

Commentary from Mark Chick in relation to the 13 June 2022 Letter from Lord Greenhalgh

'As an Association we were delighted to receive Lord Greenhalgh's letter of 13 June 2022 updating us in relation to our request for further information about the Government's likely programme of reform.

The note makes plain that reform is likely to be tabled by way of legislation to deal with the options for reforming law as it relates to valuation and there is a new commitment to abolishing marriage value, standardising calculations and introducing an online calculator.

All of these are things that were discussed in the Law Commission's reports published in July 2020. These changes will be subject to vigorous debate as they look to shift the balance of economic benefit from freeholders to leaseholders and it is interesting that the letter refers to ensuring that sufficient compensation would be paid to landlords, no doubt to anticipate the possibility of a Human Rights Act challenge.

It is not an exaggeration to say that these proposals are some of the most political recommendations that the Law Commission has ever had to deal with and the Government's response to these will no doubt fit in with its intention to make the process 'cheaper and easier' – this will mean significant changes to the way that leasehold reform work is dealt with, particular as regards valuation. How effective these will be, or whether such legislation will pass through parliament without challenge is of course, a separate question and I would anticipate vigorous debate around this subject.

That is without bringing in the question of any other political uncertainty or other intervening events that might interrupt the next session of Parliament. It is important to realise that the commitment made at ministerial level is to do this within the lifetime of the current Parliament, but not apparently during the current legislative session.

Making the statutory lease extension term 990 years (rather than 90 years) in addition to the existing term is likely to be capable of being dealt with by way of smaller and less contentious amendments to existing legislation. There is a very good chance in my view that this change will come into effect or at least be the subject of a bill before parliament before the next election in May 2024. As to the wider reforms relating to valuation, these may be more contentious, although the commitment from Government is there. The question on these may well be what level of support can be obtained in parliament for these, as they are debated and whether there will be any challenges to them.

ALEP is delighted to be consulted and responded to directly in relation to the Government's proposals and continues to engage with the government on leasehold and commonhold reform. We anticipate a lively debate in the months ahead.'

Mark Chick

24th June 2022