



G15 response to MHCLG Moving to commonhold: banning leasehold for new flats consultation

April 2026



About the G15

The G15 is made up of London's leading housing associations. The G15's members provide more than 880,000 homes across the country, including around one in ten homes for Londoners. The G15 represents the largest providers of new affordable homes in London and accounts for approximately 15% of all affordable homes built across England. Over the last few years, our members have funded and delivered more than 56,000 new homes in partnership with the Mayor of London. Delivering good quality safe homes for our residents is our number one priority. Last year our members invested almost £2bn in improvement works and repairs to people's homes, ensuring people can live well. Together, we are the largest providers of new affordable homes in London and a significant proportion of all affordable homes across England. It's what we were set up to do and what we're committed to achieving. We are independent, charitable organisations and all the money we make is reinvested in building more affordable homes and delivering services for our residents.

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The G15 members are:

- A2Dominion
- Clarion Housing Group
- The Guinness Partnership
- Hyde
- L&Q
- MTVH
- Notting Hill Genesis
- Peabody
- Riverside
- Southern Housing
- Sovereign Network Group

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Position Statement

Reform of leasehold is necessary and overdue, particularly to address long-standing concerns around transparency, accountability and confidence amongst residents.

However, there is currently limited evidence that the proposed shift to commonhold as the default tenure for new flats will deliver better outcomes in practice in all cases. As designed, the model is likely to increase complexity, costs and governance challenges, particularly in mixed-tenure developments, without clear evidence that it will improve the resident experience. The proposals will introduce greater uncertainty for mixed-tenure schemes and do not reflect how these developments are funded, built and managed, with implications for new scheme viability. They also rely on a level of system readiness across lenders, developers and regulators that is not yet in place.

A workable model must align accountability with control and reflect how buildings operate in practice. Without this, reform may miss the opportunity to address existing challenges in a way that leads to better outcomes.

System readiness and implementation

The housing system is not currently ready to support commonhold at scale, and we are concerned that, without a phased approach, uncertainty and lack of capacity will ultimately undermine new housing supply, especially in London.

We need a phased approach to implementation, starting with less complex and lower-risk buildings to enable the sector to test the model in practice, address operational challenges, and build confidence among developers, lenders and investors ahead of wider implementation.

Successful implementation depends on lenders, conveyancers, developers, managing agents and regulators operating within a clear and consistent framework. That framework is not yet sufficiently defined, including for key scenarios such as tenure conversion within existing blocks and the interaction with statutory homeownership rights, including Right to Buy and Right to Acquire, where the sale of individual units could trigger conversion of an entire building to commonhold. Requiring conversion to commonhold to facilitate a small number of sales within predominantly rented blocks would be disproportionate and could introduce significant legal, financial and operational complexity for residents and providers, without clear improvements in building management, costs or resident outcomes.

From a developer and investor perspective, there is a risk that investment in new homes will slow until there is clear certainty on how commonhold will operate in practice, particularly around long-term management, liabilities and risk allocation. A dual system will therefore inevitably emerge during the transition, with leasehold continuing alongside commonhold. On large or phased sites, this could result in different tenure models operating within the same development, creating long-term complexity in management, sales and resident understanding.

The proposals also focus on individual units rather than buildings as a whole. In practice, buildings are designed, funded and managed as integrated systems, and the tenure model should reflect this. For example, where a building or wider estate relies on shared systems such as an energy centre or heat network, it is unclear how one part of that arrangement could operate independently without affecting the rest.

Successful implementation will also depend on the capacity and capability of the managing agent market, where there is currently variation in quality and limited supply of providers with the necessary expertise. To support delivery, government should provide clear, standardised documentation, guidance and operational frameworks, alongside accessible support for commonhold associations and providers.

Mixed-tenure development and viability

In practice, commonhold can work well in smaller or less complex buildings. By contrast, larger or mixed-tenure developments, particularly where buildings share infrastructure or services, become significantly harder to operate.

The proposed commonhold model does not reflect how mixed-tenure developments actually operate. London has many large, mixed-tenure buildings which are already challenging to manage. Ownership and management arrangements can also involve multiple layers, including freeholders, head lessees and commercial tenants, which require coordinated, building-wide decision making to manage shared services and infrastructure effectively. We are concerned that the proposals are not suitable for this type of building and will have serious consequences for scheme viability, potentially affecting the delivery of new homes as well as the long-term management of these developments.

This is particularly relevant where a single building includes multiple tenures within the same structure, or where different parts of a wider development depend on shared systems. For example, a mixed-use block may include commercial premises at ground floor level with affordable and private homes above, while a wider estate may rely on one shared energy centre, heat network or other communal infrastructure. In these circumstances, decisions cannot easily be separated by tenure without affecting the operation of the building or wider site as a whole.

Under a commonhold model, the likely response would be to separate tenures into distinct blocks or reconsider schemes entirely. This has clear implications:

- reduced development of mixed-tenure buildings

- constraints on cross-subsidy models
- potential reduction in overall housing supply

We want to cultivate thriving and mixed communities, particularly in high-demand areas, and this policy has the potential to undermine this ambition. A workable approach needs to set out clearly how rented homes, shared infrastructure and estate-level services operate within commonhold. Commonhold also presents challenges for tenure integration. Approaches such as

pepper potting would become more difficult to deliver effectively, reducing flexibility in how affordable and private homes are distributed.

For larger schemes, particularly in London, these issues are more pronounced. Developments of several hundred homes require coordinated, professional management across multiple systems and contracts. They may also involve different blocks, different tenures and different ownership interests operating within one wider structure. Expecting resident-led governance to manage this complexity is unlikely to be workable in practice. Over time, this is likely to drive a shift towards simpler, tenure-specific blocks. While we will adapt our approach for new developments, this reduces design flexibility and may limit the viability of more complex flatted schemes.

Control, accountability and regulatory risk

The proposed model separates control from accountability in a way that creates real delivery and regulatory risk. Housing associations may retain ownership and management responsibility for rented homes within a building, while decisions on building management, service charges and major works sit with the commonhold association. These decisions would be taken collectively by unit holders and may not reflect the provider's actual responsibilities.

This creates significant risks in practice. Providers may be required to meet statutory standards, such as the Decent Homes Standard, but lack the control needed to secure agreement to carry out works. This can delay essential works where agreement cannot be reached and limit the ability of providers to respond quickly to issues affecting residents. Similarly, while building safety legislation may apply, it is not clear how compliance would be assured where governance sits within resident-led structures, and whether those acting as directors would have the necessary skills and experience to lead on such matters.

This is not an abstract concern. In a building with shared systems or mixed-use elements, one set of decisions may have consequences for all residents. For example, where a building contains commercial units at lower levels or depends on shared safety, heating or other building-wide infrastructure, delays or disagreement over works could affect the operation and safety of the building as a whole.

This misalignment is particularly evident in the case of shared ownership homes. Under the current model, shared owners are responsible for internal repairs and maintenance within their home, while the housing association retains responsibility for the structure of the building, external fabric and major works. Under commonhold, shared owners would participate in decision-making through the commonhold association, while providers may lose control over service charges, budgets and building-level decisions. In practice, this would mean providers remain accountable to the Regulator of Social Housing for outcomes, including safety and service standards, but without the control needed to ensure they are met. This creates a clear mismatch between responsibility and decision-making authority, which could lead to delays to essential works, disputes over costs and inconsistent standards across the building, particularly where residents have differing financial circumstances and priorities.

Further clarity is needed on how shared ownership would operate within commonhold, how responsibilities are divided, and how the model functions over time, including after staircasing. Without this, shared ownership may become more complex, less affordable and less attractive to buyers. As a tenure that is already relatively complex to transact, further structural changes are likely to reduce customer understanding and confidence, affecting decision-making, sales rates and the ability to sell homes off-plan, particularly at higher price points where clarity is critical.

Governance, operational and financial implications

The model introduces significant governance, operational and financial complexity, particularly at scale.

Housing associations would need to participate in a large number of commonhold associations across their portfolio, often as members and potentially as directors. This would require sustained involvement across multiple schemes and creates challenges around governance capacity, oversight, the consistency of decision-making and deployment of staff resources, including identifying suitably skilled individuals to take on these roles.

There is a particular risk of conflict where providers must balance their responsibilities to tenants and shared owners with their role in commonhold governance. It is clear these interests will not always align. Experience from resident-led models shows that effective outcomes depend on strong governance, competent managing agents and professional support, with these requirements increasing as buildings become more complex.

The model also raises concerns about financial resilience and costs. Under current arrangements, providers procure services such as repairs, maintenance and insurance across large portfolios, securing efficiencies through scale. Under commonhold, these decisions would shift to individual buildings, reducing purchasing power and likely increasing costs. This is likely to result in higher and more variable service charges for residents.

This issue is particularly acute in larger or more complex buildings, where costs are not limited to day-to-day repairs and management but extend to insurance, major works, shared infrastructure and long-term maintenance planning. In those settings, fragmentation does not simply reduce efficiency. It can also make it harder to take consistent, timely decisions about spending and investment.

Additional pressures include upfront legal and implementation costs, ongoing governance and administrative costs, and increased insurance premiums as risk shifts to building-level arrangements. There is also uncertainty around lender appetite, sales demand and the viability of development and funding models during transition.

Moreover, there is no clear mechanism for intervention where a commonhold association fails, for example in cases of financial mismanagement or underfunding of maintenance. There is a

risk that providers will be expected to step in informally, particularly in higher-risk buildings, without the authority to do so.

More broadly, many of the issues associated with leasehold relate to service charge transparency, cost control and accountability. These could be addressed more directly through stronger regulation and oversight, rather than fundamental changes to the tenure model. These concerns have been widely raised by leaseholders and have driven sustained public and political attention in recent years. While more needs to be done, G15 members are taking steps to improve transparency of service charges, strengthen oversight and accountability, and support residents to better understand and challenge costs.

Resident outcomes

Reform should strengthen transparency and give residents a meaningful role in how their buildings are managed. The key question is whether the proposed model will deliver better outcomes in practice.

Commonhold places greater responsibility on residents for decisions on budgets, maintenance and long-term investment. This includes agreeing service charges, managing arrears and funding major works. These are complex functions, particularly in larger or higher-risk buildings, and outcomes will depend on how consistently they can be delivered over time.

Under current arrangements, housing associations take a long-term stewardship role, planning maintenance over the life of the building and ensuring essential works are delivered. This provides consistency, supports building safety and helps manage costs over time. Under commonhold, decisions would sit collectively with residents who may have different financial circumstances, priorities and time horizons. Some may prioritise short-term affordability or may not expect to remain in the building long term. This can make it more difficult to agree on funding for reserve funds and major works. In practice, this creates a risk that investment is deferred or reduced, leading to more reactive maintenance, higher costs over time and less consistent outcomes for residents.

This is likely to be felt most clearly in larger or more complex buildings, where decisions may relate not only to routine maintenance but also to major works, shared systems and wider building management. In these settings, delays or disagreement can have more significant consequences for residents.

Experience from resident-led models, including Right to Manage, shows that while greater control can work well in some circumstances, sustaining consistent engagement and effective governance can be challenging. This can lead to delays, disputes and variability in how buildings are managed. This is amplified particularly in mixed-tenure or mixed-use developments where interests may diverge.

For some residents, greater control will be positive. For others, the priority is clear accountability, reasonable costs, professional management and confidence that essential works

will be carried out.

A workable model needs to ensure that buildings remain adequately funded and maintained, even where individual incentives do not always align with long-term asset management.

Response to survey questions

1. Do you agree with the proposed definition of a "flat" for the purpose of the ban?

If No, please explain why.

If you have any other comments on the proposed definition of a "flat", please provide them.

No.

We do not agree with the proposed definition of a "flat" for the purpose of the ban. The current approach focuses on the physical definition of an individual unit, rather than how buildings are designed, owned and managed in practice. In reality, residential buildings operate as integrated systems, with shared infrastructure, services and management arrangements that sit above the level of an individual home.

Using this definition risks creating inconsistencies within buildings and across developments, and does not reflect how decisions on management, safety and long-term investment are made. We would welcome greater clarity on the rationale for using this definition as the basis for the ban. A more effective approach would assess tenure at the level of the building as a whole, with appropriate flexibility and exemptions to reflect different development types and community needs.

There is also a lack of clarity within the definition itself. It does not clearly set out which elements fall within the responsibility of the unit holder and which sit outside it. This is a critical issue in practice, as uncertainty around internal elements such as walls, floors and finishes is a common source of dispute. Without clear and consistent definitions, there is a risk of ongoing disagreement over repair and maintenance responsibilities, particularly where elements sit between individual units and the wider structure.

This lack of clarity may also have implications for valuation and mortgage lending. If the extent of ownership and responsibility is not well defined, lenders may take differing approaches, which could affect the availability and terms of lending.

Clearer and more detailed definitions, supported by consistent standards, are needed to provide certainty for owners, providers and lenders. Any definition should also retain sufficient flexibility to accommodate different building designs and layouts while maintaining clarity on ownership and responsibility.

2. Do you agree with the proposed scope of the ban (categories A-E)? Please provide justification for cases where you disagree.

No.

We do not agree with the proposed scope of the ban across categories A–E. The current approach places significant weight on the definition of a flat, but it is not clear why the physical structure of a home should determine whether commonhold or leasehold is permitted, particularly where buildings operate as integrated systems. This risks creating inconsistent outcomes within developments and does not reflect how buildings are designed, financed and managed in practice.

A more effective approach would consider tenure at the level of the building as a whole, supported by appropriate exemptions, so that developments can be delivered and managed in a coherent and practical way.

There is also a risk of unintended consequences. In particular, the current approach could increase the delivery of shared ownership leasehold houses, which would run counter to the aims of the Leasehold and Freehold Reform Act 2024.

Further clarity is needed on how the model would operate in practice for mixed-use and phased developments. The proposals do not address how decision-making would be balanced between residential and commercial interests within the same building. Where residential units form only part of a wider development, it would not be appropriate for one group to have full control over decisions that affect the building as a whole.

There is also a lack of clarity on how arrangements should operate during the development and sales phase. Where only a small number of units have been sold, there is a risk that a minority of owners could exert disproportionate influence over key decisions.

3. Should an owner of a building with a sitting commercial tenant and no residential long leases be required to change the building to commonhold if they wish to sell a new flat in the building?

Please explain your answer.

No.

An owner should not be required to convert a building to commonhold in order to sell a new flat where there is a sitting commercial tenant and no existing long residential leases.

Requiring conversion in these circumstances would be disproportionate. In many cases, the introduction of a small number of residential units into an otherwise commercial asset would trigger significant legal, financial and operational restructuring, including changes to ownership arrangements, financing and management structures.

This level of intervention is unlikely to be justified where residential use is limited, and risks discouraging incremental or small-scale transitions from commercial to residential use.

A more flexible approach is needed, allowing leasehold to continue where it provides a clearer and more workable structure for managing mixed-use buildings.

4. Besides shared ownership (including specialist variants of shared ownership), home purchase plans, and equity release products, are there any other types of residential long leases that will be necessary within a commonhold?

We are not aware of any additional types of long residential leases that would be necessary within commonhold.

5. Which, if any, of the above types of land that cannot be registered as commonhold should continue to be excluded and therefore exempt from the ban? Please provide a justification for why and any data available on the prevalence of the given category of land:

We consider all of the listed land types should remain exempt from the ban. These categories often involve complex ownership and operational arrangements, including multiple interests and shared infrastructure, which are not well suited to a standard commonhold model. Retaining leasehold provides a clearer framework for managing responsibilities in these cases.

Clarification is needed where the freehold of land beneath a unit is not owned by the commonhold association, particularly in relation to rights and long-term control.

Commercial elements also require flexibility. Uses can change over time, and a fixed approach to tenure may not be appropriate. Clear transitional arrangements will be needed to ensure buildings can adapt without creating additional complexity.

We do not hold data on prevalence, but these scenarios are common in larger and mixed-use developments.

6. We welcome your views on whether any land ownership arrangements, or types of development, should be exempt from a ban on new leasehold flats.

Please provide justification for why the arrangement is being suggested, and any data available on the volumes of flats (or number of sites and buildings) using this arrangement that could be anticipated per year.

We believe there should be flexibility for both commonhold and leasehold within future developments, particularly in more complex or mixed-tenure schemes.

Housing associations typically deliver developments that include a mix of tenures. A significant proportion of new homes delivered are for rent, and providers retain ongoing responsibilities to those residents. Under a commonhold model, providers may retain rented homes within a building while losing control over how the wider building or estate is managed. This creates a risk that no single party is clearly responsible for ensuring outcomes for residents, particularly in relation to safety, service delivery and long-term maintenance. This dynamic is already evident in Section 106 and third-party managed developments, where providers are required to meet standards for residents despite having limited influence over building-level decisions. Experience from these arrangements highlights the practical challenges of maintaining accountability and service quality in such models.

We also note that developments often rely on shared infrastructure and coordinated management across tenures. In these cases, a single tenure model may not be appropriate or workable in practice. Allowing appropriate exemptions would ensure that developments can be designed and managed in a way that delivers safe, well-maintained homes and clear accountability for residents.

7. Please provide any views or suggestions on the proposed structure of the ban.

We note that, following implementation, documentation and marketing materials will need to clearly set out the tenure being offered. For example, with shared ownership, Key Information Documents (KIDs) will require updates by Homes England, and solicitors will need to ensure any tenure changes are updated in legal materials.

During any transition period, it is likely that both leasehold and commonhold properties will be marketed and sold in parallel. This may create confusion for prospective purchasers, particularly where different tenure models exist within the same development or across a wider site. Clear, consistent communication will be essential to ensure that residents understand the implications of different tenure types, including the responsibilities associated with commonhold.

Developers may find it preferable, where possible, to avoid mixing leasehold and commonhold within the same development, as this may create additional complexity in both management and customer understanding. There is also a risk that some developments could be delayed where the transition period is not clearly defined, as uncertainty may affect delivery decisions and programme timelines. An example would be large scale multi-tenured and multiple phase development projects spanning almost two decades that will require significant changes to their legal arrangements and the complexity of the negotiations would require substantial resources and potential delays to their timelines.

8. Do you anticipate that you, your organisation or your sector will begin using, or supporting the use of, commonhold once the new commonhold model is introduced, or only once the ban is in place for new flats?

· **Once the new commonhold model is introduced**

· **Only when the ban comes into force**

· **Other**

Please set out your reasoning.

We anticipate that we will begin using commonhold only once the ban on new leasehold flats comes into force.

At present, there is significant uncertainty about how the new commonhold model will operate in practice, particularly in relation to financing, management, governance and consumer demand. We would not expect the sector to adopt commonhold voluntarily at scale in advance of a clear, fully operational framework supported by lenders, conveyancers, regulators and developers.

Leasehold continues to provide a useful and well-understood tenure option for many residents, and we would expect it to remain in use until the new system is fully established and required by legislation. A successful transition will depend on the readiness of the wider system, not just the introduction of a new legal framework.

9. What actions or activities would you, your organisation or your sector need to undertake to prepare for the widespread use of commonhold? And how long would these take?

At this stage, it is difficult to estimate the time required to prepare for the widespread adoption of commonhold. Preparation will depend not only on internal readiness, but on the extent to which the wider housing and finance system is operationally prepared. This includes lenders, conveyancers, developers, managing agents and regulators.

For housing associations, significant work would be required across a number of areas, including possibly updating development and financial models, establishing new legal and governance structures, adapting systems and processes, and training staff.

There is also a need to build confidence in the model among purchasers and the wider market, which is likely to take time. Without sufficient preparation and system readiness, there is a risk of disruption to development pipelines and delays to the delivery of new homes.

Additionally, there will likely be significant changes to IT and housing management systems. Providers will need to adapt systems and data processes to record and monitor commonhold arrangements, including tracking buildings with commonhold associations, their decisions, and any ongoing provider interest. This includes identifying shared owners within commonhold, where service charge arrangements differ, and tracking the conversion of existing leasehold buildings. Reporting requirements are also likely to change, particularly in relation to regulatory returns, where the nature of commonhold ownership and how the provider's interest is held, including through subsidiaries or joint ventures, will need to be clearly recorded and reported. and potential links to subsidiary structures will need to be reflected. This will require system changes, testing and implementation time, and could create additional cost and delivery risk during transition.

10. From the point at which the revised commonhold law comes into force, how long would you, your organisation or your sector need to prepare for using commonhold as the default tenure in new blocks?

· **No time**

· **1 year**

· **2 years**

· **5 years**

· **Other**

Please explain your answer.

Other.

At this stage, we are not able to determine a specific timeframe for preparing to use commonhold as the default tenure. The time required will depend on the level of clarity provided on the final model, the readiness of the wider system, and the extent of changes required to development, financial and operational processes.

Given the scale of the change, a multi-year transition period will be necessary to ensure that the model is implemented safely and effectively.

11. Should the UK government introduce the ban on new leasehold flats with a single implementation date for everyone, or should it be staggered, allowing certain types of new building or developments more time to adopt commonhold?

- **The ban should commence at a single point**
- **The ban should be staggered**

If you think the ban should be staggered, which development or building types should be granted more time to prepare for a ban on the sale of new leasehold flats? Please set out your reasons for any answer given, and the estimated volumes of these products delivered each year.

We believe the ban should be staggered. A phased approach would allow time for the commonhold model to be tested, refined and embedded across the sector, including among lenders, conveyancers and managing agents. It would also reduce the risk of disruption to development pipelines and housing supply, particularly for more complex schemes. In particular, developments involving mixed-tenure arrangements, larger or higher-density buildings and/or complex infrastructure or estate-level services are likely to require additional time to adapt to a commonhold model.

A phased approach would help ensure that the transition is manageable and that residents are not exposed to unintended consequences arising from premature implementation.

12. Do you agree that self-contained blocks that have already sold new leasehold flats at the time the ban is commenced should be able to continue to do so?

Please explain your answer

Yes.

We agree that self-contained blocks that have already sold new leasehold flats at the time the ban is commenced should be able to continue to do so. Introducing commonhold part-way through the delivery of a building would create significant practical challenges, including mixed tenure structures within a single block and inconsistent management arrangements. Allowing these developments to continue under their original tenure would help avoid creating arrangements that are difficult to manage and understand for residents.

13. If you answered yes to the previous question, how long should developers have to complete the self-contained block?

No time limit

- **1 year**
- **2 year**
- **5 years**
- **10 years**
- **Other**

Please explain your answer

No time limit.

It is not possible to determine a fixed timeframe for completing a self-contained block, as delivery and sales are influenced by a range of external factors, including market conditions, construction timelines and access to mortgage finance. Introducing fixed time limits could create unintended pressure on delivery and may not reflect the realities of development.

14. Are there any alternative approaches to dealing with phased sites?

An alternative approach would be to determine whether a site will be leasehold or commonhold from the outset and apply that tenure consistently throughout delivery. This would help avoid situations where different phases of the same development are delivered under different tenure models, which could create long-term complexity in management, governance and resident understanding.

A consistent approach across a site would support clearer accountability and a more coherent experience for residents.

15. Where land is owned on a leasehold basis at the point the ban comes into force, what further conditions, if any, should enable the site to qualify for an exemption? Please select which, if any, of the following should apply:

- **The leased land was acquired before the ban is commenced**
- **The site has planning permission at the point the ban is commenced**
- **The site is under construction at the point the ban is commenced**
- **The first sale of the leasehold flat occurs within a fixed period of time**

Other

If you selected Other, please specify.

All of the above should apply.

Providing flexibility in these circumstances is important to ensure that developments which are already planned, consented to, or underway can proceed without unnecessary disruption. These sites will have

been designed, financed and structured based on existing tenure assumptions, and requiring changes at a late stage could affect viability and delivery.

16. If you selected 'the first sale of the leasehold home occurs within a fixed period of time', please specify the time period:

- Within 1 year
- Within 2 years
- Within 5 years

No time requirement

No time requirement.

17. Where a site is owned on a lease, should the developer have a fixed amount of time to finish selling leasehold flats on the site?

If you selected No, please set out your reasoning.

No. We do not believe that a fixed amount of time should apply.

Sales rates are dependent on market conditions, purchaser demand and access to mortgage finance, all of which are outside the control of developers. Introducing fixed deadlines could create pressure to sell under suboptimal conditions and may impact both delivery and consumer outcomes.

18. If Yes, how long should the developer have to sell the remaining leasehold units (houses or flats) on the site?

- 1 year
- 2 years
- 5 years
- Other

If you selected Other, please specify.

Not applicable.

19. For developers/landowners only: Do you own any land intended for residential or mixed-use development on a leasehold basis?

If yes, please provide the number of sites and their capacity, and what costs you anticipate incurring acquiring the land on a freehold basis instead of leasehold.

Yes. One member is already considering the implications of commonhold for their development programme, particularly in relation to land ownership and scheme design.

Their preference is to deliver developments with clearer separation of tenures, for example with rented and private homes in distinct parts of a scheme. This helps manage complexity, cost and long-term operational arrangements. However, this approach is not always feasible. Many developments, particularly in urban areas, are mixed-use and involve more complex structures, including residential above commercial or multiple tenures within a single building.

In practice, approaches such as pepper potting or tenure-blind design are already relatively limited and would become more difficult to deliver under a commonhold model. This could further constrain design flexibility and the delivery of mixed-tenure housing.

Their current development pipeline is primarily on a freehold basis, although some schemes involve long leasehold structures. We are reviewing our existing leasehold interests to assess whether to extend or exit these arrangements over time.

Acquiring the freehold in place of leasehold would be highly challenging in many cases and may not represent value for money. The cost of purchasing freehold interests, particularly in complex or mixed-use developments, is likely to be significant and could affect scheme viability.

Are there any alternative approaches for dealing with historical leased land?

We consider that historical leased land should remain under its existing arrangements. These sites will have been acquired, structured and financed based on long-standing leasehold assumptions. Retrospective changes could introduce legal and financial complexity and may affect viability. Maintaining existing arrangements would provide certainty and avoid unintended consequences for both providers and residents.

20. Are there any technical or minor changes to Part 1 of the published Draft Commonhold and Leasehold Reform Bill that would better support specific private sector-led development models or forms of homeownership?

No technical or minor changes have been identified.

21. Are there any technical changes to the published Draft Commonhold and Leasehold Reform Bill that would further enable the affordable housing sector to use commonhold?

We have not identified specific technical drafting changes at this stage.

However, we consider that further work is needed to ensure that the commonhold framework can operate effectively within the affordable housing sector. In particular, clarity is needed on:

- how shared ownership will function within commonhold, including rights and responsibilities
- how providers can meet regulatory obligations where they do not control building-level decisions
- how rented homes can be managed within a commonhold structure

Addressing these issues will be critical to ensuring that the model is workable in practice.

22. Are there any types of commonhold building or development (for example those over a certain number of units) which should be required to appoint professional directors and/or managing agents?

If yes, please specify which types of commonhold development and provide your reasoning.

Yes. We suggest this should apply to buildings with 11 floors or more.

In our view, professional directors and/or managing agents should be required for all commonhold developments, due to the building safety obligations under the Building Safety Act, the complexity of insurance management, and the need for clear accountability for final decisions.

As more buildings move towards resident-led governance, whether through existing arrangements such as right to manage and resident management companies or through commonhold, the importance of qualified and competent professional support becomes greater, not less. Commonhold associations would be responsible for decisions relating to building safety, financial management, maintenance and compliance, and these are not responsibilities that residents should be expected to manage without appropriate expertise and support. Requiring professional management would help ensure that buildings are managed safely and effectively, and that residents are supported in making informed decisions. This is particularly important in higher-risk or more complex buildings, but we consider that a consistent baseline requirement across all developments would provide greater clarity and protection for residents.

23. Apart from professional management, are there any additional requirements that should apply to owners of particularly large or complex commonhold buildings? Please outline the nature of the building and any additional obligations you think should apply.

Yes. They should be applied to buildings 11 floors and above.

It is our view that the same management standards, qualifications and certifications that apply to leasehold buildings should also apply to commonhold buildings. In larger or more complex buildings, there is also a case for additional requirements so that residents are not exposed to avoidable risk when decisions are taken collectively. These could include:

- requirements for long-term financial planning, including sinking funds and major works strategies
- clear governance standards, including decision-making processes and record keeping
- compliance with building safety and regulatory requirements, aligned with existing expectations under the Building Safety Act

- requirements for professional assurance or oversight in relation to insurance, procurement and major works

This is particularly important where buildings involve higher safety risks, mixed uses or shared infrastructure, and where poor decision-making could have significant consequences for residents over time.

24. Do you agree with our proposed definition of 'micro-commonholds' as those which contain four residential units or fewer?

No.

25. If no, where do you think that threshold should be set?

· **Two units**

· **Six units**

· **Other**

If you selected Other, please specify Please provide your reasoning.

We do not agree with the proposed definition of micro-commonholds.

The scale of a building does not remove the need for clear governance and accountability. Even in smaller developments, residents are responsible for decisions on budgets, maintenance, insurance and compliance. Exempting these buildings from core requirements risks creating inconsistent standards and may leave residents without the protections needed to manage buildings effectively over time.

A more practical approach would be to define micro commonholds based on the level of complexity and risk within a building, rather than the number of units. In particular, this could include buildings with no shared internal common spaces or where a fire risk assessment is not required.

This better reflects how buildings operate in practice. For example, converted properties such as warehouse conversions or street properties with direct access to individual homes typically only share the structure of the building, rather than services or communal amenities. These buildings present lower operational and safety risks, involve fewer ongoing management requirements and generally have lower costs.

By contrast, purpose-built blocks are more likely to include shared spaces, services and safety requirements, and therefore require a higher level of management and oversight.

Defining micro commonholds in this way would provide a more proportionate framework and better align with the intended purpose of capturing simpler, lower-risk buildings.

26. Should any legal obligations on commonhold associations be removed or made optional for very small, simple commonholds?

If yes, please specify which obligations you believe should be removed or made optional, and explain your reasoning

Yes.

We support a more proportionate approach to governance requirements for very small, simple commonholds.

In particular, the number of directors should remain flexible, with a minimum of two to ensure basic oversight. Requirements for regular retirement and replacement of directors should be optional in these cases. For smaller buildings, frequent turnover or the appointment of external directors would be disproportionate and could make the model harder to operate.

Allowing directors to remain in place where appropriate would provide greater stability and better reflect the simpler nature of these buildings.

27. For those involved in the development, marketing, sale and conveyancing of new blocks of flats, in the past three years, what percentage of these typically have the following features?

- 990-year leases (or longer) as standard [None, 0 to 25%, 26 to 50%, 51 to 75%, **76 to 100%**, don't know]
- a resident management company that owns the freehold of the building/s [None, 0 to 25%, 26 to 50%, 51 to 75%, 76 to 100%, **don't know**]
- professional managing agents responsible for the upkeep of the building [None, **0 to 25%**, 26 to 50%, 51 to 75%, 76 to 100%, don't know]
- a reserve fund in place from the outset [None, 0 to 25%, 26 to 50%, 51 to 75%, 76 to 100%, **don't know**]

Please provide an approximate percentage for each.

Across the sector and amongst members, long leasehold structures remain the predominant model for the delivery and sale of new flats. There is very limited use of alternative models such as commonhold or a share of freehold.

This reflects a system that is well established and widely understood by developers, lenders, conveyancers and purchasers. As a result, transitioning to commonhold will require significant change across development, sales, conveyancing, mortgage lending and building management. This is therefore a fundamental shift rather than an incremental change to existing practice.

28. Will you or your organisation need to implement new, or update existing, systems to adapt to the use of commonhold?

If yes, please provide a brief description of these changes and their associated costs.

Yes.

New systems would need to be implemented, or existing systems updated, to reflect the different responsibilities associated with commonhold. The associated costs haven't been determined. New systems would need to be implemented, and existing systems updated, to reflect the different legal, financial and operational structures associated with commonhold. This is likely to include changes to asset management systems, financial reporting and budgeting processes, service charge administration, and governance and compliance systems.

There may also be additional complexity during any transition period where leasehold and commonhold operate in parallel.

29. Will your organisation need to train/upskill staff to adapt to the use of commonhold?

If yes, please provide a brief description of the training required and its associated costs.

Yes.

Moving to commonhold would require a shift in operating model rather than a simple process change. Staff would need to be trained or upskilled across governance, financial oversight, resident engagement and compliance to reflect the different responsibilities under the model.

Implementation would also require coordinated engagement across teams. Staff would need a clear understanding of how commonhold operates in practice, including decision-making structures, funding arrangements and the division of responsibilities between providers and residents.

This is likely to lead to increased demand on frontline and specialist teams. Staff would need to manage higher volumes of enquiries, support residents in navigating new responsibilities and handle a greater number of disputes. This will require additional legal and operational capability, particularly in relation to governance and service charge issues.

We have not yet quantified the full cost of these changes. However, the scale of transition and the need for ongoing capability mean this is likely to require sustained investment in training, systems and organisational capacity.

30. Will you or your organisation need to consult external professionals to adapt to the use of commonhold? (E.g. legal professionals, consultants etc.)

If yes, please provide a brief description of the external advice needed and its anticipated costs.

Yes.

External professional advice will be required, particularly in relation to legal structuring, governance, valuation, financial modelling and development feasibility.

Given the scale of change, specialist input will be necessary to understand how commonhold operates in practice and to assess its implications for new developments and existing business models.

The associated costs for this are yet to be determined.

31. Do you expect any costs to arise from complying specifically with the ban (e.g. adapting marketing materials, issuing warning notices, including prescribed clauses in exempt leases)?

If yes, please outline why, and your expected cost per development, purchase / sale, or contract to change.

Yes.

We expect costs to arise from complying with the ban, including updating legal documentation, contracts, customer information, marketing materials and internal systems.

There are also likely to be additional costs associated with transitioning to a new tenure model, including establishing commonhold structures and supporting residents to understand their roles and responsibilities.

During any transition period, operating both leasehold and commonhold in parallel may create further complexity and cost.

While it is difficult to quantify exactly what the additional cost will be, we do know it will increase.

32. Do you anticipate any efficiencies to arise from the adoption of commonhold in the form of cost savings for you or your organisation?

If yes, please outline where you might expect these efficiencies to materialise, and by how much associated costs may fall.

No.

We do not anticipate significant efficiencies or cost savings arising from the adoption of commonhold, particularly in the short- to medium-term. While commonhold aims to improve transparency and resident control, these benefits are not necessarily associated with lower costs in practice.

Under current arrangements, services such as repairs, maintenance and insurance are often procured across large portfolios, allowing providers to achieve economies of scale. Under commonhold, these decisions would be taken at building level, which may reduce purchasing power and lead to higher or more variable costs.

There are also likely to be additional costs associated with governance, administration and professional support, as commonhold associations take on responsibilities currently managed centrally. As a result, costs for both providers and residents will increase, unless the final model includes a mechanisms to support efficient management at scale.