the final Commonhold and Leasehold Reform Bill and will work to progress the legislation at pace through both Houses.

89. We share the Committee's ambition to deliver reform swiftly, but notes it is not possible to commit to a fixed timetable for each stage of the Bill's passage, including Royal Assent. The Government must balance the need for timely delivery with ensuring that the legislation is robust, fully scrutinised, and supported by the necessary implementation preparation, including secondary legislation.

90. Notwithstanding this, the Government remains committed to progressing these reforms as quickly as practicable, including commencing key measures such as the ground rent cap at the earliest feasible opportunity following Royal Assent.

Recommendation 22

The government must reconsider and redraft provisions in the draft bill that would introduce sweeping delegated powers which have not been adequately justified, as set out in Table 3.

91. The Government notes the Committee's consideration of the use of delegated powers in the draft Bill. We recognise the importance of ensuring that such powers are appropriately justified, proportionate in scope, and subject to adequate parliamentary scrutiny.

92. The Government has considered the Committee's concerns as part of finalising of the Bill. We have reviewed the drafting of delegated powers in the usual way, ensuring that they are necessary to deliver the policy effectively and that their scope is appropriately constrained. The flexibility provided by delegated powers is essential to allow technical detail to be set out in secondary legislation and to support the effective implementation of the reforms.

93. The Government has published an updated Delegated Powers Memorandum alongside introduction of the Bill, which sets out the justification for each power and the rationale for the approach taken. This will enable Parliament to consider the appropriateness of the powers in detail as part of the Bill's scrutiny.

Recommendation 23

> We recommend that the government must consider incorporating the proposed drafting changes set out in Annex 1 of this report into the final bill.

94. The Government welcomes the Committee's recommendation and has considered the proposed drafting changes set out in Annex 1 as part of the finalisation of the Bill.

95. This included assessing whether suggested amendments would improve the clarity, coherence and effectiveness of the legislation, while ensuring that the Bill continues to deliver the intended policy outcomes.

96. The precise formulation of provisions has been determined through the finalisation of drafting and in consultation with Parliamentary Counsel, taking into account the full range of policy and legal considerations.

97. The Government has published updated Explanatory Notes alongside the Bill. These explain the purpose and intended effect of its provisions and will assist Parliament in its scrutiny of the legislation.

Recommendation 24

> The government must consider how it communicates the advantages of this legislation for homeowners responsibly and honestly. Messages from government suggesting that this legislation alone will "end leasehold" once it is passed, or that it will tackle all the injustices which leaseholders face in the short-term, risk undermining the government's ability to promote the benefits of commonhold to homeowners clearly.

98. The Government agrees that it is important to communicate clearly and responsibly about the aims and impacts of these reforms. However, we reject the suggestion that the Government has presented this legislation alone as ending leasehold or tackling all the injustices leaseholders face in the short term. We have always been clear that this is not the case. Ending leasehold will not happen overnight or through a single piece of legislation.

99. The transition from leasehold to commonhold will take time and must be carefully managed and accurately communicated to homeowners and the wider market. That does not diminish our ambition to bring the leasehold system to an end decisively and for good.

100. This legislation represents a significant step in reforming the system, including establishing commonhold as the default tenure for new flats and improving the rights of existing leaseholders. We will continue to build on these reforms through a carefully sequenced programme that delivers lasting change for leaseholders and homeowners.

101. We will continue to ensure that our communications reflect this position, setting out both the immediate benefits of the legislation and the longer-term nature of the transition. This includes providing clear and accessible guidance to support leaseholders, commonholders and industry stakeholders in understanding how the reforms will operate in practice.

102. Closer to Royal Assent, we will publish a detailed Implementation Roadmap in which we will look to set out the full programme of secondary legislation, along with a timeline for the implementation of Bill measures and publication of associated guidance. Development of this roadmap will be supported by the work of a new Commonhold Implementation Steering Group, chaired by the Housing Minister and comprised of consumer and industry representatives.

Recommendation 25

> The government must use the months ahead of the introduction of the final bill to ensure it has a clear strategy to deliver its manifesto commitments on leasehold reform during this Parliament. This must include a clear timetable for implementation of measures in this bill and in LAFRA, and preparation to bring forward further primary legislation on those manifesto commitments for which clauses cannot be drafted in time to be included in this bill. The government must set out its initial plans for further legislation in response to this report. Once this bill is passed, the government's leasehold and commonhold reform agenda will stand or fall on whether leaseholders see meaningful change to improve their experience of homeownership before the end of this Parliament. The final bill must now be strengthened, in line with our recommendations, to meet this test.

103. The Government notes the Committee's recommendation and recognises the importance of ensuring that leasehold and commonhold reform is delivered effectively over the course of this Parliament. The Commonhold and Leasehold Reform Bill forms a central part of a wider programme of reform, alongside the ongoing implementation of the LFRA and further planned activity to deliver manifesto commitments.

104. The Government has been actively progressing implementation of existing measures, including through an extensive programme of secondary legislation and consultation under LFRA whilst preparing for the introduction of the Bill. We recognise the importance of sequencing reforms appropriately and ensuring that delivery partners, institutions and the wider property market are prepared for change.

105. We are also committed to providing further clarity on implementation as policy is finalised and have published alongside the Bill, a "Direction of Travel" document on commonhold.

106. The Government's ambition is to deliver fundamental and lasting reform of the leasehold and commonhold system, not simply incremental improvements. We will continue to progress this transformational agenda at pace, while ensuring that measures are robust, deliverable and capable of achieving lasting change for homeowners. We will update Parliament on the development and implementation of these reforms in the usual way.

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