

# Leasehold Reform (Ground Rent) Bill [HL]

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MARSHALLED  
LIST OF AMENDMENTS  
TO BE MOVED  
IN GRAND COMMITTEE

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*The amendments have been marshalled in accordance with the Instruction of 27th May 2021, as follows –*

Clauses 1 to 12  
Schedule

Clauses 13 to 26  
Title

*[Amendments marked ★ are new or have been altered]*

**Amendment  
No.**

**Clause 1**

LORD BLENCATHRA

- 1 Page 1, line 6, leave out paragraph (b)
- 2 Page 1, line 9, leave out subsection (2) and insert –  
“(2) Where the conditions apply, a lease is a regulated lease even if it was granted on or before the day on which this Act is passed.”

**Clause 2**

LORD YOUNG OF COOKHAM

- 3 Page 1, line 22, leave out paragraph (b)

***Member’s explanatory statement***

*This amendment is to probe the application of the Bill where premises are part business and part residential.*

LORD BEST

- 4★ Page 3, line 7, at end insert –  
*“Retirement homes where development has begun prior to commencement*  
(12) A lease is an excepted lease if it is a lease of a retirement home, and –  
(a) a contract to purchase the land to develop retirement homes was agreed before 1 April 2021, and  
(b) development of the homes began before the relevant commencement day under section 25(4).

**Clause 2 - continued**

- (13) A lease is a lease of a retirement home if—
- (a) it is a term of the lease that the premises demised by the lease may be occupied only by persons who have attained a minimum age, and
  - (b) that minimum age is not less than 55.”

**After Clause 2**

LORD MACKAY OF CLASHFERN

5 Insert the following new Clause—

**“Leases with an option of redemption**

- (1) In this Act a lease with an option of redemption means a lease which meets the following conditions—
  - (a) it is a long lease of a dwelling,
  - (b) it is in force on the “relevant transition date”, and
  - (c) it is not an excepted lease.
- (2) The “relevant transition date” is the day on which this section and the other relevant provisions of this Act come into force in relation to leases of that kind.
- (3) After the relevant transition date the tenant has an option to pay a capital sum to the landlord, on payment of which the rent payable under the lease shall be a peppercorn rent.
- (4) The capital sum in subsection (3) shall be calculated in accordance with a formula specified by regulations made by the Secretary of State.
- (5) The option to pay a capital sum to the landlord set out in subsection (3) may only be exercised within two years of the relevant transition date.”

BARONESS GRENDER  
LORD STUNELL

6★ Insert the following new Clause—

**“Existing leases: transparency requirement**

- (1) In this Act an “existing lease” means a lease which meets the following conditions—
  - (a) it is a long lease of a dwelling,
  - (b) it is not an excepted lease, and
  - (c) it was granted before the relevant commencement day of any section of this Act that would make it a regulated lease.
- (2) Before requiring a payment of rent under an existing lease the landlord must provide the tenant in writing with a justification for the cost of the rent, and an explanation of what the payment will be used for.
- (3) Section 83 of the Consumer Rights Act 2015 (duty of letting agents to publicise fees etc) is amended in accordance with subsection (4).
- (4) After subsection (7) insert—
 

“(7A) This section also applies in relation to a payment of ground rent.””

**Member's explanatory statement**

*This amendment would require landlords charging ground rent on leases granted before this Act came into force to explain what the rent is for. It would also require lettings agents to make details of any ground rents available to prospective leaseholders.*

**Clause 3**

LORD YOUNG OF COOKHAM

- 7★ Page 3, line 10, after “lease” insert “or a lease to which section (*Right to buy out ground rent in pre-commencement leases*) applies”
- 8★ Page 3, line 28, at end insert “, or to the extent it exceeds an amount permitted under section (*Right to buy out ground rent in pre-commencement leases*).”

**Clause 5**LORD KENNEDY OF SOUTHWARK  
LORD LENNIE

- 9 Page 4, line 3, at end insert –  
“(2A) Where a landlord charges any remedial costs during the course of the lease, the permitted rent in respect of the landlord’s share in the demised premises is a peppercorn.”

**Member's explanatory statement**

*This amendment provides that a landlord of a shared ownership property may not charge ground rent in respect of the landlord’s share if any remedial costs are charged.*

- 10 Page 4, line 3, at end insert –  
“(2A) Where a landlord charges a service charge of more than £100 per month, the permitted rent in respect of the landlord’s share in the demised premises is a peppercorn.”

**Member's explanatory statement**

*This amendment provides that a landlord of a shared ownership property may not charge ground rent in respect of the landlord’s share if service charges exceed £100 per month.*

**Clause 6**BARONESS GRENDER  
LORD STUNELL

*The above named Lords give notice of their intention to oppose the Question that Clause 6 stand part of the Bill.*

**Member's explanatory statement**

*This probing amendment is to see if the Government can better protect leaseholders who enter into informal lease extensions after the Bill is passed. This is to avoid landlords pressurising tenants to enter into informal extensions to preserve monetary ground rents.*

### After Clause 6

LORD BLENCATHRA

11 Insert the following new Clause—

**“Ground rent payment on permitted leases before this Act comes into force**

- (1) Ground rent payments on regulated leases granted before this Act comes into force must not exceed £250 per year.
- (2) Any leaseholder that has paid over £250 per year in ground rent up to the date that this Act comes into force must have all monies above £1,000 per year reimbursed by the landlord of the property.”

LORD YOUNG OF COOKHAM

12★ Insert the following new Clause—

**“Right to buy out ground rent in pre-commencement leases**

- (1) This section applies to a lease that meets each of the following conditions—
  - (a) it would be a regulated lease but for the fact it was granted, or was granted pursuant to a contract made, before a relevant commencement date (see section 1(1)(b));
  - (b) it reserves a rent that would be a prohibited rent if reserved under a regulated lease;
  - (c) there is no notice under Part 1 of the Leasehold Reform Act 1967 (enfranchisement and extension of long leaseholds) pending in relation to the lease; and
  - (d) where the Leasehold Reform, Housing and Urban Development Act 1993 applies—
    - (i) there is no notice under Chapter 1 of Part 1 (collective enfranchisement of tenants of flats) pending in relation to the freehold of the premises demised by the lease, and
    - (ii) there is no notice pending under Chapter 2 of Part 1 (individual right of tenant of flat to acquire new lease) in relation to the lease.
- (2) In any lease to which this section applies there is a covenant implied by the landlord that at the tenant’s option the landlord will by deed of variation to the lease substitute any obligation to pay a prohibited rent in favour of an obligation to pay a permitted rent in consideration of the tenant paying a premium determined in accordance with this section.
- (3) For the purposes of subsection (2), the tenant is to notify the landlord in writing that he or she elects to exercise the option implied by subsection (2)—
  - (a) where the lease prescribes the means by which the tenant is to give notice to the landlord, by giving notice to the landlord in accordance with any such means, or
  - (b) where the lease does not prescribe the means by which the tenant is to give notice to the landlord, by giving notice in writing by post which is deemed served on the landlord 7 days after posting.
- (4) Within the period of 2 months beginning with the day on which the tenant’s notice under subsection (3) is deemed served, the landlord must—

**After Clause 6 - continued**

- (a) acknowledge in writing the tenant's notice given in accordance with subsection (3),
  - (b) notify the tenant in writing of the premium determined in accordance with subsection (6), and
  - (c) prepare and send to the tenant a deed of variation signed by or on behalf of the landlord giving effect to the tenant's option in accordance with the implied covenant.
- (5) Within the period of 2 months beginning with the landlord's response under subsection (4), the tenant must –
- (a) return a countersigned copy of the deed of variation sent by the landlord in accordance with subsection (4)(c),
  - (b) pay to the landlord the premium determined in accordance with subsection (6), and
  - (c) apply to the Chief Land Registrar (and pay the appropriate fee) for registration of the deed of variation in the registered title of the lease being varied.
- (6) The premium payable for exercise of the option implied by subsection (2) is the aggregate of £100 in respect of the landlord's costs, and –
- (a) where the original annual rent is £100 or less, a multiple of 20 times the original annual rent,
  - (b) where the original annual rent is more than £100, a multiple of 20 times the original annual rent subject to a maximum of £7,500.
- (7) The tenant may give notice in accordance with subsection (3) to withdraw the exercise of the option at any time before either –
- (a) the landlord discharges each of the obligations under subsection (4), or
  - (b) the period permitted for the landlord to discharge the obligations under subsection (4) expires without the landlord so discharging his or her obligations.
- (8) The tenant is not liable for the landlord's costs if the tenant gives notice in accordance with subsection (7), but the tenant may not exercise the option again for a period of 12 months beginning with the day notice under subsection (7) is deemed served under subsection (3).
- (9) The tenant is deemed to withdraw from the exercise of the option implied by subsection (2) if the landlord responds in accordance with subsection (4) and the tenant does not comply with each of the obligations under subsection (5) by the end of the period allowed by subsection (5).
- (10) Where subsection (9) applies, the tenant is liable for the landlord's reasonable costs to a maximum of £100 and the tenant may not exercise the option again for a period of 12 months beginning with the day after the end of period permitted under subsection (5).
- (11) If the tenant has not paid the premium due under subsection (6) by the end of the period permitted by subsection (5), or the landlord's costs under subsection (10), the landlord –
- (a) may recover the premium and costs due from the tenant as a debt;

**After Clause 6 - continued**

- (b) may apply to the Chief Land Registrar to cancel any deed of variation already registered in the registered title pursuant to subsection (5), or else to register a restriction against any entry of a deed of variation being registered in the registered title pursuant to subsection (5), in either case where the entry in question gives effect or purports to give effect to the exercise of the option under subsection (2), until the premium and any costs due under this section are paid by the tenant;
  - (c) if a disposition of the registered title has been registered by the tenant or a person acting on behalf the tenant, is not bound to recognise the disposition insofar as it purports to include or to rely on the exercise by the disposing tenant in default of the option implied by subsection (2); and
  - (d) is entitled to reasonable costs of any action taken under this subsection from the tenant, subject to any right the tenant has or may have to have the costs assessed for reasonableness under the Landlord and Tenant Act 1985 or under Schedule 11 to the Commonhold and Leasehold Reform Act 2002.
- (12) The Secretary of State may by regulations amend the cash amounts specified in either or both of subsections (6) and (10) provided that such regulations –
- (a) in respect of the first such regulations, are not made before the end of the period of 5 years beginning with the day on which this section comes into force;
  - (b) in respect of the second such regulations and any such subsequent regulations, are not made before the end of the period of 5 years beginning on the day the preceding regulations come into force;
  - (c) in any event, do not increase the amount or amounts payable by more than 2% above the average of any measure of inflation specified under section 12 of the Bank of England Act 1998 during the relevant period.
- (13) The exercise of the tenant’s rights under this section does not affect any rights the tenant has or may later accrue under the Leasehold Reform Act 1967, or under the Leasehold Reform, Housing and Urban Development Act 1993.
- (14) This section has effect notwithstanding any other term of a lease, and the landlord or a person acting on behalf of the landlord must not impose or seek to impose any collateral condition or requirement on the tenant, or require the tenant to enter into any other contract, or require the tenant to agree to any other variation as a condition of the tenant exercising the option under subsection (2).
- (15) For the purposes of this section, the terms of a lease to which this section applies include the terms of any contract relating to the lease, whether made before or after it was granted.
- (16) For the purposes of this section, “original annual rent” means the first annual rent payable by the tenant in accordance with the terms of a lease regardless of any term increasing that rent.
- (17) For the purposes of this section, a “prohibited rent” means any rent, to the extent that it would be a prohibited rent if reserved under a regulated lease.”

**Member's explanatory statement**

*This probing amendment would create a right for existing leaseholders to “buy out” ground rent, i.e. to be treated as having a regulated lease, by paying a premium of up to £7,600 (subject to inflation). It prescribes how to give notice, protection for the landlord if the premium or costs are not paid, and protection for the tenant in exercising the option.*

**After Clause 7**

BARONESS GRENDER

LORD STUNELL

13★ Insert the following new Clause—

**“Duty to inform the tenant**

- (1) This section comes into force on the day on which this Act is passed.
- (2) Before entering a formal or informal renegotiation or extension of an existing lease, the landlord must inform the tenant of their rights as a tenant under housing law in England and Wales.
- (3) This includes but is not limited to notification of the changes introduced by this Act if the sections of the Act in relation to prohibited rent are not yet in force.”

**Member's explanatory statement**

*This amendment would require landlords to let tenants know of the upcoming changes to ground rents to try and prevent lease extensions before the changes in this Bill are implemented.*

**Clause 9**

BARONESS GRENDER

14★ Page 7, line 9, leave out “£500” and insert “£5,000”

**Member's explanatory statement**

*This amendment would raise the minimum financial penalty under the Bill from £500 to £5,000.*

15★ Page 7, line 10, leave out “£5,000” and insert “£30,000”

**Member's explanatory statement**

*This amendment would raise the maximum financial penalty under the Bill from £5,000 to £30,000.*

**After Clause 12**

BARONESS GRENDER

LORD STUNELL

16★ Insert the following new Clause—

**“Banning orders: extension to freeholders in repeated breach of this Act**

- (1) The Housing and Planning Act 2016 is amended as follows.
- (2) In section 14(1), before subsection 14(1)(a) insert—

**After Clause 12 - continued**

- “(za) receiving any monetary ground rent”.
- (3) In section 40, after subsection 40(1) insert—
- “(1A) This Chapter does not apply to anyone in relation to whom a banning order is made under section 14(1)(za) of this Act.”
- (4) After section 55, insert the following new section—
- “(55A) Meaning of “monetary ground rent” and related expressions**
- (1) For the purposes of this Chapter, a “monetary ground rent” means a rent which is a prohibited rent under section 3 of the Leasehold Reform (Ground Rent) Act 2021, regardless of the fact that the lease under which the monetary ground rent is reserved is not a regulated lease under section 1 of that Act.
- (2) For the purposes of this Chapter, a landlord receives a monetary ground rent if the landlord does anything referred to in section 3(2) of the Leasehold Reform (Ground Rent) Act 2021, regardless of the fact that the lease under which the monetary ground rent is reserved is not a regulated lease under section 1 of that Act.
- (3) For the purposes of this section—
- (a) “landlord” and “tenant” have the same meaning as in section 3 of the Leasehold Reform (Ground Rent) Act 2021, and
- (b) “lease” has the same meaning as “long lease” in section 22(1) of the Leasehold Reform (Ground Rent) Act 2021.”
- (5) The Housing and Planning Act 2016 (Banning Order Offences) Regulations 2018 (SI 2018/216) are amended as follows.
- (6) In regulation 2, after “associated person” insert—
- ““body corporate” has the meaning given by section 1173 of the Companies Act 2006;
- “group” has the meaning given by section 1261 of the Companies Act 2006;
- “same landlord” means—
- (a) in relation to a natural person, that person and any associated person;
- (b) in relation to a body corporate, the body corporate itself and any group of which that body corporate forms part or has ever formed part;”
- (7) In regulation 3, after paragraph (c) add—
- “(d) an offence listed in item 15 of the Schedule if—
- (i) any one or more enforcement authority under section 8 of the Leasehold Reform (Ground Rent) Act 2021 has imposed the maximum penalty under section 9 of that Act against the same landlord, or person acting on behalf of the same landlord, three or more times; and
- (ii) the penalties have not been quashed or varied by the First-tier Tribunal by order under paragraph 11 of the Schedule to the Leasehold Reform (Ground Rent) Act 2021; and

**After Clause 12 - continued**

- (iii) each of the three penalties has been incurred in a period of six years beginning with the day on which the final notice was issued by the enforcement authority in respect of the first penalty.”
- (8) In the Schedule (Offences) add new item 15 and in relation to new item 15 add –
- (a) under the column entitled “Statute” –  
“Leasehold Reform (Ground Rent) Act 2021”;
  - (b) under the column entitled “Provision” –  
“Section 9”;
  - (c) under the column entitled “Offence” –  
“Financial penalty”.

**Member’s explanatory statement**

*This new Clause would extend the Banning Order regime under the Housing and Planning Act 2016 (apart from Rent Recovery Orders) so as to ban landlords who receive 3 or more penalties in any six year period from collecting some or all of the monetary ground rents arising under pre-commencement leases.*

**After Clause 14**

LORD YOUNG OF COOKHAM

17★ Insert the following new Clause –

**“Application to First-tier Tribunal in relation to section (*Right to buy out ground rent in pre-commencement leases*)**

- (1) The tenant or the landlord under a lease to which section (*Right to buy out ground rent in pre-commencement leases*) applies may apply to the First-tier Tribunal for a declaration as to the effect of that section.
- (2) If, on application under subsection (1), the First-tier Tribunal is satisfied that the landlord or tenant is in default of any one or more of his or her obligations under that section, or that it is necessary to make any other declaration as to the effect of that section, then it must make any necessary declaration and specify the time permitted to comply.
- (3) The time allowed by the First-tier Tribunal for compliance with any declaration made under subsection (2) is at the discretion of the First-tier Tribunal but may not be a period longer than 2 months.
- (4) The First-tier Tribunal may award damages to the tenant for breach of any of the landlord’s obligations under section (*Right to buy out ground rent in pre-commencement leases*) in the amount it considers fit taking into account the landlord’s conduct and the tenant’s losses, whether financial or otherwise.
- (5) Where the tenant is the registered proprietor of the leasehold estate relating to the lease –
  - (a) the landlord must, if the First-tier Tribunal so directs, apply to the Chief Land Registrar (and pay the appropriate fee) for the declaration to be entered in the registered title;

**After Clause 14 - continued**

- (b) the tenant may apply to the Chief Land Registrar (and pay the appropriate fee) for the declaration to be entered in the registered title.
- (6) An application may be made under subsection (1) in respect of two or more leases where—
  - (a) the landlord under each of the leases is the same person, and
  - (b) the application is made by—
    - (i) the landlord, or
    - (ii) the tenant under one of the leases with the consent of the tenant under each of the other leases (and in the case of such an application references in subsection (1) to the lease are to be read as references to each of the leases in respect of which the application is made and references in subsections (4) and (5) to the tenant are to be read as references to each tenant in respect of which the application is made)."

***Member's explanatory statement***

*This amendment complements the probing amendment in relation to the "buy out" of ground rents in pre-commencement leases. It gives the tenant or the landlord the right to apply to the First-tier Tribunal for declarations and damages as necessary.*

**After Clause 18**

LORD KENNEDY OF SOUTHWARK  
LORD LENNIE  
BARONESS GRENDER

18 Insert the following new Clause—

**“Ground rent for existing long leases**

Within 30 days of the day on which section 3 comes into force (for any kind of lease), the Secretary of State must publish draft legislation to restrict ground rents on all existing long residential leases to a peppercorn.”

***Member's explanatory statement***

*This amendment aims to ensure that the Government introduces further legislation to remove ground rent for all leaseholders, whereas the Act currently only applies to newly established leases.*

LORD KENNEDY OF SOUTHWARK  
LORD LENNIE

19 Insert the following new Clause—

**“Assessment of financial impact for tenants in long leases of dwellings**

- (1) Within 30 days of the day on which section 3 comes into force (for any kind of lease), the Secretary of State must publish an assessment of the financial impact of this Act for tenants in long leases of dwellings.
- (2) The assessment must consider whether further legislation is necessary to address the financial consequences of this Act for tenants in long leases of dwellings, including but not limited to in relation to—
  - (a) lease forfeiture;

**After Clause 18 - continued**

- (b) transfer fees;
- (c) redress schemes;
- (d) enfranchisement.

(3) The Secretary of State must lay the assessment before Parliament.”

**Member’s explanatory statement**

*This amendment would ensure that the Government must publish an assessment considering the financial impact of this Act for leaseholders, and whether further legislation is required.*

BARONESS PINNOCK  
BARONESS GRENDER

**20★** Insert the following new Clause –

**“Review of the financial impact of the Act**

- (1) Within 6 months of the day on which this Act is passed the Secretary of State must carry out a review of the financial impact of this Act on leaseholders.
- (2) The review must make a recommendation as to whether further legislation should be introduced to extend the ban on ground rents to existing long leases.
- (3) The recommendation in subsection (2) must take into account the potential financial impact of an extension of the ban on ground rents on those leaseholders and tenants who have been charged for the cost of fire remediation work.”

**Member’s explanatory statement**

*This amendment would require a review of the financial impact of this Act and make a recommendation as to whether a further extension of the ground rents ban could benefit existing leaseholders, especially those facing bills for fire remediation work.*

**Clause 22**

LORD YOUNG OF COOKHAM

**21★** Page 13, line 29, leave out from ““rent”” to end of line 29 and insert “means rent reserved as such including any part of the rent, whether or not expressed to be in consideration of services to be provided, which is fixed or which varies or may vary by reference to any one or any combination of a specific amount, a specific period of time or a specific measure, disregarding any part of the rent expressed to be payable in consideration of services to be provided which varies or may vary in accordance with the cost of the services provided, or of the variable cost of repairs, maintenance or insurance to be effected by the landlord and which varies or may vary in accordance with the cost of the repairs, maintenance or insurance in question, or to be payable in respect of the cost thereof to the landlord or a superior landlord;”

**Member’s explanatory statement**

*This amendment probes whether the Government can improve the definition of “rent” for the purposes of the Bill. It is derived from definitions in the Leasehold Reform Act 1967 and the Landlord and Tenant Act 1985. It is extended to include fixed service charges and index-linked service charges akin to monetary ground rents.*

## Clause 25

LORD YOUNG OF COOKHAM

- 22★ Page 14, line 13, at end insert –  
 “(1A) Sections (*Right to buy out ground rent in pre-commencement leases*) and (*Application to First-tier Tribunal in relation to section (Right to buy out ground rent in pre-commencement leases)*) come into force on 1 January 2023.”

***Member’s explanatory statement***

*This amendment brings into force all the amendments related to the “buy out” of ground rents in pre-commencement leases on 1 January 2023. This date is chosen to give affected parties, the Government, the Land Registry and HM Courts and Tribunals Service time to prepare.*

- 23★ Page 14, line 14, after “subsection (1)” insert “and subsection (1A)”

LORD KENNEDY OF SOUTHWARK  
 LORD LENNIE  
 BARONESS GRENDER

- 24 Page 14, line 15, at end insert “or within 6 months of the day on which this Act is passed, whichever is earlier.”

***Member’s explanatory statement***

*This amendment would ensure that the Bill comes into force within 6 months of the day on which it is passed, if regulations are not introduced by then.*

LORD KENNEDY OF SOUTHWARK  
 LORD LENNIE

- 25 Page 14, line 18, leave out subsection (4)

***Member’s explanatory statement***

*This amendment aims to ensure that the provisions also apply to retirement properties, whereas at present the Bill will prevent provisions coming into force for retirement properties before April 2023.*

LORD BLENCATHRA

- 26 Leave out Clause 25 and insert the following new Clause –

**“Commencement**

This Act comes into force on the day on which it is passed.”

# Leasehold Reform (Ground Rent) Bill [HL]

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MARSHALLED  
LIST OF AMENDMENTS  
TO BE MOVED  
IN GRAND COMMITTEE

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*4 June 2021*

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