



Ministry of Housing,
Communities &
Local Government

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RECEIVED

22 JUL 2019

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Our Ref:4315316

Dear Sharon,

15.7.19

Thank you for your letter of 26 June, on behalf of your constituents, regarding the issues facing leaseholders.

I am sorry to hear about the many difficulties faced by your constituents as leaseholders. In December 2017, the Government set out a package of measures to tackle unfair practices in the leasehold market and promote transparency and fairness for both leaseholders and freeholders. This includes a ban on the unjustified use of leasehold for new houses and a reduction in ground rents for both houses and flats to a peppercorn.

On 15 October 2018, the Department published a technical consultation on how to implement the Government's reforms to the leasehold system in England. This consultation marked the next step in the Government's commitment to tackle excessive and unjustifiable practices in the leasehold sector, making homeownership fairer for all.

The Government's response to this consultation was published on 27 June 2019 and is available at: <https://www.gov.uk/government/consultations/implementing-reforms-to-the-leasehold-system>. The Government will bring forward the legislation to implement these changes as soon as Parliamentary time allows.

I also understand that many existing leaseholders feel that there they were mis-sold their properties. The Secretary of State wrote to the Competitions and Markets Authority (CMA) on 26 November 2018 and 1 April this year to encourage them to undertake work into mis-selling in the leasehold sector. The Government welcomes the CMA announcement on 11 June that it has now launched an investigation in this area. The CMA will consider the extent of any mis-selling and onerous terms in the leasehold sector, including whether they might constitute 'unfair terms'. The Government looks forward to hearing progress on the CMA's work later this year.

Your constituents are able to contribute to this investigation by sending relevant information to the CMA. If they would like to do so, they should visit: <https://www.gov.uk/cma-cases/leasehold>.

I am also sorry to hear about difficulties reported by your constituent in regard to the increase in the level of service charges they are being asked to pay. I believe very strongly that service charges should be transparent, communicated effectively and that there should be a clear route to challenge or redress if things go wrong.

Last year, we published the response to our call for evidence on *Protecting consumers in the letting and managing agent market*. Following this work, last October we established a working group chaired by Lord Best to raise standards across the property sector. This group will consider how fees such as service charges should be presented to consumers and to explore the best means to challenge fees which are unjustified. They will be reporting back to Government this summer.

Your constituents are able to challenge the reasonableness of their service charges by applying to the First-Tier Tribunal for a determination. However, I would encourage them to seek legal advice before doing this.

I also recognise that many leaseholders find it difficult to enfranchise. For this reason, the Government is working with the Law Commission to make it easier, faster, fairer and cheaper for leaseholders to purchase their freehold or extend their lease. The Law Commission's consultation paper, which outlined their initial proposals for achieving this, is available for your constituents to view at: <https://www.lawcom.gov.uk/project/leasehold-enfranchisement/>. The consultation closed on 7 January 2019 and the Law Commission are currently analysing the responses received.

Existing leaseholders do not have to wait until the Law Commission's agreed proposals are implemented, which will need legislation and may be some time away. Provided the home has been owned for two years, the leaseholder can enfranchise now, at a price which if not agreed can be decided by an independent tribunal. A freeholder cannot obstruct this process.

Further information on this process can be sought from the Leasehold Advisory Service (LEASE), the specialist advisory body funded by the Department to provide assistance to leaseholders. Advice on this and other leasehold matters can be provided through the website (www.lease-advice.org), via a telephone appointment with one of LEASE's legal advisers (020 7832 2500) or by email (info@lease-advice.org).

Thank you for carrying out this consultation within your constituency and sharing the findings with me.

A handwritten signature in black ink, appearing to read 'H Wheeler', written in a cursive style.

MRS HEATHER WHEELER