

LEGISLATIVE CONSENT MEMORANDUM

HOUSING AND PLANNING BILL: ENFRANCHISEMENT AND EXTENSION OF LONG LEASEHOLDS

1. This Legislative Consent Memorandum is laid under Standing Order (“SO”) 29.2. SO29 prescribes that a Legislative Consent Memorandum must be laid, and a Legislative Consent Motion may be tabled, before the National Assembly for Wales if a UK Parliamentary Bill makes provision in relation to Wales for a purpose that falls within, or modifies the legislative competence of the National Assembly for Wales.
2. The Housing and Planning Bill (the “Bill”) was introduced in the House of Commons on 13 October 2015. The Bill can be found at: <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

Summary of the Bill and its Policy Objectives

3. The Bill is sponsored by the Department for Communities and Local Government. The UK Government’s main policy objectives for the Bill are to take forward proposals to build more homes that people can afford, give more people the chance to own their own home, and ensure the way housing is managed is improved.
4. The Bill is in eight parts:
 - Part 1 makes provision about new homes in England.
 - Part 2 provides greater powers for local authorities to tackle rogue landlords and letting agents in England.
 - Part 3 reforms rules around abandonment of rented properties in England.
 - Part 4 makes provision regarding social housing in England.
 - Part 5 makes provisions regarding housing needs in England, introduces a more stringent ‘fit and proper’ person test for landlords letting out licensed properties, such as Houses in Multiple Occupation in England, requires Tenancy Deposit Scheme data to be shared with local authorities in England, amends the Estate Agents Act 1977, makes provision for leaseholds and rentcharges in England and Wales.
 - Part 6 makes provision for planning in England.
 - Part 7 makes provision to improving the compulsory purchase regime.
 - Part 8 makes general provisions.

Provisions in the Bill for which consent is sought

5. Clause 90 of the Housing and Planning Bill at introduction provides for ‘Enfranchisement and extension of long leaseholds: calculations’ and

Schedule 5 to the Bill changes the method of calculating certain amounts under the Leasehold Reform Act 1967 ('the 1967 Act') and the Leasehold Reform, Housing and Urban Development Act 1993 ('the 1993 Act').

6. Schedule 5 of the Bill at introduction amends both the 1967 and 1993 Acts to remove the prescribed formulae within each Act and replace it with new provision that specifies the price payable/value for the various tenancies concerned.
7. Brandon Lewis MP, the Minister of State for Housing and Planning at the Department for Communities and Local Government tabled and published amendments 129 -135 to the Bill on 24 November 2015.
8. The effect of these amendments is that the formulae will now be calculated in accordance with Regulations made by Welsh Ministers rather than in accordance with the regulations made by the Secretary of State as provided in the Bill at introduction. The procedure specified for regulations made by the Welsh Ministers is subject to annulment in pursuant of a resolution of the National Assembly for Wales.
9. The Consolidated Stock (gilt) used in the current formulae was redeemed by the UK Government on 5 July 2015. The gilt is used to work out amounts in relation to leasehold extensions and calculation of 'minor intermediate interests' in leasehold enfranchisement and lease extensions and also for a 'minor superior tenancy'. The formulae specifically referenced the gilt and there is no provision for replacement or substitution of this gilt.
10. Therefore, new provision is required in the Bill to provide a mechanism for specifying a new formula with a replacement of the gilt element.
11. The provision applies in relation to Wales.
12. In the view of the Welsh Government these provisions fall within the legislative competence of the National Assembly for Wales in so far as they relate to enfranchisement and the extension of long leaseholds. This is on the basis that 'regulation of rent' is within the legislative competence of the National Assembly for Wales pursuant to subject 11 ('Housing') of Schedule 7 to the Government of Wales Act 2006.

Advantages of utilising this Bill rather than Assembly legislation

13. In the view of the Welsh Government, it is appropriate to deal with these provisions in this UK Bill as it represents the most practicable and proportionate legislative vehicle to enable these provisions to apply in relation to Wales.
14. The new provisions are required to enable a new formula to be specified for prices payable in respect of enfranchisement and extension of long leaseholds. By making provisions in the UK Bill, the new formula can come

into effect in both Wales and England at the same time with no disadvantages to Welsh leaseholders.

Financial implications

15. There are no financial implications for the Welsh Government.

Lesley Griffiths AM
Minister for Communities and Tackling Poverty
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