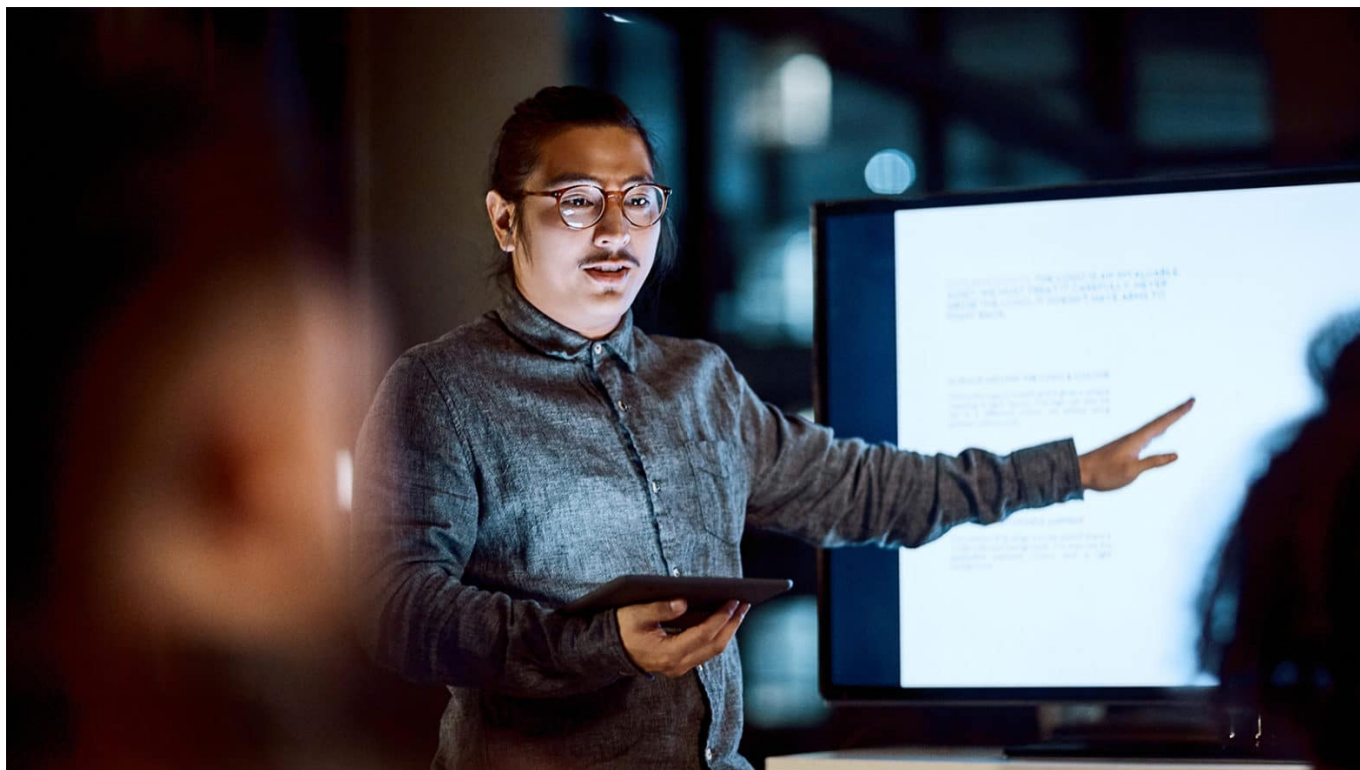


A New Year's reformation



2023 has seen great change both politically and economically and this has been reflected in a barrage of new Government policies embodied in lengthy and complex legislation.

2024 looks set for more of the same. With building safety reform, planning reform, leasehold reform and corporate reform jostling for centre stage it is safe to say there is little that is not being “reformed”. This means that stakeholders in the real estate industry and their advisers alike are going to have another busy year.

Here we highlight a few areas we envisage being hot spots for 2024 to help you plan for the year ahead, starting with the hottest of them all, the Building Safety Act!

Building Safety Act 2022

Developers can expect to see a continued focus on the BSA in 2024 with the new duty holder and competence requirements impacting all projects. Both developers and owners of higher risk buildings (those over 18m or 7 storeys with two or more residential units) will also be impacted by the new higher risk building regimes.

All existing higher risk buildings should now have been registered with the Building Safety Regulator – the deadline for registration was 1 October 2023. In terms of existing projects, the transitional arrangements will be helpful. For transitional arrangements to apply to higher risk building work, an initial notice must have been given to a local authority (and not rejected) or full plans deposited with a local authority (and not rejected) before 1st October 2023; and the higher risk building work must be sufficiently progressed by 1st April 2024. If higher risk building projects do meet these two criteria, they will continue to completion using the current regulatory regime. For all other projects the new building control regime will apply for in-scope buildings and the gateway



provisions will have a significant impact on project programmes.

Environment Act 2021

Originally billed for November 2023, The Environment Act 2021 (Commencement No. 8 and Transitional Provisions) Regulations 2024, were finally made on 17 January 2024, bringing into force parts of the Environment Act 2021 dealing with biodiversity net gain (BNG). This means that all planning permissions (subject to certain exceptions) granted in England pursuant to planning applications submitted under the Town and Country Planning Act 1990 on or after **12 February 2024** will be subject to a condition requiring developers to deliver a BNG of 10% ensuring that a development results in a more or better-quality natural habitat than there was before development.

Developers should familiarise themselves with [the Government's biodiversity net gain guidance](#) which was first produced in February 2023 but has just been updated.

There remain concerns about how the current planning system will cope and there is the expectation that local planning authorities will come under a lot of pressure. The risk of course is that this will have an impact on planning processes and the delivery of new projects.

Economic crime

Under the Economic Crime (Transparency and Enforcement) Act 2022 (ECTEA), overseas entities that were registered at the Land Registry as owners of freehold land or registrable leasehold interests as a result of an application made since 1 January 1999 needed to register on the register of overseas entities (ROE) by 31 January 2023. The bear trap is that the legislation includes an annual updating requirement requiring overseas entities to file an update statement with companies house confirming the information it originally filed is still correct and up to date, even if there has not been any change. Moving forward into 2024, due diligence will continue to need to be carried out when transacting with an overseas entity to identify whether an overseas entity is registered and compliant with the relevant duties under ECTEA including the annual updating duty.

To add a further layer of complexity, the Economic Crime and Corporate Transparency Act 2023 (ECCTA) received Royal Assent on 26th October building on ECTEA's policy intention of cracking down on economic crime. ECCTA introduces significant company law reforms which will be implemented through (as yet unpublished) secondary legislation representing the biggest overhaul at Companies House in 170 years.

And that is not where this story ends. The government have just this month launched a consultation on the proposed public disclosure of trust and beneficial ownership information where trusts are involved in UK land ownership structures – closing a gap that has been identified in the ownership of UK land. This consultation closes on 21 February 2024 and could have important ramifications for trust structures.

Levelling Up and Regeneration Act 2023 (LURA)

LURA received Royal Assent on 26 October 2023. With aims to “*speed up the planning system, hold developers to account, cut bureaucracy, and encourage more councils to put in place plans to enable the building of new homes*” it contains wide ranging powers and a complete overhaul of various property and planning related regulations. While LURA sets the framework, much of the detail will be set out in guidance, policy and secondary legislation still to come so there remains some degree of uncertainty as to the detail. One thing we can however be certain of is that this piece of legislation will have a huge impact on the real estate market for many years to come. Watch this space for a mini-series of LURA related articles on our website with the first due out this month.



The double whammy of leasehold reform

No real estate horizon scanning piece would be complete without a mention of two bills currently simmering away in Parliament.

The Leasehold and Freehold Reform Bill

In November the Government introduced the Leasehold and Freehold Reform Bill. This bill is the second part of a legislative package to reform leasehold law following on from the Leasehold Reform (Ground Rent) Act 2022, which put an end to ground rents for most new residential leasehold properties in England and Wales. The bill, amongst other things, contains provisions which would make it cheaper and easier for leaseholders in houses and flats to extend their leases and buy the freehold. This bill was debated at second reading on 11 December 2023 and has now been sent to a Public Bill Committee. The Committee will scrutinise the bill line by line and is expected to report to the House of Commons by 1 February 2024.

The Renters (Reform) Bill

This Bill makes provisions to change the law about rented homes, including abolishing fixed term assured tenancies and assured shorthold tenancies, imposing obligations on landlords and others in relation to rented homes and temporary and supported accommodation; and for connected purposes is currently at the Report Stage and due to have its third reading in the House of Commons although no date has been confirmed as yet.

These two pieces of legislation are likely to lead to a seismic shift in the existing leasehold system. This will no doubt be welcomed by leaseholders but present concerns for residential landowners who will be all too aware of the impact that the proposed reforms are likely to have on the structure of their portfolios and the associated income streams.

MEES and EPCs

Whilst all the above turn up the heat on property developers and landowners we have recently seen a dialling down on the government's net zero targets and commitments. Proposed changes to MEES rules for domestic properties were scrapped in the autumn meaning that domestic premises with an EPC of E or above may continue to be let in the open market.

For the non-domestic private rented sector, the government are working hard to review the policy design for MEES to ensure it remains fair and appropriate for landlords and tenants and have acknowledged that "*the proposed timelines within the original consultation will require updating to allow sufficient lead in time for landlords and the supply chain*" – messaging that suggests that the proposed timelines to achieve an EPC of C by 2027 and B by 2030 are likely to be revised.

How we can help

If you would like further advice or information on anything contained in this article, contact our [real estate team](#).



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