# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Response to Report of the Task and Finish Group on Leasehold Reform** |
| **DATE**  | **06 February 2020** |
| **BY** | **Julie James AM, Minister for Housing and Local Government** |

In my statement on 17 July 2019, I promised to provide Members with an update on our work in response to the report of the Task and Finish group on residential leasehold reform.

Leasehold is a complex area, and the group’s report, with 31 main recommendations, reflects this complexity. Nevertheless it remains a challenge that I am committed to addressing.

The Law Commission’s projects on Enfranchisement, Right to Manage and Commonhold, along with our own research into the use and experience of leasehold in Wales will enable us to take a rounded view of the issues and potential routes to change. These reports are due to be published in the Spring, and I will update Members with my intentions in response to them once I have had the chance to consider their findings.

Today I want to update Members on two areas where I am concentrating initial efforts.

Firstly, I am concerned that we address the practice of charging freeholders estate fees for maintenance and services on estates. However, I am aware of the wide variations in practice and the lack of firm evidence on which to base any action. I am therefore bringing forward a Call for Evidence on the issue of estate fees on housing developments. The [Call for Evidence](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fgov.wales%2Festate-charges-housing-developments&data=02%7C01%7CGovernment.Plenary.Business%40gov.wales%7Ce1b5ba973ece453b3d6d08d7a8918940%7Ca2cc36c592804ae78887d06dab89216b%7C0%7C0%7C637163215327389158&sdata=JxiiyQByY2tq5F%2Fd9MHQOFMJcVLpQ29cy8tGXp4CR9Q%3D&reserved=0) will run for 12 weeks, from 6 February until 30 April.

This is an important step in our work to understand the situation faced by many homeowners and residents on housing developments where open spaces and facilities are not adopted by their Local Authority. Most, if not all, Assembly Members have heard from residents who have had a poor experience of these charges, either finding out at a late stage during purchase that they exist, being faced with steeply escalating demands, or being unable to challenge what they perceive as poor value for money or inadequate service in return for the charges.

I also want to learn more about the reasons behind the apparent marked increase in the use of estate charges. To this end, sections of the Call for Evidence are aimed at developers and Local Authorities whose decisions lead to the creation of such charges, as well as other professionals and organisations who may have insight into their use.

We are primarily concerned with gathering evidence of current practice which is not yet available. That said I would encourage respondents to also consider what improvements may help to address their concerns with the current system. So that any actions we choose to take are rooted in people’s experience.

Secondly, I want to begin to address the issue of poor management of leasehold properties. We know that many are well managed by professional individuals and organisations but it cannot be right that we expect an individual residential landlord to register and undertake a minimum level of training but do not require similar of those who are responsible for often complex buildings with multiple households.

Currently, anyone can manage a leasehold property or housing development, with all the legislative, health and safety and financial issues they present. No prior experience, qualifications or membership of a professional body is required. It is my view that this is not sufficient to guarantee the standards which we all expect to see.

To address this I have commissioned work to develop a new accreditation scheme for those companies which are engaged in the management of leasehold properties as well as housing developments where estate charges are in use. The scheme will be voluntary in the first instance with a view to it becoming mandatory in the future.

We will work closely with the sector to help us develop this scheme which I would hope to have in place by the end of this Assembly term. Getting the scheme right will take time and we will give the necessary time and attention to considering the scope of the accreditation, the standards it will seek to implement and which body or organisation will be best placed to administer it.

In addition to those areas of work identified above, I am also looking at what may be done to improve the awareness of leasehold and estate charges among buyers. The decision to purchase a property should always be informed by a good understanding of the implications of the ownership status, and the likely ongoing costs and responsibilities, early in the purchase process.

Implementing the recommendations from the task and finish group will require a significant programme of work, but change is essential and these actions represent positive and significant initial steps.