



Ministry of Housing,
Communities &
Local Government

Rt Hon James Brokenshire MP
*Secretary of State for Housing, Communities
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To all MPs in England

28 March 2018

Dear Colleague,

LEASEHOLD REFORM: LEGAL COSTS, INDUSTRY PLEDGE AND EVENT FEES

I wanted to write to you to let you know about a package of leasehold reforms I am announcing today to further support existing as well as future leaseholders.

This includes clamping down on unjustified legal costs for leaseholders, an industry pledge to tackle doubling ground rent charges and reforms to provide greater consumer protections and transparency around the use of event fees in retirement leasehold properties.

It is vital that we have a leasehold market that is transparent, fair and affordable for all those involved; where people know in advance what they are going to have to pay, are not saddled with mounting or unaffordable costs and are able to challenge fees if they feel they are unjustified or unfair.

Under current rules, leaseholders may be liable for their freeholder's legal costs even if they are successful in a legal challenge. We will bring forward legislation to close legal loopholes that allow freeholders to unjustifiably recoup legal costs from leaseholders.

I am also pleased to unveil an industry leaseholder pledge, which we have worked on closely with them. This will mean that developers, freeholders, lawyers and managing agents are committing to taking steps to help leaseholders, especially those who are affected by rapidly doubling ground rents. I would like to take this opportunity to commend all those who have already signed up, and to urge those who have yet to do so to do the right thing. We expect all those who are involved to help put right problems for people who are affected.

Today I am also announcing the Government's response to the Law Commission's report on *Event Fees in Retirement Properties*. Implementation of these recommendations will help older people and their families to be better informed and better protected from hidden costs and unfair fees charged in some leasehold retirement properties, where owners are required to pay an 'event fee' on certain 'events', such as sale, sub-letting or change of occupancy. Last week the Housing, Communities and Local Government Select Committee published its report into leasehold reform. I very much welcome this report and will carefully consider the

recommendations made and will provide a full response in due course.

I am committed to reforming the leasehold market so that it is fit for purpose and works for everyone – and today's package of reforms builds on our wider leasehold reform programme. We will also provide a response to our recent consultation on implementing reforms around banning new leasehold houses and restricting future ground rents shortly.

A handwritten signature in blue ink, appearing to read 'James Brokenshire', is centered on the page. The signature is fluid and cursive, with a prominent initial 'J'.

RT HON JAMES BROKESHIRE MP