

# LEASEHOLD & FREEHOLD REFORM ACT FAQS



**Get in touch:**

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The Leasehold & Freehold Reform Act introduces important changes to residential property law, affecting leaseholders, freeholders, and managing agents alike. With new rights, revised processes, and updated obligations, it is essential to understand what these reforms mean in practice.

As a residential property management company, we have compiled this FAQ to provide a clear and straightforward overview of the key changes and their potential impact. Our aim is to help you navigate the reforms with confidence and understand any steps you may need to take.

## 1 WHAT IS IT?

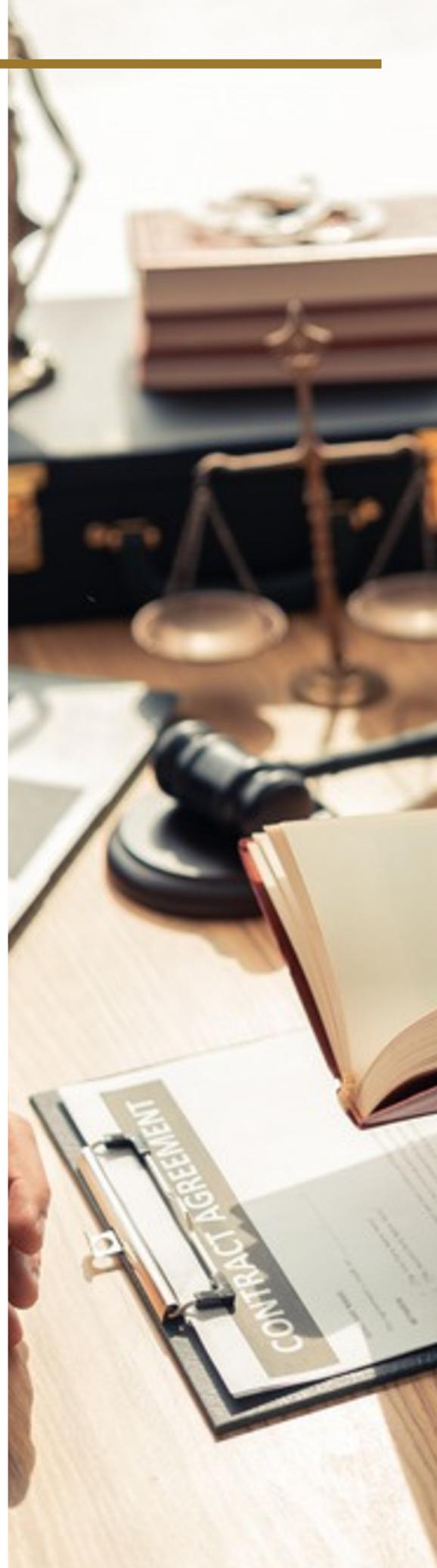
The Act became law in May 2024 and introduces enhanced rights, protections, and greater transparency for leaseholders in the management of leasehold and freehold properties. It brings changes across a range of areas, including lease extensions, management rights, service charges, and the handling of disputes.

## 2 CAN TENANTS NOW HAVE PETS IF THE LEASE SAYS NO?

Existing lease covenants, such as restrictions on pets, continue to be regarded as reasonable grounds and remain fully enforceable until the lease expires, even under the new Act. While the legislation encourages landlords to consider reasonable requests, it does not override or invalidate valid lease terms.

## 3 WHAT ABOUT LEASE EXTENSIONS?

Leaseholders can now apply to extend their lease or purchase the freehold immediately after acquiring the property, removing the previous two-year ownership requirement. Standard lease extensions can be granted for up to 990 years, with ground rent reduced to a peppercorn (effectively zero).





## **4 RIGHT TO MANAGE / COLLECTIVE ENFRANCHISEMENT**

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Leaseholders now have greater ease in exercising their Right to Manage or collectively purchasing the freehold through collective enfranchisement. The processes have been simplified, and landlords are restricted from recovering excessive legal costs in connection with these claims.

## **5 SERVICE CHARGES & TRANSPARENCY**

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Landlords and managing agents must now provide clear, standardised information in relation to service charges and are required to belong to an approved redress scheme for handling complaints. Hidden commissions are prohibited, and only transparent, properly disclosed administration fees are permitted.

## **6 NEW BUILD PROPERTIES**

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Most new leasehold houses are now prohibited, with future residential developments expected to favour freehold or commonhold structures instead.

## **7 WHAT DOES THIS MEAN FOR BLOCK MANAGERS?**

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Property managers should be prepared for an increase in resident enquiries regarding lease extensions, pet permissions, and management rights. Existing lease covenants should continue to be enforced in accordance with their terms until expiry. Service charge demands and billing practices must comply with the new transparency requirements, and clear communication with residents will be essential to explain both ongoing lease obligations and the enhanced statutory rights introduced by the Act.

In summary, the Act significantly strengthens leaseholder rights, but existing lease terms remain valid and enforceable, including provisions such as restrictions on pets. Our role is to apply lease covenants fairly and consistently, while ensuring full compliance with the new transparency and procedural standards introduced by the legislation.



## CONTACT

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*We would be happy to hear from you.*

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