

Leasehold and Freehold Reform Bill

MARSHALLED
LIST OF AMENDMENTS
TO BE MOVED
ON REPORT

The amendments have been marshalled in accordance with the Instruction of 15th May 2024, as follows –

Clauses 1 to 7	Schedule 9
Schedule 1	Clause 47
Clauses 8 to 18	Schedule 10
Schedule 2	Clauses 48 to 69
Clauses 19 to 29	Schedule 11
Schedule 3	Clauses 70 to 104
Clauses 30 to 36	Schedule 12
Schedules 4 to 7	Clauses 105 to 109
Clauses 37 to 44	Schedule 13
Schedule 8	Clauses 110 to 124
Clauses 45 and 46	Title

[Amendments marked ★ are new or have been altered]

**Amendment
No.**

Schedule 1

BARONESS SCOTT OF BYBROOK

- 1★** Schedule 1, page 137, line 32, leave out sub-paragraph (2) and insert –
- “(2) A lease is a retirement housing lease if –
- (a) it is a term of the lease that the house comprised in the lease may be occupied only by persons who have attained a minimum age,
 - (b) that minimum age is not less than 55, and
 - (c) the house comprised in the lease is part of a retirement development or scheme in which the leases of all the houses in that development or scheme meet the requirements set out in paragraphs (a) and (b).”

Member's explanatory statement

This amendment changes the definition of a retirement housing lease so that the minimum age requirement applies to a person occupying the house, rather than to the tenant or assignee.

BARONESS SCOTT OF BYBROOK

2★ Schedule 1, page 138, line 11, leave out paragraph 4 and insert –

- “4 A lease of a house where the house comprised in the lease –
- (a) is a property or part of a property vested inalienably in the National Trust for Places of Historic Interest or Natural Beauty (“the National Trust”) under section 21 of the National Trust Act 1907, or
 - (b) is inalienable by the National Trust by virtue of section 8 of the National Trust Act 1939.”

Member's explanatory statement

This amendment clarifies the scope of the exemption for leases of certain National Trust property to ensure that it captures leases of houses which are a property, or part of a property, vested inalienably in the National Trust under section 21(1) or (2) of the National Trust Act 1907, or which are inalienable by the National Trust by virtue of section 8 of the National Trust Act 1939.

BARONESS SCOTT OF BYBROOK

3★ Schedule 1, page 138, line 15, at end insert –

- “4A(1) A lease granted out of a freehold estate by the Crown.
- (2) In this paragraph “the Crown” means –
- (a) His Majesty in right of the Crown, in right of His private estates, or in right of the Duchy of Lancaster, or
 - (b) the Duchy of Cornwall.”

Member's explanatory statement

This amendment creates a new category of permitted lease for the purpose of Part 1 of the Bill (ban on leasehold houses) where a lease is granted out of a freehold estate by certain parts of the Crown.

Clause 12

BARONESS SCOTT OF BYBROOK

4★ Clause 12, page 7, line 11, leave out “registration” and insert “completion by registration”

Member's explanatory statement

This amendment ensures that the provision only applies to an application for completion by registration of a disposition which is a grant of a lease and not to an application for other entries on the register.

BARONESS SCOTT OF BYBROOK

5★ Clause 12, page 7, line 17, leave out “registered” and insert “completed by registration”

Member's explanatory statement

This amendment ensures that the restriction under this subsection only applies to a disposition which is completed by registration.

BARONESS SCOTT OF BYBROOK

- 6★ Clause 12, page 7, line 28, leave out “registered” and insert “completed by registration”

Member's explanatory statement

This amendment ensures that the restriction under this subsection only applies to a disposition which is completed by registration.

Before Clause 24

BARONESS SCOTT OF BYBROOK

- 7★ Before Clause 24, insert the following new Clause –

“Part 1: Crown application

This Part binds the Crown.”

Member's explanatory statement

The amendment inserts a new clause into Part 1 of the Bill (leasehold houses) to make provision that the Part binds the Crown.

After Clause 25

LORD BAILEY OF PADDINGTON

- 8★ After Clause 25, insert the following new Clause –

“Mandatory share of freehold on new enfranchisable blocks of flats

- (1) A person may not grant or enter into an agreement to grant a restricted long lease of a flat in a qualifying building on or after the day on which this section comes into force, unless the freehold estate in the building is held by a Shared Freehold Company.
- (2) The appropriate national authority may make regulations providing for –
 - (a) the content, form and effect of the articles of association of Shared Freehold Companies, which may include provision which is to have effect for a Shared Freehold Company whether or not it is adopted by the company;
 - (b) a provision of the articles of association of a Shared Freehold Company to have no effect to the extent that it is inconsistent with the regulations;
 - (c) the exemption of Shared Freehold Companies from the strike-off provisions of section 1000 of the Companies Act 2006;
 - (d) the automatic acquisition and termination of membership in a Shared Freehold Company by tenants and initial subscribers; and

- (e) restrictions on the terms or effect of any agreement, lease or rentcharge to which a qualifying building or its appurtenant property is subject.
- (3) The articles of association of any Shared Freehold Company must provide that –
 - (a) all tenants under long leases of flats in the relevant qualifying building will be voting members of the Shared Freehold Company; and
 - (b) no other person will be a voting member of a Shared Freehold Company where more than one year has elapsed since its incorporation.
- (4) Regulations under this section are subject to negative resolution procedure.
- (5) In this section –
 - “appropriate national authority” is –
 - (a) in relation to England, the Secretary of State;
 - (b) in relation to Wales, the Welsh Ministers;
 - “effective date” means the day three years after the day on which this Act is passed,
 - “exempted building” means any building in which a freehold estate is held by –
 - (a) a Commonhold Association, or
 - (b) a Community Land Trust satisfying the definition in section 2(7A) of the Leasehold Reform (Ground Rent) Act 2022;
 - “flat” has the same meaning as in section 101 of the Leasehold Reform, Housing and Urban Development Act 1993;
 - “long lease” has the same meaning as in sections 76 and 77 of the Commonhold and Leasehold Reform Act 2002;
 - “qualifying building” is a building which meets the following conditions –
 - (a) it would constitute premises to which Chapter 1 of the Leasehold Reform, Housing and Urban Development Act 1993 applied if each flat in the building had a qualifying tenant within the meaning specified in section 5 of that Act; and
 - (b) the first long lease granted over a flat in the building was granted on or after the effective date; and
 - (c) it is not an exempted building;
 - “restricted long lease” is a long lease which does not fall into any of the categories in Schedule 1, where the terms of the lease do not prevent the flat from being occupied under that lease as a separate dwelling;
 - “Shared Freehold Company” means a limited company established for purposes connected with holding the freehold of a specific qualifying building, where membership in the company is referable to holding a leasehold estate in one or more flats in the qualifying building.”

Member's explanatory statement

This amendment requires new blocks containing leasehold flats to be mutually owned (commonhold, Community Land Trusts, or shared freehold), but exempting Schedule 1's “permitted leases”, and optionally permits regulating Shared Freehold Companies, analogously to existing powers over RTM companies. This facilitates commonhold adoption, while preserving the option of shared freehold arrangements which have evolved through private initiative.

After Clause 28

LORD HOWARD OF RISING

9 After Clause 28, insert the following new Clause –

“Residence condition where a claim is made in reliance on section 28 of this Act

(1) Section 13 of the LRHUDA 1993 is amended as follows –

- (a) in subsection (2)(a)(ii), omit “and”;
- (b) in subsection (2)(b), at end insert “and –
- (c) in a claim to which the High Non-Residential Floor Area Condition applies, not less than one half of the qualifying tenants by whom the notice is given must satisfy the Residence Condition.”;

(c) after subsection (11), insert –

“(11A) In this section –

- (a) the “High Non-Residential Floor Area Condition” applies if –
 - (i) the specified premises are not excluded from the right to enfranchise by section 4(1), and
 - (ii) the internal floor area percentage assessed in accordance with section 4(1)(b) is more than 25 per cent, and
- (b) the Residence Condition applies if the qualifying tenant or, where there are joint tenants who comprise the qualifying tenant, one of those joint tenants, occupies their flat as their only or principal home at the relevant date.”

Member's explanatory statement

This amendment ensures that, in a case where a building has more than 25% of commercial floor space, the right of collective enfranchisement will not apply unless at least 50% of the participating tenants are occupying home owners.

Schedule 4

BARONESS SCOTT OF BYBROOK

10★ Schedule 4, page 159, line 6, leave out from “continue” to end of line 8 and insert “on the terms on which it is granted, and therefore will not be substituted by the statutory lease;

- (aa) the current lease will continue (on those terms) until its term date;”

Member's explanatory statement

This amendment would restructure paragraph 3(2) in connection with the new sub-paragraph (2A) that would be inserted by another amendment in my name.

BARONESS SCOTT OF BYBROOK

- 11★** Schedule 4, page 159, line 9, leave out “that” and insert “out of the interest of the person granting the statutory lease;
- (ba) the notional lease”

Member's explanatory statement

This amendment would make clear that it must be assumed that the notional lease is granted out of the interest of the person granting the new lease on the lease extension.

BARONESS SCOTT OF BYBROOK

- 12★** Schedule 4, page 159, line 18, at end insert –
- “(2A) But if the tenant is holding over under the Local Government and Housing Act 1989 at the valuation date –
- (a) in the assumption in sub-paragraph (2)(a), the reference to the terms on which the current lease is granted has effect as a reference to the terms on which the tenant is holding over under that Act;
- (b) the assumption in sub-paragraph (2)(aa) does not apply.
- (2B) Paragraph 21 makes provision about whether any right to hold over under the Local Government and Housing Act 1989 is to be taken into consideration in determining the market value of the notional lease (if the tenant is not holding over under that Act at the valuation date).”

Member's explanatory statement

This amendment would clarify the operation of paragraph 2 in cases where the tenant has a right to hold over under the Local Government and Housing Act 1989

LORD HOWARD OF RISING
LORD MOYLAN

- 13** Schedule 4, page 160, line 6, after “Schedule” insert “but only to the extent that the property comprised in that freehold or lease is comprised in a current lease which is held under a homeowner lease at the valuation date”

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

BARONESS SCOTT OF BYBROOK

- 14★** Schedule 4, page 160, line 23, leave out from “if” to end of line 24 and insert “ –
- (a) the tenant is holding over under the Local Government and Housing Act 1989 at the valuation date, or

- (b) the term date of the current lease is within the period of five years beginning at the valuation date.”

Member's explanatory statement

This amendment would stop the standard valuation method from being compulsory if the current lease has passed its term date (and so the tenant is holding over by virtue of Schedule 10 to the Local Government and Housing Act 1989).

LORD HOWARD OF RISING
LORD MOYLAN

- 15 Schedule 4, page 162, line 18, after second “is” insert “held under a homeowner lease at the valuation date, and”

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

LORD HOWARD OF RISING
LORD MOYLAN

- 16 Schedule 4, page 162, line 41, at end insert –

“Hope value and/or marriage value payable

- 13A The standard valuation method is not compulsory for the property comprised in a current lease in circumstances where Assumption 2 in paragraph 17 does not apply.”

Member's explanatory statement

This amendment would not require the standard valuation method to be used in circumstances where hope value and/or marriage value is payable.

LORD HOWARD OF RISING
LORD MOYLAN

- 17 Schedule 4, page 163, line 27, at end insert “, but see sub-paragraph (3A).”

BARONESS SCOTT OF BYBROOK

- 18★ Schedule 4, page 163, line 28, leave out from “that” to end of line 34 and insert “the following occurred immediately before the valuation date –

- (a) in the case of the transfer of a freehold house under the LRA 1967 –
(i) the merger with the freehold of any lease which the claimant will acquire as part of the statutory transfer;

- (ii) the surrender of any lease of the currently leased premises that belongs to the qualifying tenant and is superior to the current lease;
- (b) in the case of the grant of an extended lease of a house under the LRA 1967 –
 - (i) the merger with the interest of the person granting the statutory lease of any lease which will be deemed to be surrendered and regranted as part of the statutory grant;
 - (ii) the surrender of any lease that will be surrendered under paragraph 11(1) of Schedule 1 to the LRA 1967 as part of the statutory grant;
- (c) in the case of the collective enfranchisement of a building under the LRHUDA 1993, the merger with the freehold of any lease which the claimant will acquire as part of the enfranchisement;
- (d) in the case of the grant of a new lease of a flat under the LRHUDA 1993 –
 - (i) the merger with the interest of the person granting the statutory lease of any lease which will be deemed to be surrendered and regranted as part of the statutory grant;
 - (ii) the surrender of any lease that will be surrendered under paragraph 10(3) of Schedule 11 to the LRHUDA 1993 as part of the statutory grant.”

Member's explanatory statement

This amendment would restructure paragraph 17(2) and add new material in paragraph (a)(ii), (b)(ii) and (d)(ii) to require it to be assumed that certain leases have been surrendered.

LORD HOWARD OF RISING
LORD MOYLAN

- 19 Schedule 4, page 163, line 35, after "2:" insert "in a case where the claimant or, if there is more than one claimant, every claimant, holds the house or flat by virtue of which they are entitled to make the claim under a homeowner lease,"

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

THE LORD BISHOP OF SOUTHWELL AND NOTTINGHAM

- 20★ Schedule 4, page 164, line 15, at end insert –

“(3A) But in a case where the freeholder is a charity and the freehold interest was vested in that charity immediately before the passing of this Act, the freeholder is entitled to compensation for loss of marriage or hope value, with the amount of compensation being equal to the amount the freeholder would have received by way of marriage or hope value if assumption 2 had not been made.”

Member's explanatory statement

This amendment would give a charity freeholder the right to compensation for the loss of marriage or hope value.

LORD HOWARD OF RISING
LORD MOYLAN

21 Schedule 4, page 164, line 15, at end insert “, but see sub-paragraph (3A).

- (3A) Assumption 2 is not to be made where –
- (a) the claimant held the lease on the day on which this Act was passed, and
 - (b) on that day the lease was of less than 80 years' duration.
- Accordingly, marriage or hope value is payable in the case of a lease of less than 80 years' duration held by the claimant at the date of the passage of this Act.”

LORD HOWARD OF RISING
LORD MOYLAN

22 Schedule 4, page 164, line 15, at end insert –

- “(3A) Assumption 2 applies only where the current lease held by the claimant has an unexpired term of more than 80 years on 27 November 2023.
- (3B) Where Assumption 2 does not apply (so that marriage value and/or hope value is payable), it is to be assumed that neither the LRA 1967 nor the LRHUDA 1993 confers any right to acquire the freehold or an extended or new lease of the newly owned premises, and –
- (a) such hope value, or
 - (b) the percentage of such marriage value
- shall form part of the market value.”

Member's explanatory statement

This amendment would (i) disregard the effect of any right of compulsory acquisition in a case where hope and/or marriage value is payable and (ii) restrict the abolition of marriage and hope value to existing leases where there is more than 80 years of the term left on the lease at the date that the Bill was published.

LORD HOWARD OF RISING
LORD MOYLAN

23 Schedule 4, page 164, line 15, at end insert –

- “(3A) Assumption 2A: in a case where Assumption 2 does not apply, then it must be assumed (having made assumption 1) that –

- (a) there is no right to acquire the relevant freehold or notional lease or to acquire any new lease under the LRA 1967 or LRHUDA 1993 and no right to vary any existing lease to replace rent with a peppercorn rent under Schedule 9 to this Act,
- (b) one half of any marriage value is to be taken into account in the valuation, but
- (c) in the case of any property held under a lease with an unexpired term of more than 80 years at the valuation date, any marriage value or hope of marriage value is to be taken to be nil.”

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

LORD HOWARD OF RISING
LORD MOYLAN

24 Schedule 4, page 165, line 11, at end insert—

- “(1A) Where Assumption 2 does not apply (so that marriage value and/or hope value is payable), reference in paragraph 17(3A)) to “the claimant” shall be construed as a reference to “a participating tenant”, and marriage value is the increase (if any) in the value of the newly owned premises when regarded as being (in consequence of their being acquired by the nominee purchaser) an interest under the control of the participating tenants, as compared with the value of that interest when held by the persons from whom they are to be so acquired, being an increase in value—
- (a) which is attributable to the potential ability of the participating tenants, once that interest has been so acquired to have new leases granted to them without payment of any premium and without restriction as to length of term, and
 - (b) which, if those interests were being sold to the nominee purchaser on the open market by willing sellers, the nominee purchaser would have to agree to share with the sellers in order to reach agreement as to price.”

Member's explanatory statement

This amendment provides the basis for calculation of marriage value (where applicable) on a collective claim.

LORD HOWARD OF RISING
LORD MOYLAN

25 Schedule 4, page 165, line 25, at end insert—

- “(3A) For the purposes of this paragraph, “marriage value” in Assumption 3 means any increase in the aggregate value of the freehold and every intermediate leasehold interest in the specified premises, when regarded as being (in consequence of their being acquired by the nominee purchaser) interests under the control of the

participating tenants, as compared with the aggregate value of those interests when held by the persons from whom they are to be so acquired, being an increase in value –

- (a) which is attributable to the potential ability of the participating tenants, once those interests have been so acquired, to have new leases granted to them without payment of any premium and without restriction as to length of term, and
- (b) which, if those interests were being sold to the nominee purchaser on the open market by willing sellers, the nominee purchaser would have to agree to share with the sellers in order to reach agreement as to price.”

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

BARONESS SCOTT OF BYBROOK

26★ Schedule 4, page 166, line 30, at end insert –

“(4A) But, as this paragraph has effect subject to any assumptions that must be made in accordance with other provisions of this Schedule, the effect of those assumptions must form part of the determination of what, if any, specified matters arise.”

Member's explanatory statement

This amendment would make clear that the assumptions made under Schedule 4 govern paragraph 20 (so that, for example, an intermediate lease which is assumed to have been surrendered, or merged with a superior title, would not be a “specified matter”).

BARONESS SCOTT OF BYBROOK

27★ Schedule 4, page 166, line 38, leave out from “1989” to end of line 7 on page 167 and insert “, and

- (b) the tenant is not holding over under that Act at the valuation date.
- (1A) That right to hold over, and the likelihood of that right being exercised, is to be taken into consideration in determining the market value only if –
 - (a) the term date of the current lease is within the period of five years beginning at the valuation date, and
 - (b) that right to hold over is likely to be exercised.”

Member's explanatory statement

This would clarify that paragraph 21 only applies before the tenant starts to hold over under the Local Government and Housing Act 1989.

BARONESS SCOTT OF BYBROOK

28★ Schedule 4, page 167, line 27, at end insert –

“22A(1) This paragraph applies when determining –

- (a) the market value of the relevant freehold on the transfer of a freehold house under the LRA 1967, or
 - (b) the market value of the notional lease on a lease extension, if the qualifying tenant is also the tenant of a relevant superior lease.
- (2) A “relevant superior lease” is a lease that –
- (a) is superior to the current lease, and
 - (b) in accordance with paragraph 17(2)(a)(ii), (b)(ii) or (d)(ii) must be assumed to have been surrendered.
- (3) After the application of the other provisions of this Schedule for the purposes of calculating the market value, including the assumptions in paragraph 17(2) –
- (a) the amount produced by the application of those other provisions must be reduced to take account of the value of the relevant superior lease, and
 - (b) the amount produced after that reduction is the market value.”

Member's explanatory statement

This amendment would ensure that the qualifying tenant is not required to pay a price that includes the value of an interest which they already own (namely a lease that is superior to the lease they are enfranchising or extending).

LORD MOYLAN

29 Schedule 4, page 168, line 31, leave out sub-paragraphs (3) and (4)

Member's explanatory statement

This amendment would remove the cap on ground rent for the purposes of enfranchisement calculations.

LORD MOYLAN

30 Schedule 4, page 169, line 20, leave out sub-paragraphs (9) and (10)

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Moylan to leave out sub-paragraphs (3) and (4) of this paragraph.

LORD MOYLAN
LORD HOWARD OF RISING

31 Schedule 4, page 170, line 35, leave out sub-paragraphs (8) to (10)

THE LORD BISHOP OF SOUTHWELL AND NOTTINGHAM

32★ Schedule 4, page 171, line 4, at end insert—

“(11) When prescribing and reviewing the deferment rate or rates, the Secretary of State must have due regard for the income of charities with freehold interests which were vested in that charity immediately before the passing of this Act.”

Member's explanatory statement

This amendment would mean that, in setting the deferment rate(s), the Secretary of State would need to consider the position of charities which rely on freeholding interests for their income, ensuring that their financial position and ability to deliver public benefit would not be unduly impacted by the Act.

LORD MOYLAN
LORD HOWARD OF RISING

33 Schedule 4, page 172, line 1, leave out sub-paragraphs (7) to (9)

LORD MOYLAN
LORD HOWARD OF RISING

34 Schedule 4, page 172, line 32, at end insert—

“Interpretation

28A(1) In this Part of this Schedule “applicable deferment rate”, in relation to the determination of any aspect of the reversion value of premises, means the deferment rate prescribed in regulations made by the Secretary of State that is applicable to that aspect by virtue of the regulations; and for this purpose a “deferment rate” is a rate applied to an anticipated future receipt to ascertain its value at an earlier date.

(2) A statutory instrument containing regulations under this paragraph is subject to the negative procedure.

(3) The Secretary of State must review the deferment rate or rates every five years.

28B In prescribing the applicable deferment rate or rates—

- (a) the Secretary of State shall ensure that the rate produces reversion values reflecting as closely as possible the market value of the right to vacant possession of residential premises on the expiry of a lease of those premises on the assumption that the LRA 1967 and the LRHUDA 1993 conferred no right on the tenant to acquire the freehold or extend their lease or vary their lease to replace the rent with a peppercorn rent, and
- (b) the Secretary of State may prescribe different rates for different factual situations, such as prescribing different rates for properties in different parts of the country or for leases with different unexpired terms.”

LORD HOWARD OF RISING
LORD MOYLAN

35 Schedule 4, page 173, line 35, leave out subsection (2) and insert—

“(2) In determining the loss suffered by an eligible person in a case to which Assumption 2 (in paragraph 17(3)) applies, that assumption must be made in relation to the person’s qualifying transaction and, accordingly, in such case no marriage or hope value is taken into account in determining the loss.”

LORD MOYLAN
LORD HOWARD OF RISING

36 Schedule 4, page 178, line 24, leave out “ten” and insert “five”

Member's explanatory statement

This amendment reduces the capitalisation rate review period from ten years to five years.

LORD MOYLAN
LORD HOWARD OF RISING

37 Schedule 4, page 178, line 24, at end insert—

“39 In prescribing the applicable capitalisation rate—

- (a) the Secretary of State must ensure that the rate produces term values reflecting as closely as possible the market value of the right to receive a ground rent under a lease of residential premises on the assumption that the LRA 1967, the LRHUDA 1993 and this Act conferred no right on the tenant to acquire the freehold or extend their lease or vary their lease to replace the rent with a peppercorn rent; and
- (b) the Secretary of State may prescribe different rates for different factual situations, for example different rates may be prescribed for use where the rent is fixed, for when it increases at set intervals by set amounts, and for when it may change in line with inflation or changes in property values.”

Member's explanatory statement

This amendment specifies criteria by which the Secretary of State will set the applicable capitalisation rate to ensure that the rate is not set inappropriately.

Schedule 6

BARONESS SCOTT OF BYBROOK

38★ Schedule 6, page 179, line 26, before first “Schedule” insert (1)

Member's explanatory statement

This amendment would be consequential on the amendment in my name that would insert a new sub-paragraph (2) into paragraph 1.

BARONESS SCOTT OF BYBROOK

39★ Schedule 6, page 179, line 39, at end insert –

“(2) But in the case of a deemed single lease –

- (a) there is not to be a single term date for the deemed single lease (as would otherwise be the case in accordance with section 3(6) of the LRA 1967 or section 7(6) of the LRHUDA 1993);
- (b) instead, each constituent lease has its own term date (and sub-paragraph (1) applies for the purpose of giving the meaning of “term date” here).”

Member's explanatory statement

This amendment would provide that, where there is a deemed single lease, each of the constituent leases has its own separate term date (instead of there being a single term date for that deemed single lease).

LORD HOWARD OF RISING
LORD MOYLAN

40 Schedule 6, page 180, line 21, at end insert –

““homeowner lease” means a lease of a single dwelling where, at the valuation date the dwelling was the only or principal home of the tenant, or if there are joint tenants, the only or principal home of one or more of them;”

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

BARONESS SCOTT OF BYBROOK

41★ Schedule 6, page 180, line 37, leave out from “date” to end of line 42 and insert “is to be read subject to paragraph 1(2);”

Member's explanatory statement

This amendment would be consequential on the amendment in my name that would insert a new sub-paragraph (2) into paragraph 1.

Schedule 8

BARONESS SCOTT OF BYBROOK

42★ Schedule 8, page 196, line 10, at end insert—

“(3A) But any lease that must be surrendered under paragraph 11(1) is to be treated for the purposes of this paragraph as if it had been surrendered immediately before the relevant time.”

Member's explanatory statement

This amendment would ensure that a lease which must be surrendered is assumed to have been surrendered.

BARONESS SCOTT OF BYBROOK

43★ Schedule 8, page 198, line 3, at end insert—

“(3A) But any lease that must be surrendered under paragraph 10(3) is to be treated for the purposes of this paragraph as if it had been surrendered immediately before the relevant date.”

Member's explanatory statement

This amendment would ensure that a lease which must be surrendered is assumed to have been surrendered.

After Clause 46

LORD YOUNG OF COOKHAM

44 After Clause 46, insert the following new Clause—

“Abolition of forfeiture of a long lease

- (1) This section applies to any right of forfeiture or re-entry in relation to a dwelling held on a long lease which arises either—
 - (a) under the terms of that lease, or
 - (b) under or in consequence of section 146(1) of the Law of Property Act 1925.
- (2) The rights referred to in subsection (1) are abolished.
- (3) In this section—

“dwelling” means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, or outhouses and appurtenances belonging to it or usually enjoyed with it;

“lease” means a lease at law or in equity and includes a sub-lease, but does not include a mortgage term;

“long lease” has the meaning given by sections 76 and 77 of the Commonhold and Leasehold Reform Act 2002.”

Member's explanatory statement

This new Clause would abolish the right of forfeiture in relation to residential long leases in instances where the leaseholder is in breach of covenant.

After Clause 47

BARONESS PINNOCK

45★ After Clause 47, insert the following new Clause—

“Ground rent reduction

- (1) Within six months of the day on which this Act is passed the Secretary of State must introduce regulations to reduce the maximum permitted ground rent on existing residential leases to a peppercorn rent.
- (2) The regulations under subsection (1) may make provision for the reduction of ground rent to take place gradually over a maximum of 5 years.
- (3) Regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of each House of Parliament.”

Member's explanatory statement

This amendment would require the Secretary of State to reduce ground rent on existing residential leases to a peppercorn (£0), which may be done gradually over a maximum of 5 years.

Schedule 10LORD HOWARD OF RISING
LORD MOYLAN

46 Schedule 10, page 213, line 29, after the first “lease” insert “which is a homeowner lease”

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

LORD HOWARD OF RISING
LORD MOYLAN

47★ Schedule 10, page 214, line 2, after “lease” insert “does not include a homeowner lease, and”

Member's explanatory statement

This amendment defines a homeowner lease, to distinguish between homeowners and investors, and restricts certain benefits of the Bill to leaseholders who reside in the property as their principal home.

LORD HOWARD OF RISING
LORD MOYLAN

48 Schedule 10, page 232, line 21, at end insert –

““homeowner lease” means a lease of a single dwelling where the dwelling is the only or principal home of the tenant, or if there are joint tenants, the only or principal home of one or more of them;”

After Clause 51

LORD MOYLAN

49 After Clause 51, insert the following new Clause –

“Right to manage: local housing authority Housing Revenue Account

- (1) The Commonhold and Leasehold Reform Act 2002 is amended as follows.
- (2) In paragraph 4(1) of Schedule 6 (premises excluded from right to manage), after “premises” insert “and the whole of the premises are held within the Housing Revenue Account of that local housing authority”.

Member's explanatory statement

This would allow the Right to Manage to be exercised where the landlord was a local housing authority but the premises were not held within that local housing authority's Housing Revenue Account.

LORD BAILEY OF PADDINGTON

50★ After Clause 51, insert the following new Clause –

“Proportion of qualifying tenants required for a notice of claim to acquire right to manage

In section 79(5) of the CLRA 2002 omit “one-half” and insert “35%”.

Member's explanatory statement

This new Clause would reduce the proportion of qualifying tenants who must be members of a proposed Right to Manage company for a claim to be made from one-half to 35%.

Clause 57

LORD BAILEY OF PADDINGTON

51★ Clause 57, page 70, line 41, at end insert –

“Rogue landlord prosecution

- (13) It is a summary offence for a person to fail, without reasonable excuse, to comply with a requirement under section 21F or 21G of this Act or section 79 of the

Leasehold and Freehold Reform Act 2024, within one month of the date on which the request giving rise to the requirement has been made.

- (14) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.”

Member's explanatory statement

This amendment preserves the ability to prosecute landlords who may be withholding evidence of service charge misconduct. A criminal record, and a small daily fine, modelled on Companies Act administrative offences, provides a backstop for compelling compliance with the new (civil law) service charge transparency measures in the Bill.

After Clause 57

LORD BAILEY OF PADDINGTON

52★ After Clause 57, insert the following new Clause—

“LTA 1985: regime for service charge disputes

- (1) The Landlord and Tenant Act 1985 is amended in accordance with subsections (2) to (3).
- (2) In section 27A(4)(a), after “tenant” insert the words “or landlord”.
- (3) After section 27A insert the following—

“27B Landlord’s duty to account to the tenant following determinations in favour of the tenant under section 27A

- (1) A landlord owes a duty to account to the tenant for any costs found to be unreasonable following a determination by the appropriate tribunal in favour of any tenant under section 27A.
- (2) A landlord must account to the tenant by the end of the period of two months beginning with the date of the appropriate tribunal’s determination under section 27A.
- (3) The account must include any interest awarded under section 27D.
- (4) An appeal does not suspend the landlord’s duty to account unless—
 - (a) the appellate court or tribunal orders otherwise, and
 - (b) as a condition of any order the landlord pays the sum due into escrow on terms approved by the appellate court or tribunal, or else into the Court Funds Office.

27C Power to award interest on determinations under section 27A

- (1) On application by the tenant, the appropriate tribunal has the power to award interest on any determination in favour of the tenant under section 27A.

- (2) Provided the landlord accounts to the tenant in accordance with section 27B, interest ordered under this section will accrue daily on the simple basis at a rate that is the higher of –
 - (a) any interest rate for late payments specified in the lease, or
 - (b) the rate specified in section 17 of the Judgments Act 1838 at the date of the appropriate tribunal’s determination.
- (3) If the landlord does not comply with their duty to account to the tenant in accordance with section 27C then beginning on the day after the period specified in section 27C(2) –
 - (a) the applicable rate of interest shall increase to 15% per annum, or such higher amount as the relevant authority will prescribe,
 - (b) interest will apply to the aggregate of the sum outstanding and interest calculated in accordance with subsection (2), and
 - (c) interest will accrue daily on a compound basis until the date of payment by the landlord.

27D Avoidance of sections 27B to 27C

Any agreement contrary to sections 27B to 27C is void, whether made before or after the coming into force of this section.”

Member's explanatory statement

This amendment strengthens the regime for service charge disputes by allowing tenants to claim interest, imposing a 2 month limit on repayments from landlords.

Clause 61

LORD MOYLAN

53 Clause 61, page 78, line 27, at end insert –

- “(1A) Subsection (1) does not apply to non-profit or resident-led entities which have the right to enforce payment of a service charge.
- (1B) Entities described in subsection (1A) include but are not limited to –
 - (a) a Resident Management Company, being a body corporate which is party to a lease of a building where –
 - (i) the members of that body are leaseholders, or
 - (ii) the majority of the shares of that body are held by leaseholders;
 - (b) a Right to Manage Company constituted under the Commonhold and Leasehold Reform Act 2002, and
 - (c) a landlord wholly owned by the tenants whether through a corporate structure or otherwise.
- (1C) Subsection (1) does not apply to entities with repairing obligations to but no legal interest in a building.
- (1D) Entities described in subsection (1C) include but are not limited to –

- (a) managers appointed under Section 24 of the Landlord and Tenant Act 1987, and
- (b) named managers appointed under the lease as being the party with managing and repairing obligations in relation to the building but separate from the landlord and with no legal interest in the land or building.

(1E) Where subsections 1A or 1C apply, section 20C of this Act continues to apply.”

Member's explanatory statement

This would allow non-profit and/or resident-run lease operators and other entities with repairing obligations but no legal interest in the building to continue to recoup legal costs through the service charge in the first instance. The proposed Section (1E) introduces a protection for tenants by reinstating Section 20C of the Landlord and Tenant Act 1985.

BARONESS SCOTT OF BYBROOK

54★ Clause 61, page 79, line 20, at end insert –

“(6A) See section 20CB for powers of the appropriate authority to provide for other exceptions to subsection (1).”

Member's explanatory statement

This amendment would signpost the new section 20CB.

BARONESS SCOTT OF BYBROOK

55★ Clause 61, page 80, line 30, at end insert –

“20CB Section 20CA: powers to provide for exceptions

- (1) The appropriate authority may by regulations provide for circumstances in which –
 - (a) section 20CA(1) does not apply, or
 - (b) the effect of section 20CA(1) is to be suspended until an event of a specified description occurs.
- (2) The circumstances may include, among other things, that –
 - (a) the litigation costs,
 - (b) the relevant proceedings, or
 - (c) the landlord,
 are of a specified description.
- (3) Where, by virtue of regulations under subsection (1)(b), the effect of section 20CA(1) is suspended until an event of a specified description occurs –
 - (a) section 20CA(1) does not have effect before the event, but
 - (b) section 20CA(1) does have effect on or after the event in relation to a variable service charge paid or payable before the event.
- (4) Accordingly, if –
 - (a) a variable service charge was paid before the event, and

- (b) the landlord's litigation costs were regarded as relevant costs to be taken into account in determining the amount of that charge until the event because the effect of section 20CA(1) was suspended, the landlord may retain the amount of those costs after the event only if the relevant court or tribunal makes an order under section 20CA(2) in relation to that charge.
- (5) In this section –
 “litigation costs”, “relevant proceedings” and “the relevant court or tribunal” have the same meaning as in section 20CA;
 “specified” means specified in regulations under this section.
- (6) Regulations under this section –
 (a) are to be made by statutory instrument;
 (b) may make provision generally or only in relation to specific cases;
 (c) may make different provision for different purposes;
 (d) may include supplementary, incidental, transitional or saving provision.
- (7) A statutory instrument containing regulations under this section (whether alone or with other provision) is subject to the affirmative procedure.”

Member's explanatory statement

This amendment would introduce a new section 20CB to allow the appropriate authority (subject to the affirmative procedure) to make further exceptions to new section 20CA(1), and to provide for the effect of new section 20CA(1) to be suspended in certain circumstances.

BARONESS SCOTT OF BYBROOK

56★ Clause 61, page 80, line 36, at end insert –

“(5A) In section 178(4) (orders and regulations), after “171” insert “, paragraph 5C of Schedule 11”.”

Member's explanatory statement

This amendment would make regulations under the new paragraph 5C of Schedule 11 subject to the affirmative procedure.

BARONESS SCOTT OF BYBROOK

57★ Clause 61, page 81, line 28, at end insert –

“(5A) See paragraph 5C for powers of the appropriate national authority to provide for other exceptions to sub-paragraph (1).”

Member's explanatory statement

This amendment would signpost the new paragraph 5C.

BARONESS SCOTT OF BYBROOK

58★ Clause 61, page 82, line 38, at end insert –

“Paragraph 5B: powers to provide for exceptions

- 5C (1) The appropriate national authority may by regulations provide for circumstances in which –
- (a) paragraph 5B(1) does not apply, or
 - (b) the effect of paragraph 5B(1) is to be suspended until an event of a specified description occurs.
- (2) The circumstances may include, among other things, that –
- (a) the litigation costs,
 - (b) the relevant proceedings, or
 - (c) the landlord,
- are of a specified description.
- (3) Where, by virtue of regulations under sub-paragraph (1)(b), the effect of paragraph 5B(1) is suspended until an event of a specified description occurs –
- (a) paragraph 5B(1) does not have effect before the event, but
 - (b) paragraph 5B(1) does have effect on or after the event in relation to an administration charge paid or payable before the event.
- (4) Accordingly, if an administration charge was paid before the event in respect of the landlord’s litigation costs because the effect of paragraph 5B(1) was suspended, the landlord may retain the amount of that charge after the event only if the relevant court or tribunal makes an order under paragraph 5B(2) in relation to that charge.
- (5) In this paragraph –
- “litigation costs”, “relevant proceedings” and “the relevant court or tribunal” have the same meaning as in paragraph 5B;
 - “specified” means specified in regulations under this paragraph.”

Member's explanatory statement

This amendment would introduce a new paragraph 5C to allow the appropriate authority (subject to the affirmative procedure) to make further exceptions to new paragraph 5B(1), and to provide for the effect of new paragraph 5B(1) to be suspended in certain circumstances.

Clause 84

BARONESS SCOTT OF BYBROOK

59★ Clause 84, page 104, line 4, at end insert –

- “(5) A statutory instrument containing regulations under this section is subject to the negative procedure.”

Member's explanatory statement

This amendment would ensure that a statutory instrument containing regulations under clause 83 is subject to the negative procedure.

Clause 88

BARONESS SCOTT OF BYBROOK

- 60★ Clause 88, page 106, line 5, leave out “by the Secretary of State”

Member's explanatory statement

This amendment would correct an error, given that Welsh Ministers may approve a code of practice under section 87 of the LRHUDA 1993.

Clause 91

BARONESS SCOTT OF BYBROOK

- 61★ Clause 91, page 108, line 39, leave out “by the Secretary of State”

Member's explanatory statement

This amendment would correct an error, given that Welsh Ministers may approve a code of practice under section 87 of the LRHUDA 1993.

After Clause 109

LORD BEST
LORD YOUNG OF COOKHAM
BARONESS HAYTER OF KENTISH TOWN

- 62 After Clause 109, insert the following new Clause –

“Training and qualifications of property agents

- (1) The Secretary of State may by regulations require that individuals undertaking the activities of a property agent in respect of –
 - (a) estate management of leasehold properties,
 - (b) sale of leasehold properties, and
 - (c) sale of freehold properties subject to estate management or service charges must have, or be working toward, specific mandatory qualifications, as defined by regulations made under subsection (2), to demonstrate competency to undertake their property agency roles.
- (2) Regulations under this section –
 - (a) are to be made by statutory instrument,
 - (b) may make provision generally or only in relation to specific cases,
 - (c) may make different provision for different purposes,

- (d) may include supplementary, incidental, or transitional provision,
 - (e) may specify classes or types of employees who must be qualified and the appropriate qualification level for each such group,
 - (f) may specify syllabuses and testing methods for qualifications,
 - (g) may specify means of training provision and minimum training hours, and
 - (h) may approve providers for the provision of training and qualifications.
- (3) A statutory instrument containing regulations under this section is subject to the negative procedure.”

LORD BEST
LORD YOUNG OF COOKHAM
BARONESS HAYTER OF KENTISH TOWN

63 After Clause 109, insert the following new Clause –

“Enforcement of agent qualification regulations

- (1) The requirement in section (*Training and qualifications of property agents*) is a condition of membership of any approved redress scheme for property agents in respect of –
 - (a) estate management of leasehold properties,
 - (b) sale of leasehold properties, and
 - (c) sale of freehold properties subject to estate management or service charges.
- (2) The Secretary of State may by regulations make provision about the enforcement of a duty imposed by regulations under section (*Training and qualifications of property agents*).
- (3) The regulations may require a property agent who fails to comply with a duty imposed by regulations under section 104 to pay a financial penalty (or more than one penalty in the event of a continuing failure).
- (4) The provision that may be made under subsection (2) includes provision –
 - (a) about the procedure to be followed in imposing penalties,
 - (b) about the amount of penalties,
 - (c) conferring rights of appeal against penalties, and
 - (d) for the enforcement of penalties.
- (5) Regulations under this section are subject to the negative procedure.”

Clause 110

BARONESS SCOTT OF BYBROOK

64★ Clause 110, page 124, leave out line 23 and insert –

- “(c) a county council in England,
- (ca) a district council,

- (cb) a London borough council,
- (cc) the Common Council of the City of London (in its capacity as a local authority),
- (cd) the Council of the Isles of Scilly, or”

Member's explanatory statement

This amendment and the other Government amendment to this clause would replace the use of the defined term “local housing authority” (which is not used elsewhere in Part 6) with the specific authorities which are to be “enforcement authorities”, and add county councils in England as enforcement authorities.

BARONESS SCOTT OF BYBROOK

- 65★ Clause 110, page 124, leave out lines 29 to 34

Member's explanatory statement

See the explanatory statement to the other Government amendment to this clause.

Clause 112

LORD TRUSCOTT

- 66 Leave out Clause 112 and insert the following new Clause –

“Remedies for the recovery of annual sums charged on land

- (1) In the Law of Property Act 1925 –
 - (a) omit section 121;
 - (b) in section 146(4) omit “, or for non-payment of rent,”.
- (2) Within 12 months of the day on which this Act is passed, the Secretary of State must publish a report on how rent and service charge arrears collection can be expedited by the courts.”

Member's explanatory statement

This amendment is designed to abolish forfeiture for rent and service charge arrears under the 1925 Law and Property Act.

After Clause 117

LORD BAILEY OF PADDINGTON

- 67★ After Clause 117, insert the following new Clause –

“Meaning of “accountable person” for the purposes of the Building Safety Act 2022

- (1) Section 72 of the Building Safety Act 2022 is amended in accordance with subsections (2) and (3).

- (2) After subsection (2)(b), insert—
- “(c) all repairing obligations relating to the relevant common parts which would otherwise be obligations of the estate owner are functions of a manager appointed under section 24 of the Landlord and Tenant Act 1987 in relation to the building or any part of the building.”.
- (3) In subsection (6), in the definition of “relevant repairing obligation”, after “enactment”, insert “or by virtue of an order appointing a manager made under section 24 of the Landlord and Tenant Act 1987”.
- (4) Section 24 of the Landlord and Tenant Act 1987 is amended in accordance with subsection (5).
- (5) Omit subsection (2E).”

Member's explanatory statement

This new Clause would provide for a manager appointed under section 24 of the Landlord and Tenant Act 1987 to be the “accountable person” for a higher-risk building.

Clause 123

LORD BAILEY OF PADDINGTON

- 68★ Clause 123, page 135, line 25, leave out “comes” and insert “and section (*Mandatory share of freehold on new enfranchisable blocks of flats*) come”

LORD MOYLAN
LORD HOWARD OF RISING

- 69 Clause 123, page 135, line 32, at end insert—
- “(2A) Section 36 comes into force at the end of the period of two months after the “applicable deferment rate(s)” and “applicable capitalisation rate(s)” defined in Schedule 4 have been prescribed in accordance with regulations made under that Schedule.”

Member's explanatory statement

This amendment delays the entering into force of Clause 36 until two months after the applicable deferment rate(s) and applicable capitalisation rate(s) have been prescribed in regulations.

Leasehold and Freehold Reform Bill

MARSHALLED
LIST OF AMENDMENTS
TO BE MOVED
ON REPORT

24 May 2024

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