



## Government proposals to cut down on unfair leasehold practices

Under the governments new proposals announced today, the sale of new-build homes under leasehold could be banned: <https://www.gov.uk/government/news/crackdown-on-unfair-leasehold-practices>

The government is proposing an eight-week period of consultation from today to look into what action, if any, can be taken to reduce unfair abuses of leasehold and enable a more transparent system for homebuyers. In addition they have launched a second consultation on proposed secondary legislation that recognises residents' associations, and their power to request information about tenants. Documentation can be viewed here: <https://www.gov.uk/government/consultations/recognising-residents-associations-and-their-power-to-request-information-about-tenants>

It is important to note that the proposed ban looks to apply to new build properties and there are not as yet any definite government plans to compel builders/developers to take action to assist those already affected. It is also not clear whether the proposed ban is to affect houses only or houses and flats. We will need to wait for the outcome of the consultation process.

From a developer/freeholder's prospective a lease is a wasting asset. In the leasehold world, a developer can sell both lease and ground rent investment. The ground rent investor will bide its time, awaiting the expiry of the lease – or a claim for an extension. Either way, the lease is monetised – twice. Developers / freeholders will invariably be affected should a ban come into force compelling all leasehold properties to be sold on 999 years at a peppercorn or “nil” ground rent.

We will need to await the outcome of the consultation process. What is clear however is that conveyancing solicitors acting for purchaser and lenders alike need to read the leases their clients are purchasing and explain to their clients the impact any ground rent patterns will have on the future value and marketability of leasehold properties.

For more information and advice on ground rents and all other leasehold matters, please contact Yashmin Mistry at JPC Law:

E: [ymistry@jpclaw.co.uk](mailto:ymistry@jpclaw.co.uk)

T: 020 7644 7294

Click here to view a short video by Yashmin on the ground rents scandal:

<https://www.youtube.com/watch?v=Ha2v7mw9Wsl>

## Disclaimer

We try to ensure that the information contained in this newsletter is correct. However, we cannot accept responsibility for any errors or inaccuracies unless we have given you, personally, specific advice relating to a matter about which you have given us full background details.

### Jaffe Porter Crossick LLP

Omni House  
252 Belsize Road  
London NW6 4BT  
t. 020 7625 4424  
f. 020 7328 5840  
e. [enquiries@jpclaw.co.uk](mailto:enquiries@jpclaw.co.uk)  
w. [www.jpclaw.co.uk](http://www.jpclaw.co.uk)



### General Enquiries:

JPC Law      [www.jpclaw.co.uk](http://www.jpclaw.co.uk)  
Email:        [enquiries@jpclaw.co.uk](mailto:enquiries@jpclaw.co.uk)  
Telephone:   020 7625 4424