

Proposed approach to DCLG Consultation '*Tackling Unfair Practices in the Leasehold Market*' by Community-Led Housing Sector bodies

The Government's consultation – '*Tackling Unfair Practices in the Leasehold Market*' – proposes far-reaching reforms to leasehold, including a ban on the sale of new leasehold houses and limiting ground rents to 'peppercorn' rates. While the stated aim of these reforms is to "tackle unfair and unreasonable abuses", they would have a significant impact on Community Land Trusts, Cohousing groups and other community-led housing organisations, as well as other organisations that operate in the public interest.

We propose taking a 'two-pronged' approach to lobbying on this by:

1. **Calling for an exemption** - submitting a CLH-wide consultation response calling for an exemption from proposals for community-led housing groups;
 2. **Proposing a Code of Conduct for Public Interest Leases** - partnering with a wider coalition of public interest landowners and professional bodies.
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1. Calling for an exemption

a. An exemption for CLTs, Cohousing and other forms of community-led housing affected by the ban on new-build leasehold sales

Leasehold is widely used by CLTs, acting as an 'asset lock' that permanently preserves the affordability of the homes while providing access to home ownership. Restricting this would impede delivery of the majority of the 4500 CLT homes currently in the pipeline. Similarly, for Cohousing groups, leaseholds are needed to safeguard property held in common and the long term operation of Cohousing principles.

The consultation paper sets out limited grounds for exemptions, including developments on Crown or National Trust land. In light of the reasons outlined above, we will make the case for an exemption for CLTs, Cohousing and potentially all forms of community-led housing.

b. Freedom for CLTs, Cohousing and other forms of community-led housing to charge reasonable ground rents

Leasehold is particularly important to several partnership schemes between CLTs and housing associations. In these partnerships, leasehold ground rents at a very modest level provide CLTs' only source of revenue to cover both community engagement and ongoing governance costs. Any reforms must enable CLTs to continue to charge reasonable ground rents to cover these costs.

We will also be using this consultation as an opportunity to revive the case for extending the exemption from leasehold enfranchisement already available under the Community Right to Build order to CLT homes, to remove the threat to the permanent affordability of CLTs.

2. Code of Conduct for Public Interest Leases

Community-led housing is part of a coalition of organisations that use leases to retain control of land for public interest purposes; in contrast to the exploitative practices of many developers and investors. In the right hands, leases are the best way of maintaining long-term, responsible stewardship of land and homes.

We propose the introduction of a voluntary Code of Conduct for Public Interest Leases, to be developed in partnership with other public interest landowners, including housing associations, with the legal and chartered surveying professional bodies. This would promote best practice in the leasehold market, and give consumers the necessary confidence that they are receiving fair treatment and good value.

Our intention for the consultation response is to create a scoping draft of the Code with a list of organisations interested in signing up to that approach. To join as a signatory please contact: Stephen Hill, Chair, UK Cohousing Trust and Trustee, National CLT Network, on smdhill@gmail.com.

