



# Understanding the Government's Plans for Ground Rents and Commonhold: FAQ for Residents

On 27th January 2026, the Government announced plans that could affect residents living in flats, as well as anyone considering buying a flat in the future. This FAQ is intended as a guide for residents to understand what has been announced, how likely the plans are to be introduced, and when changes may take effect. It is not legal advice, and individuals should seek independent advice before making any decisions.

## What has the Government announced?

The Government has published a document called the "Draft Commonhold and Leasehold Reform Bill". Details are set out in the Government's explanatory notes [here](#). This sets out measures the Government intends to make law in the future. The key measures are:

- A cap on ground rents for existing leaseholders at £250 a year, changing to a peppercorn (virtually zero) after 40 years.
- All new homes to be built as "commonhold" rather than "leasehold" tenure.
- Enabling easier conversion of existing flats to "commonhold".
- Replacing the "forfeiture" system, where landlords can terminate a lease in certain situations when the leaseholder breaches a covenant, with a new statutory lease enforcement scheme.
- Proportionate enforcement in response to rentcharge arrears on managed freehold estates.

## Why do these changes matter to me?

Over time, these proposals could affect how buildings are managed and what rights residents have. They are intended to improve transparency, fairness, and long-term stability.

## When will these changes happen?

The Government has said the cap on ground rents could come into force in late 2028. Other measures may come into force around this time, or later. Between now and then, the measures as drafted in the draft Bill will be scrutinised in detail by Parliament, following the usual processes for making new laws, and the proposals could change.

## Will these changes definitely take place?

While there are no guarantees that these proposals will become law, it seems likely that they will be as there is wide support for them among MPs. However, they may be amended before becoming law, and some elements may not proceed.

## Will my ground rent go down?

If the proposals become law, and your ground rent is higher than £250 a year, it will reduce to £250 for a period of 40 years. After this time, it will reduce to virtually zero (a "peppercorn"). Until any changes are formally introduced, you must continue to pay ground rent in line with your existing lease arrangement. Not doing so could have legal consequences.



### **Will my service charges be affected?**

Service charges are different to ground rent and you are still responsible for paying them to cover the costs of maintenance, repair and day-to-day management of your building. Under the proposals, if you decide to convert to commonhold in the future, your service charges would be renamed "commonhold contributions". You will still need to pay for maintenance, repairs, insurance and other costs. The proposals require commonholds to have "reserve funds", where money is collected over time to pay for large projects in the future, with rules on how they are built up, used, and reported.

### **What is commonhold?**

Commonhold is a form of freehold ownership for flats. You would own your home outright and be a member of an association that jointly owns and manages shared areas. There would be no lease and no external landlord or freeholder.

### **Will I have a choice about converting to commonhold?**

Under the proposals, conversion to commonhold in existing buildings is voluntary. In most cases, it would involve collective enfranchisement (and therefore buying out the interest of third-party landlords) and agreement from a majority of qualifying leaseholders before a conversion can take place. The process is regulated and may involve tribunal oversight.

If you do not wish your building to convert but a majority of qualifying leaseholders decide to proceed, you may not be able to prevent the conversion. In some cases, you may be able to retain your lease, but the building would then be managed as a commonhold. This may limit certain leaseholder protections, such as the ability to challenge service charges under landlord and tenant legislation.

Once the new law comes into force, new blocks of flats are expected to be sold as commonhold by default.

### **Will I need to be involved in managing my building?**

Under commonhold, residents are members of the "commonhold association" and have a role in governance. Residents can take responsibility for appointing and instructing a managing agent to help with the day-to-day management of their block, as well as repairs and maintenance and other services. Most residents will not need to be heavily involved in management unless they choose to be. With the removal of a freeholder, some residents in high-rise (18m+) buildings may become an Accountable or Principal Accountable Person, which carries legal responsibilities under the Building Safety Act 2022.

### **Can I have a rental tenant under commonhold?**

Letting is generally permitted, subject to the rules set out in the "Commonhold Community Statement". These rules are intended to balance individual rights with the interests of the wider building.

### **Can I have a pet under commonhold?**

Pet ownership depends on the rules set out in the Commonhold Community Statement. Any restrictions must be reasonable and applied consistently.

### **Will this affect my mortgage?**

Mortgages, remortgages and other secured charges would transfer to any new commonhold title. Lenders' consent is generally required for conversion, although this may not be required in future. Residents should seek independent advice before supporting any conversion proposal.



### Could I lose my home if I do not pay my service charge?

Under the proposals, there would be a replacement of "forfeiture" in leasehold. Forfeiture is where the freeholder or landlord can eventually take possession of a home in certain circumstances for a breach of the lease, such as non-payment of service charges. Instead, there will be a new system introduced, where the court decides on the most appropriate and proportionate order to address the breach. The replacement procedure could still however ultimately result in losing your home in certain circumstances.

### How am I affected if I live on a managed freehold estate?

Under the proposals, rentcharge owners will need to provide notice before enforcement action against a homeowner may commence. The intention is to remove disproportionate remedies in response to arrears.

### What should I do now?

Residents are not required to take immediate action. You are encouraged to stay informed, engage with your property manager where needed, seek independent advice before major decisions, and consider proposals carefully.

### Where can I find more information?

Further information is available on the Government's [website](#). Also, the Leasehold Advisory Service (LEASE) gives free, government funded advice, as well as information on their [website](#).

### Can I have a say on these changes?

Yes! The Government is running a public consultation called "Moving to Commonhold: Banning Leasehold for New Flats". You can reply to it [here](#) until 24 April 2026. Also, the MPs who will be scrutinising the Draft Bill have a [survey](#) for homeowners to complete before 31 March 2026.

### About The Property Institute (TPI)

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