

Press release: Funding for new leasehold houses to end

New government funding schemes will no longer be able to use the money for unjustified new leasehold houses, in a continuing push to tackle unfair and abusive practices within the leasehold system.

The move was announced by Communities Secretary, the Rt Hon James Brokenshire MP, as he outlined the government's next steps towards delivering both the homes the country needs and a fairer, more transparent system for homebuyers.

Among the measures announced today are:

- New proposals for 3-year minimum tenancy terms, with a 6-month break clause, to make renting more secure helping renters put down roots, and give landlords longer term financial security.
- The release of £450 million to speed up delivery of homes on sites of surplus public sector land and encouraging pace and modern methods of construction as a part of the building process.
- The launch of a new £100 million Community Housing Fund, to deliver affordable housing tailored to local needs, putting communities in the driving seat.

The Communities Secretary also confirmed that through Homes England almost 1,000 new affordable homes will be built on a previously undeveloped site at Burgess Hill, Sussex demonstrating how a more strategic – and assertive – approach to getting homes and large scale projects built was delivering results.

The Burgess Hill site will also see essential, new infrastructure built with two new primary schools, a secondary school and a range of leisure facilities including a new public woodland.

Speaking to an audience at the Policy Exchange the Rt Hon James Brokenshire MP, Secretary of State for Communities, said:

We need to get everyone on board to build at scale and pace to build the homes this country needs.

But this isn't just about getting the numbers up. We don't have to make a false choice between quality and quantity.

It's also about building places that people are happy to call home. Places where they can come together in strong, thriving communities

for generations to come.

Leasehold generally applies to flats with shared spaces, making multiple ownership more straightforward, but developers have been increasingly selling houses on these terms – adding further costs to over-stretched house buyers.

The government is already working to make it cheaper and easier for existing leaseholders to buy-out their freehold and improve information available about redress for those consumers who face the most onerous terms.

Changes will also be made so that ground rents on new long leases – for both houses and flats – are set to zero.

And with 1.4 million leasehold houses across England and the number of leasehold sales rapidly growing, this latest announcement is another example of the government taking action to make the leasehold market fairer.

The Secretary of State continued:

We have seen leaseholders in new-build homes facing unexpected costs rising every year that bear no relation to services and that's not fair.

So from now on any new government funding scheme will contain the condition that the money cannot support the unjustified use of leasehold for new homes.

These measures relate to England only.