**“Everyone has a right to a decent home” (Michael Gove, White Paper “A fairer private rented sector”).**

The Government has proposed a raft of reforms to residential property legislation, designed to overhaul the rights of both short- and long-term leaseholders. But could such reform give rise to unintended consequences that destabilise these sectors and squeeze the supply of affordable housing stock? Discuss. (500-word limit).

On 24 July 2023, Michael Gove announced the government’s long-term plan for housing in England. Central to that plan were two principles, that the government would provide “*a new deal for tenants and landlords*”, and that it would establish a framework for “*liberating leaseholders*”.[[1]](#footnote-1)

A year on, those principles have been captured by two Parliamentary Bills with huge significance for short- and long-term leaseholders. The Renters (Reform) Bill and the Leasehold and Freehold Reform Bill both set out to address a dearth of recent legislation directed towards the housing crisis in England. Indeed, fifteen Housing Ministers have come and gone since 2010, all against a backdrop of falling homeownership, rising homelessness, and shortfalls in housebuilding targets.[[2]](#footnote-2) And yet, despite their significance, many have warned of the Bills’ “*unintended consequences*”.

The headline proposals within the Renters (Reform) Bill are the removal of fixed-term assured tenancies and the abolition of s.21 no-fault evictions. The policy considerations behind those proposals are important, to give short-term tenants greater flexibility while reducing the growth in homelessness caused by no-fault evictions.[[3]](#footnote-3) However, the proposals are not without their issues. In Parliament, concerns have been raised that the removal of fixed-term tenancies will “*obliterate the long-term rental market*”, with landlords struggling to reliably source tenants ahead of time.[[4]](#footnote-4) Additionally, landlords risk facing an increased regulatory burden through the Bill’s proposals to extend the Decent Homes Standard and introduce a new ‘Property Portal’. In response, many landlords have left the rented sector or increased rents, squeezing the supply of affordable housing in the process.[[5]](#footnote-5)

Further, the government has indicated that it will not abolish s.21 until the court system has been reformed to bear the added strain that the proposals may cause.[[6]](#footnote-6) The Shadow Housing Minister has criticised this decision, remarking that s.21 reforms are being “*kicked into the long-grass*”.[[7]](#footnote-7)

The reforms put forward by the Leasehold and Freehold Reform Bill are no less important. The Bill makes it easier for leaseholders to extend their lease, to buy the freehold, and to take over management of their building.[[8]](#footnote-8) It also proposes to remove marriage value from the statutory valuation scheme.[[9]](#footnote-9) On the one hand, these reforms mark a significant step towards addressing “*the historic imbalances between leaseholder and freeholder*”.[[10]](#footnote-10) On the other, they threaten to destabilise the rented property sector. For example, despite a cross-party consensus that the reforms will favour a commonhold framework of homeownership, there are no provisions within the Bill which specifically cater for a commonhold system.[[11]](#footnote-11) Similarly, the marriage value proposal has been criticised as a “*one-off windfall profit*” for leaseholders which could deter landlords from operating in the sector.[[12]](#footnote-12)

Ultimately, at the time of writing, both Bills face an uphill battle to pass during Parliament’s ‘wash-up period’ before the General Election on 4 July. It remains to be seen whether the Conservatives will remain committed to leasehold reform if they stay in power. However, should Labour win, then there are already signs that they will progress the reforms, if not take them further.

**Words: 500**

1. <https://www.gov.uk/government/speeches/long-term-plan-for-housing-secretary-of-states-speech> [↑](#footnote-ref-1)
2. <https://www.bbc.co.uk/news/uk-politics-64555909> , <https://www.bbc.co.uk/news/61407508> [↑](#footnote-ref-2)
3. <https://www.ft.com/content/565880ad-c0d0-4a70-a6b7-189feb41f805> [↑](#footnote-ref-3)
4. Speech by Anthony Mangnall MP during Second Reading of Renters (Reform) Bill in House of Commons on 23 October 2023, <https://hansard.parliament.uk/commons/2023-10-23/debates/E9FEB6DF-B896-4579-918F-8E99F7A35AAD/Renters(Reform)Bill> [↑](#footnote-ref-4)
5. <https://www.cla.org.uk/news/loss-of-rural-properties-projected-cla-english-housing-survey-results/> [↑](#footnote-ref-5)
6. <https://propertyindustryeye.com/renters-reform-bill-leaked-letter-leads-to-accusation-of-disgraceful-betrayal/> [↑](#footnote-ref-6)
7. <https://www.ft.com/content/1b83628f-c7ce-4ebb-9f53-1c4bfe79959e> [↑](#footnote-ref-7)
8. <https://www.johnhodge.co.uk/site/blog/conveyancing/the-leasehold-and-freehold-reform-bill-a-new-dawn-or-a-missed-op> [↑](#footnote-ref-8)
9. Leasehold and Freehold Reform Bill, as amended at 1 May 2024 following Committee Stage in the House of Lords. [↑](#footnote-ref-9)
10. <https://www.gov.uk/government/news/leasehold-reforms-give-more-rights-and-protections-to-homeowners> [↑](#footnote-ref-10)
11. <https://hansard.parliament.uk/lords/2024-04-22/debates/2A433C7B-A65D-4149-94BE-923D615BBCB4/LeaseholdAndFreeholdReformBill> [↑](#footnote-ref-11)
12. <https://www.egi.co.uk/legal/a-wedding-gift-for-the-wealthy/> [↑](#footnote-ref-12)