

‘Fixing’ the Leasehold and Freehold Reform Act 2024’s enfranchisement regime

Background

The previous government’s Leasehold and Freehold Reform Act 2024 was passed in the wash-up period prior to the dissolution of the last parliament. While limited in nature, the Act introduced a necessary set of reforms that will provide immediate relief to homeowners subject to unfair and unreasonable practices.

The Act establishes a new valuation process that will make it easier and cheaper for leaseholders to extend their lease or buy their freehold (known as ‘enfranchisement’). The new method for calculating the price of a statutory lease extension or freehold acquisition removes the requirement for marriage value (an extra cost applied to leases of 80 years or less) to be paid, caps the treatment of ground rents in the valuation calculation at 0.1% of the freehold value, and allows government to prescribe the rates used to calculate the enfranchisement premium.

Why isn’t the enfranchisement regime in force yet?

On assuming office in July 2024, ministers were informed that the 2024 Act contains a small number of specific but serious flaws which would prevent certain provisions from operating as intended and that need to be rectified via primary legislation. The King’s Speech on 13 May 2026 confirmed that the required fixes will be made in the government’s substantive Commonhold and Leasehold Reform Bill.

What needs to be fixed in the 2024 Act?

- The new valuation process as set out in the Act contains a loophole which means some people could avoid paying the correct price for their lease extension or freehold acquisition. As such, the integrity of the amended method is compromised.
- The 2024 Act enables shared ownership leaseholders to extend their lease but does not include similar rights for their shared ownership providers (most commonly a housing association), where their shared ownership provider holds a lease and does not own the freehold. Rights will be given for shared ownership providers to also extend their leases as they do not have sufficiently long leases to grant 990-year extensions.
- At present, leaseholders seeking to enfranchise must pay their landlord’s ‘process’ costs as well as their own. In future, each party to an enfranchisement will have to pay their own ‘process’ costs, for example for conveyancing fees. However, an overlooked exception needs to be made to allow third parties to leases, such as resident-led management companies, to recover contributions toward their process costs in some instances. Without this change, these companies may be at risk of insolvency, which would be an unintended outcome of the reforms requiring landlords to pay their process costs.
- When a building comes to the end of its life, freeholders have rights to end leases in the building in order to redevelop it. This can only happen during limited time periods and must be agreed by a Court. An unintended constraint on landlords’ existing redevelopment break rights that applies in certain limited circumstances where there are complex chains of leases must be corrected.
- A small number of minor corrections need to be made, for example to fix incorrect cross-references within the legislation itself, so that it can be clearly understood and the Act smoothly implemented.

When will the enfranchisement reforms come into force?

To bring the enfranchisement regime into force, the government will take the following steps:

1. Make the above fixes to the 2024 Act, by passing the Commonhold and Leasehold Reform Bill.
2. Publicly consult on details that determine how the 2024 Act’s new enfranchisement system should work in practice. We will launch such a consultation in the coming months. This will cover the rates to be used in calculating how much leaseholders pay to enfranchise and the amounts they may have to contribute to their landlords’ non-litigation costs when exceptions to the new rule that “each party pays their own costs” apply.
3. Once finalised, the details will be set out in regulations which must be approved by Parliament. This is a standard process for setting out the precise detail needed to bring the law into full effect.
4. Once all these processes are complete, the government will be able to bring the new

enfranchisement system into force, which includes rights to lease extensions of 990 years and removing ‘marriage value’ (an extra cost applied to leases of 80 years or less) from the price calculation. The government is working with stakeholders, parliamentarians and delivery partners to ensure this can be done as quickly as possible.

Which parts of the 2024 Act have already been brought into force?

The substantive fixes relate to the 2024 Act’s enfranchisement system. The government is implementing the rest of the 2024 Act as quickly as possible. A number of changes are already in force for example, leaseholders no longer have to wait two years before they can buy their freehold or extend their lease, and where leaseholders want to manage a building themselves through the ‘Right to Manage’, they no longer have to pay their freeholder’s costs.

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Useful links:

- The Leasehold Advisory Service website www.lease-advice.org
- How to Lease guide: www.gov.uk/government/publications/how-to-lease
- Housing Minister’s speech on Leasehold and Commonhold Reform, Institute for Government, Westminster, 29 April 2026 <https://www.gov.uk/government/speeches/housing-minister-speech-on-leasehold-and-commonhold-reform>
- Statement by the Housing Minister, Leasehold and Commonhold Reform, 21 November 2024 – <https://questions-statements.parliament.uk/written-statements/detail/2024-11-21/hcws244>