

Housing, Communities and Local Government Committee – UK Parliament

Call for Evidence on the Draft Commonhold and Leasehold Reform Bill

Response from Propertymark

February 2026

Background

1. Propertymark is the UK's leading professional body of property agents, with over 19,000 members representing over 12,500 branches. We are member-led with a Board which is made up of practicing agents, and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development¹.

Call for Evidence – overview

2. The House of Commons Housing, Communities and Local Government Committee is seeking views on the effectiveness of the draft Commonhold and Leasehold Reform Bill² published in late January 2026. Following the call for evidence, the Committee will make recommendations to the UK Government based on the submissions it receives.

Propertymark response – summary

3. Propertymark welcomes proposals from the UK Government to cap ground rents and ultimately reduce them to a peppercorn rate. We know from our research with Propertymark member agents that leasehold properties with escalating ground rent will struggle to sell, even if priced correctly. Addressing ground rents for existing leaseholders is a key step towards a fairer leasehold system. It brings existing leaseholders on par with new leaseholders, and it tackles one of the largest barriers to selling leasehold properties.
4. We also welcome steps to make it easier and cheaper to buy leasehold property and the ambition to transition towards commonhold, but agents and consumers will need clear guidance, education, and practical support to understand and navigate this change. Furthermore:
 - Service charges must reflect actual costs and while being addressed in the Leasehold and Freehold Reform Act 2024, Propertymark research suggests that service charges are a greater

¹ [The professional body for the property sector | Propertymark](#)

² <https://www.gov.uk/government/publications/draft-commonhold-and-leasehold-reform-bill>

barrier to property sales than ground rent. Greater reforms are needed to provide residents with the confidence that they will not face unreasonable costs.

- There must also be clearer routes to cladding remediation because existing measures have failed to sufficiently protect leaseholders from paying the cost of cladding remediation, nor has it effectively allowed for responsible parties to be identified and held to account. Unless further action is taken, residents and owners of properties affected by building safety defects will continue to face uncertainty and higher costs.
 - Action against rising insurance costs must also be addressed because in some cases, insurance premiums have increased by as high as 600%, which the majority of block management agents reporting insurance premiums didn't fall once flammable cladding was replaced.
5. A draft Bill provides a vital opportunity for policymakers to work with the sector to get the reforms right before legislation is passed into law. It is vital that the changes come in as soon as possible to support property transactions and that the costs are reduced for consumers.

Terms of reference

Policy objectives

How effectively does the draft Bill meet the Government's own policy intentions, including its commitment to “bring the feudal leasehold system to an end”?

6. We do think the draft Bill contains measures that will effectively meet the UK Government's own policy intentions, including its commitment to “bring the feudal leasehold system to an end.” It has been a long journey to get to this point for consumers, the property sector and policy makers. In September 2018, PropertyMark's report Leasehold: A Life Sentence? unearthed some very troubling statistics with 62% of leaseholders felt that they were mis-sold when they bought their home, 57% said that they didn't understand what being a leaseholder meant until they had already purchased their property and 48% were unaware of escalating ground rents attached to their lease when they purchased their home.³ The draft Bill is detailed, provides a phased approach and recognises the complexities of transitioning to a new regime. We also welcome the fact that the proposals will undergo lengthy scrutiny and seeks industry input before legislation is introduced to Parliament.

³ <https://www.propertymark.co.uk/resource/leasehold-a-life-sentence.html>



7. However, to further support the effectiveness of the draft Bill and to fully reform the leasehold system, legislation must address two additional areas. Firstly, rising service charges has been cited by estate agents as being the single largest reason for leasehold properties being unable to sell. While the draft Bill will address ground rents in the long-term, without directly addressing service charges, insurance premiums, ground rents more quickly and other charges, the sale of leasehold properties will continue to be a challenge and prevent the end of the “feudal leasehold system”. Secondly, greater efforts need to be made to remove all building safety defects from buildings and to ensure those who are responsible pay the vast majority (if not all) of the costs. Buildings with safety defects continue to face additional challenges to sell. Despite commitments from the UK’s largest lenders, the inability to mortgage a property with building safety defects is the single largest barrier to selling a leasehold property with existing building safety concerns.

Does the draft Bill provide a workable legal framework to support commonhold as the preferred, default tenure for flat ownership by the end of the Parliament?

8. Yes, we do think the draft Bill provides a workable legal framework to support commonhold as the preferred, default tenure for flat ownership by the end of the Parliament. We have two observations and two suggestions to support the application of the draft Bill. Our first observation is in relation to conversion. Reducing the consent threshold from 100% to 50% is a significant change, and the draft Bil sets out a mechanism for bringing leaseholders within a coordinated framework of rights and obligations. We recognise that to support commonhold as the preferred default tenure it cannot depend on unanimity and the draft Bill is trying to provide a workable pathway. Our second observation is that the draft Bill takes steps to make it easier for a group of leaseholders go through the process of collective enfranchisement. However, these steps rely on two factors; that the leaseholder, despite having to pay considerable monthly and annual costs, has the funds required to purchase the freehold and that other leaseholders within the building agree for the building to become commonhold. While these steps will allow for some leaseholders to purchase their freehold, it does not guarantee the end of leasehold for all leaseholders.
9. Our first suggestion to support the application of the draft Bill is where measures are being proposed to restrict the grant or assignment of a long lease of a new flat. Under these proposals certain categories of leases will be exempt from the ban, nevertheless the timings for commencement of the ban, any transitional arrangements and the final list of exemptions are not included in the draft Bill. This will be subject to further consultation, but further detail is need on



how the UK Government will analyse the market and assess the reforms in order for the ban to come into force. Setting trigger points and timescales for reviews would provide more clarity and certainty. Our second suggestion to support the application of the draft Bill is in relation to the significant changes placed on homeowners and property agents. We have concerns about the capacity, knowledge and understanding of how the new system will work across both these groups. Commonhold requires new documents, new processes, new management practices and new advice for consumers and professionals. The UK Government must not underestimate the responsibility on commonholders as well as property agents, and estate agents in particular, who will also need to understand the detail as they support consumers to buy and sell commonhold property. To this end, it is vital that commonholders, as well as leaseholders, can rely on a professional and regulated property agent and management sector to support them. The legislation should also deliver on commitments for mandatory qualifications, and to bring forth the regulation of property agents, to further improve outcomes for homeowners.

Strengthening leaseholders’ rights and bringing the feudal leasehold system to an end

Will the Government’s proposal for a cap on ground rents of £250 a year, changing to a peppercorn after 40 years, tackle unregulated and unaffordable existing ground rent charges?

10. After 40 years, the UK Government’s proposals will tackle unregulated and unaffordable ground rent charges, but during this time these costs will continue to have a negative impact on the ability for leaseholders to sell. However, considering that legislation was introduced in 2022 and 2023 capping ground rents on most new long residential leases in England and Wales (as well as retirement homes) to a "peppercorn" per year, effectively reducing the financial charge to zero, the timeframe for existing leaseholders in the draft Bill does appear to be too long to wait to level the playing field.⁴

Are there any potential loopholes in the draft Bill’s provisions to cap ground rents, including through the use of headleases?

11. Yes, we do think there are potential loopholes in the draft Bill’s provisions to cap ground rents. To this end, the UK Government must clarify two things. Firstly, that where existing leaseholders are paying an annual ground rent charge above £250 the charge will be reduced. Secondly, where existing leaseholders are paying below £250, the legislation is not used as a reason to raise the ground rent charge to the cap where an escalating mechanism is not currently contained within a

⁴ <https://www.legislation.gov.uk/ukpga/2022/1/contents>

lease agreement. This is important because following research conducted by Propertymark in 2023, we know that 78% of Propertymark member agents reported that leasehold properties with escalating ground rent will struggle to sell, even if priced correctly.⁵

Will the draft Bill's proposal to end the use of forfeiture against leaseholders go far enough to redress the imbalance between leaseholders and landlords when there is a breach of covenant?

12. Yes, we do think the draft Bill's proposal to end the use of forfeiture against leaseholders does go far enough to redress the imbalance between leaseholders and landlords when there is a breach of covenant. The new process proposed by the UK Government that allows the Courts to decide more proportionate action in the event of arrears or a breach in lease terms. This will provide confidence to leaseholders that they will not face disproportionate measures for minor arrears and breaches while the Courts would still have the ability to allow a freeholder to regain the lease in the rare event of the most severe breaches or arrears.

What provisions does the draft Bill include to support leaseholders faced with the cost of major works?

13. There are provisions within the draft Bill that ensure that reserve funds are mandated and that reserve fund studies must be taken to ensure that a qualified professional must be hired to determine the level of contributions that may be required. However, based on the legislation the requirement to hire a qualified professional to determine how much needs to be charged for the reserve fund appears to only apply to commonhold associations. For leaseholders to experience the same protections, and for commonholders to receive further protections, we would like to see two additional requirements. Firstly, the need for a qualified professional to determine the level of the reserve fund must extend to leaseholders as well. This could be met if the freeholder or individual tasked by the block management agent or resident management company has a relevant qualification. Secondly, the rules around improving transparency for service charges need to apply to the creation of reserve funds or these risk causing disputes between residents and those tasked with setting up reserve funds.

14. Additionally, there are further costs for residents where building safety defects have been replaced. When building safety defects are present, insurance premiums increase to reflect the additional risk of damage to the building. In theory, these premiums should decrease once the

⁵ <https://www.propertymark.co.uk/resource/leasehold-2023-has-anything-changed.html>

safety defect has been replaced, however, this rarely happens. We know from surveying members on the matter that just under two thirds said that insurance premiums didn't fall at all and less than 10 per cent said premiums fell to a level that reflected what the premium should be if the block never had a building safety defect. These costs are often passed onto leaseholders through the service charge, but since it is out of the control of the property owner or residents, much of the legislation aiming to increase transparency or reduce costs wouldn't have an impact. Therefore, we would recommend that steps be taken to prevent insurance premiums from staying the same even after works have been carried out to reduce the risk of a fire in a block.

Should provisions implementing the remaining recommendations of the Regulation of Property Agents: Working Group be included in the final version of this Bill?

15. Yes, provisions implementing the remaining recommendations of the Regulation of Property Agents: Working Group should be included in the final version of this Bill. There are two provisions in particular that are important to include:

- Firstly, the Regulation of Property Agents: Work Group report argues that the creation of a regulatory framework for property agents would also assist in the expected transition to greater use of commonhold and the greater use of Right to Manage in the future, by both providing information to help residents choose a property agent and providing assurance that they have protections if things go wrong.⁶ The report also recommends that the syllabus for mandatory qualifications for property agents be modular and thus include complex tenure types such as leasehold and commonhold. To this end, policy makers must recognise that reforms to leasehold and the transition to commonhold will impact all property agents and many property agency businesses are multi-discipline practices. Estate agents support with the sale and purchase of property; whether on a freehold, leasehold or commonhold basis. Managing agents work in the leasehold sector who provide services to freeholders and collect certain fees and charges on the freeholder's behalf. Letting agents work for landlords to advertise their properties, negotiate tenancies and/or help the landlord to manage the property and tenancy on an ongoing basis on the landlord's behalf. Letting agents will still interact with leasehold and commonhold property and thus must not be overlooked in any regulatory framework. They are important in relation to commonhold because according to Census data for 2021/2022, 44% of households in the private rented sector in England were

⁶ <https://www.gov.uk/government/publications/regulation-of-property-agents-working-group-report>

living in flats, maisonettes or apartments.⁷ Furthermore, the UK Government estimate that there are 22,900 letting agents in England and that around 64% of landlords use the services of letting agents. Therefore, many existing leasehold and future leasehold properties will be let and managed by letting agents who will play a key role in supporting and informing tenants and landlords about their rights and responsibilities in the private rented sector.⁸

- Secondly, Propertymark has long advocated for better service charge transparency. Consequently, the measures included in the Leasehold and Freehold Reform Act 2024 for new standardised service charge demand forms, annual reports, service charge accounts and administration charges should be implemented as soon as possible.⁹ the Regulation of Property Agents: Work Group report recommends that a new regulator and/or role of designated professional bodies be set up to oversee compliance with a new regulatory framework. The report also recommends that the new regulator be given a statutory duty to ensure transparency of leaseholder and freeholder charges, and that it should work with the sector (property agents, developers and consumers) to draw up the detail of the regulatory codes, to include provisions related to these charges. Consequently, further work is needed by the UK Government through legislation to ensure a joined-up approach to regulation to support consumers via codes of practice, qualifications, and a licensing scheme for property agents as set out in the Regulation of Property Agents: Work Group report.

Banning the sale of new leasehold flats and making commonhold the default tenure

What are the possible impacts of the draft Bill on the property sector, including to property values and housing supply?

16. Should the UK Government put in the right measures to ensure that commonhold is well received by the public and housing professionals, it has the potential to improve the market for buying, selling and renting flats. Furthermore, current leaseholders would see their property values increase, ensuring that they can benefit more from the sale of their property. This does depend on if measures introduced to improve transparency and the ease of challenging charges can be introduced, along with the regulation of property agents and steps taken to accelerate the

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<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/privaterentedsectorstatisticsfromacrosstheuk/2025>

⁸ <https://www.gov.uk/government/publications/renters-rights-bill-impact-assessment>

⁹ <https://www.legislation.gov.uk/ukpga/2024/22/contents>



remediation of building safety defects. If the UK Government is able to improve demand for flats through the shift to commonhold as the default tenure, we envision that this new demand will offset much of the loss in the development of new blocks due to a reduction in returns from ground rent payments. Overall, we think there are four possible impacts of the draft Bill on the property sector. Firstly, conversion will be most complex and hard where there are mixed use sites, defective leases, missing landlords or fragmented interests. Secondly, estate agents will play a vital role as often consumers come to them first when buying and selling a property. It will take time for them to understand commonhold so they can explain it simply to consumers and the wider market. Thirdly, ensuring that consumers and the market understand Commonhold Community Statements, local rules, the need for a Commonhold Unit Information Certificate and a register of members as part of a Commonhold Association is all new and getting the education and understanding right will be important in determining whether buyers feel confident, whether lenders remain comfortable and whether disputes are resolved quickly. Fourthly, managing agents will play an important role but will need to understand how budgets and governance work for commonhold and how this differs from leasehold service charges, again to give owners confidence in the new system.

Do the provisions in the draft Bill improve confidence in commonhold across the property sector?

17. We agree that provisions in the draft Bill improve the confidence in commonhold as it allows all residents to have a say how their block is run. Also, by introducing regulations that allow residents to hold block managers to account, there will be an option for leaseholders who are happy with relinquishing their right to decide how their block is managed. Ultimately however, the UK Government will need to take further action to ensure that residents of flats understand the differences between leasehold and commonhold, what the potential benefits and drawbacks are for both forms of block management. Additionally, the UK Government must continue to take action against unfair costs within leasehold properties rather than hoping that all blocks of flats will become commonhold as it will leave potentially millions of leaseholders not better than they were 10 years ago.

Implementation and final questions

Are there any additions you would like to see to the draft Bill?

18. We would like to see further clarity from the UK Government in two areas. Firstly, on how it intends to resource and ensure capacity at HM Land Registry who will play a central, administrative, and

regulatory role in establishing, managing, and documenting commonhold developments as well as existing leasehold property. Secondly, the Leasehold and Freehold Reform Act 2024 defines event fees in relation to a new lease being granted, assigned or terminated and with the amount calculated by a method determinable in advance. However, Propertymark has long agreed with calls for a disclosure document concerning Event Fees in specialist retirement developments as drafted by the Law Commission in March 2017 to be introduced.¹⁰ It is not clear from the UK Government what further steps they intend to take to support transparency and help improve the affordability of specialist housing for older people.

¹⁰ <https://lawcom.gov.uk/project/event-fees-in-retirement-properties/>