

Leasehold and Freehold Reform Bill update



As the Leasehold and Freehold Reform Bill has been making its way through parliament, we have been keeping you [updated](#) with its progress and the amendments being made along the way.

On 27 February 2024 the bill went to report stage and third reading in the House of Commons. If you need a refresher on where this stage sits in the roadmap of a bill's lifeline, checkout our previous piece detailing the [Life of a bill](#). The report stage and third reading saw several tabled amendments to the bill. [Download the full report](#).

Perhaps one of the most ambitious amendments the bill introduces is the attempt to define what is meant by a house (an exercise which, whilst it should seem straightforward, has proved rather difficult in the past!). More key changes relate to:

- the recoverability of service charges;
- restrictions on landlords' ability to pass litigation cost to leaseholders (a tribunal order would be required); and
- the appropriate tribunals being charged with jurisdiction for determining a far wider number of disputes.

Quite how the tribunals will handle such an additional responsibility remains to be seen as we know from experience, there is quite a pressure on them capacity wise under the current system.

Notably for our landlord clients, there is also a proposed abolition of Section 5(5) of the Leasehold Reform and Urban Development Act 1993 ("the 1993 Act"). This section currently deems that where there are more than two flats which are held by any one tenant, alone or with others, these are not considered to be subject to a qualifying tenancy. This amendment was one of the Law Commission's recommendations and, if it survives the next stages of the bill, it will have important consequences for many of our clients. At first blush, it would appear



to allow a single tenant of multiple flats in a block to enfranchise in its own right, and without the need to go through any form of re-structuring exercise.

While these amendments are not guaranteed to survive the legislative process, they do give a clear indication of the direction of travel of the bill and what we may expect in its final form. Stay tuned as the bill now makes its way through the House of Lords where it was brought for its first reading on the 28 of February 2024.

How we can help

If you have any questions on anything contained in this article or leasehold property generally, please contact [our leasehold enfranchisement team](#).



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