



Department for Levelling Up,  
Housing and Communities

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Lord Greenhalgh  
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31 March 2022

Dear Mark,

## LEASEHOLD REFORM (GROUND RENT) ACT 2022

I am writing to you regarding the Leasehold Reform (Ground Rent) Act 2022. As you may know, the Act received Royal Assent on 8 February and the Government is planning to commence its provisions on 30 June 2022, except for retirement properties where the policy will not apply before 1 April 2023.

This legislation represents a significant change to property law in England and Wales, and the Government is keen to ensure that all professionals working within the sector are aware of the changes brought about by this legislation. I would therefore be grateful if you could inform your members about this upcoming legislation and how it might impact their work going forward.

From the commencement date, 30 June 2022, the Act means that:

- **If any ground rent is demanded as part of a regulated new residential long lease, it cannot be for more than one literal peppercorn per year.** In effect, most future residential leaseholders will not be faced with financial demands for ground rent.
- **Landlords will be banned from charging administration fees for collecting a peppercorn rent,** closing a possible loophole where a landlord could try to make a monetary charge via another route.
- **Landlords who require a payment of ground rent in contravention of the Act will face penalties of between £500 and £30,000** enforced by way of a civil penalty regime.
- For **existing leaseholders entering into voluntary lease extensions** after commencement, the **extended portion of their lease will be reduced to a peppercorn.**

There will only be selected exceptions from this Act. These are tightly defined and include applicable community-led housing, certain financial products, and business leases which are defined by the Act as leases of commercial premises which include a dwelling, use of which substantially contributes to the business purposes. Further details will follow in due course regarding regulations to specify the form and content of written notices that are required to be exchanged by the landlord and tenant to qualify for the business lease exception. Statutory lease extensions for both houses and flats remain unchanged and are therefore exempt from the provisions of the Bill.

The full Leasehold Reform (Ground Rent) Act 2022 can be read at <https://www.legislation.gov.uk/ukpga/2022/1/enacted>. Further information can be found at <https://www.gov.uk/guidance/leasehold-reform-ground-rent-act-2022>.

This legislation will lead to fairer, more transparent homeownership for future generations of future leaseholders and I would be grateful for any support that you are able to give in raising awareness of these changes with your members.

**Yours sincerely,**

A handwritten signature in black ink, appearing to read 'Lord Greenhalgh', is centered on a white background.

**Lord Greenhalgh  
Minister of State for Building Safety and Fire  
Department for Levelling Up, Housing & Communities and Home Office**