

Future homebuyers to be freed from expensive ground rent bills on 30 June

- Ground rent charges will be banned on most new residential leases from 30 June 2022
- Ban will put an end to increasing annual costs
- First step in government reform package to create fairer housing system, levelling up opportunities for more people

Future homebuyers will see their prospective property bills reduce in just over two months, when the government's ban on charging ground rent on new leases in England and Wales comes into force.

The government is taking action to rid future homeowners of annual costs – known as ground rent. Sometimes worth hundreds of pounds a year, these charges provide no clear service in return and can be set to escalate regularly, with a significant financial burden for leaseholders.

From 30 June 2022, anyone buying a home on a new long lease will now be freed from these annual costs, helping homeowners manage their bills as they face cost of living increases.

Landlords will be banned from charging ground rent to future leaseholders, under a new law that will lead to fairer, more transparent homeownership for thousands of homebuyers, helping to level up opportunities for more people.

In preparation, many landlords have already reduced ground rent to zero for homebuyers starting a new lease with them. Anyone preparing to sign a new lease on a home in the next two months should speak to their landlord to ensure their ground rent rate reflects the upcoming changes.

Leasehold Minister, Lord Stephen Greenhalgh said:

This is an important milestone in our work to fix the leasehold system and to level up home ownership.

Abolishing these unreasonable costs will make the dream of home ownership a more affordable reality for the next generation of home buyers.

I welcome the move from many landlords who have already set ground rent on their new leases to zero and I urge others to follow suit ahead of this becoming law.

The move forms the first part of the government's reform package that will make homeownership cheaper, fairer and more secure.

Future measures, [announced last year](#), include a new right for leaseholders to

extend their leases to 990 years at zero ground rent and an online calculator to help leaseholders find out how much it would cost to buy their freehold or extend their lease.

In addition, thousands of existing leaseholders have also already seen a reduction in their inflated ground rent costs. In a government crackdown, the Competition Market Authority (CMA) secured commitments with major homebuilders to stop doubling ground charges every year for leaseholders.

Those who own properties with Aviva, Persimmon, Countryside Properties, Taylor Wimpey and others will see their ground rent returned to the rate it was when they first bought their home. The CMA's investigation is continuing into Barratt Developments, Brigante Properties and the investment group Abacus Land and Adriatic Land.

The ban on landlords charging ground rent on new residential leases, announced today, will also apply to retirement homes. This will come into force no earlier than 1 April 2023 and more details will be confirmed in due course.

See more information on the [Leasehold Reform \(Ground Rent\) Act](#).

The Leasehold Reform (Ground Rent) Act is the first of a two-part programme of legislation to reform the leasehold system in this Parliament.

Leasehold is a form of home ownership that gives a leaseholder the exclusive right to live in a property for a fixed number of years. The lease is an agreement between the leaseholder and their landlord/ freeholder, listing the number of years and any other obligations and responsibilities upon both parties.

Ground rent is a charge that leaseholders pay to their freeholder – usually paid annually for long leases.

The Leasehold Reform (Ground Rent) Act means that if any ground rent is demanded as part of a new residential long lease, it cannot be charged at more than the cost of one peppercorn per year. This is known as 'peppercorn ground rent' and effectively sets the rate to zero.

The Leasehold Reform (Ground Rent) Act will also restrict ground rent to zero on retirement properties, to ensure that those who live in retirement housing benefit from the same reform as other leaseholders. The changes to ground rent for retirement properties will come into force no sooner than 1 April 2023.

There will only be selected exceptions from this Act. These are tightly defined and include applicable community-led housing, certain financial products and business leases. Statutory lease extensions for both houses and flats remain unchanged and are therefore exempt from the provisions of the Act.

For existing leaseholders (of both houses and flats) who choose to extend their leases through the non-statutory ('voluntary') route, the ground rent

will now be restricted to zero ('a peppercorn') on that newly extended term, under the Leasehold Reform (Ground Rent) Act.

Last year, the [government announced a package of reforms](#) to make it cheaper and easier for leaseholders to buy their freehold or extend their lease. The [government recently consulted on further changes](#) that could help leaseholders buy or extend their lease and it will respond in due course.