



HOUSE OF COMMONS

LONDON SW1A 0AA

[REDACTED]
Highgate
London
N6 [REDACTED]

14th November 2006

MC/231006/54PM

Dear [REDACTED]

In response to your further letter of 20th October Sir Menzies has asked me to respond on his behalf.

The Liberal Democrats are in favour of the reforms introduced by the Commonhold and Leasehold Reform Act 2002, but we recognise some of the problems with this – including a number of issues at the heart of what CARL is campaigning for.

On the ability of leaseholders to change their tenure to commonhold we are in favour of reducing the requirement for 100% agreement between all leaseholders and the landlord so that there could be a transfer to a commonhold property where 75% of the leaseholders are in favour of it.

On the matter of the cost of buying the freeholds from the landlords we would abolish the 'marriage value' thereby reducing the costs for the leaseholder when buying the freehold.

We would make it easier for leaseholders, or homeowners with a share of a freehold, to transfer to the new commonhold tenure. Under the current rules, every party with an interest in a block of flats, including all leaseholders, their mortgage lenders and the landlord must agree to transfer to commonhold.

We would allow the transfer to commonhold without the consent of the landlord, and with a 75% or more majority of leaseholders. If a leaseholder did not want to join the commonhold, those transferring would acquire the commonhold of his flat and he would become a tenant of the commonhold.

Enfranchisement, where leaseholders purchase the freehold from their landlord, would also be easier under a Liberal Democrat government. The existing rules require the leaseholders to pay the freeholder half the 'marriage value' - the difference in value between a freehold with vacant possession and a freehold with a long lease. We would abolish this payment.



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Forfeiture, under which a freeholder can force a leaseholder out of their property for sometimes minor breaches of contract – like building an extension without consent or refusal to pay excessive service charges - has no place in modern housing legislation. It has been limited by the government, but would be abolished by the Liberal Democrats and replaced by sanctions similar to those available to mortgage lenders. Money or compensation due to a freeholder would be paid out of the sale of the leasehold; the leaseholder would pay only the money owed, not the entire value of their home.

Liberal Democrats will also investigate remaining allegations of abuses of insurance premiums and service charges by some freeholders, and then legislate to end them. I have sent a copy of your letter to Andrew Stunell MP, the Liberal Democrat Spokesman for the Communities and Local Government for his information.

I hope this addresses your concerns.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Anne-Marie Bunting', with a stylized flourish at the end.

Anne-Marie Bunting
Correspondence Manager, Office of Sir Menzies Campbell MP

cc. Andrew Stunell MP