

EXPLANATION OF PURPOSE FOR EACH STATUTORY INSTRUMENT.

1. Commonhold and Leasehold Reform Act 2002 (Commencement No. 2 and Savings) (Wales) Order 2004

This Order brings into force various provisions of the Commonhold and Leasehold Reform Act 2002 in relation to Wales. They include:

- a new right for long leaseholders of flats to collectively manage their building subject to complying with certain qualifying rules (sections 71 to 113);
- changes to the definition of service charges and rights to challenge these charges (sections 150 and 155);
- changes to the provisions relating to requests for insurance information from the landlord (section 157);
- the right to challenge other charges under leases and charges in relation to estate management schemes (sections 158 and 159);
- the application of various landlord and tenant provisions to Crown land (section 172);
- extension of the jurisdiction of leasehold valuation tribunals and consolidation of the provisions relating to their procedure (sections 163 and 173 to 176); and
- consequential amendments and repeals made by the 2002 Act in other Acts.

1. The Service Charges (Consultation Requirements) (Wales) Regulations 2004

As part of the improvement to leaseholders' rights, Section 151 of the Commonhold and Leasehold Reform Act 2002 replaces section 20 of the Landlord and Tenant Act 1985 with a broad framework. It provides for detailed consultation requirements to be prescribed by regulations. The objective of the Regulations is to ensure that before significant sums of service charge payers' money are committed to works or services, service charge payers are informed and given the opportunity to comment on the nature of the works, their cost and the choice of provider.

2. The Right to Manage (Prescribed Particulars and Forms) (Wales) Regulations 2004

The Commonhold and Leasehold Reform Act 2002 is intended to address the difficulties of the long leasehold tenure and the imperfections of the remedies available under the law as it stands.

The Act gives many leaseholders the right to collectively manage their own block of flats without proving that their manager is at fault or paying any premium. The right is known as the right to manage (RTM). The Act makes provision in respect of the minimum requirements which must be contained in notices prior to the right to manage being exercised. The notices are intended to reflect the various steps and procedures that must be followed before a right to manage company can take over the landlord's management responsibilities for a block. The Act also provides that the National Assembly for Wales may by regulations prescribe the form and to the extent that it is not specified in the Act, the content of these notices. These Regulations do just that.

3. Leasehold Reform (Collective Enfranchisement and Lease Renewal) (Amendment) (Wales) Regulations 2004

These Regulations amend the Leasehold Reform (Collective Enfranchisement and Lease Renewal) Regulations 1993. They apply to cases where an application for collective enfranchisement or lease renewal under the Leasehold Reform, Housing and Urban Development Act 1993 ("the 1993 Act") is made on or after the date the Regulations come into force.

The amendments are consequential to amendments made to sections 13 and 39 of the 1993 Act by section 120 and Schedule 14 of the Commonhold and Leasehold Reform Act 2002 (c.15) abolishing the residence test: one of the qualifying rules for tenants making claims for collective enfranchisement and lease renewal. In respect of lease renewal, the test has been replaced with a requirement that the tenant has to have been a long leaseholder of the flat for two years.

4. Leasehold Reform (Enfranchisement and Extension) (Amendment) (Wales) Regulations 2004

These Regulations amend the Leasehold Reform (Enfranchisement and Extension) Regulations 1967. The Regulations will apply to cases where an application for enfranchisement or lease extension under the Leasehold Reform Act 1967 ("the 1967 Act") is made on or after the date the Regulations come into force.

The amendments are consequential to amendments made to section 1 of the 1967 Act by sections 138 to 140 of the Commonhold and Leasehold Reform Act 2002 which abolished the residence test (one of the qualifying rules for claims for enfranchisement and lease extension), subject to certain exceptions.

5. The RTM Companies (Memorandum & Articles of Association) (Wales) Regulations 2004

These Regulations prescribe the form and content of the memorandum of association and articles of association of RTM companies in relation to premises in Wales.

The new Right to Manage (RTM) was introduced in the Commonhold and Leasehold Reform Act

2002. This will give many long leaseholders of flats the right to collectively manage their own block of flats without proving that their manager is at fault or paying any premium. This will break the monopoly that many landlords hold over the management of their leasehold blocks. Chapter 1 of Part 2 of the Act requires that the RTM be exercised by a company. A company established for that purpose is referred to as an RTM company.

The memorandum of a company deals with the company's relationship with the outside world and the articles regulate the internal affairs of the company. In effect, the articles constitute a contract between the individual members of the company.

6. Leasehold Valuation Tribunals (Procedure) (Wales) Regulations 2004

The Commonhold and Leasehold Reform Act 2002 provides new powers to make regulations to govern the procedures used by leasehold valuation tribunals (LVTs). This is in response to past criticisms about their workings. These Regulations regulate the procedure to be followed in connection with applications made to a leasehold valuation tribunal. They replace with amendments the Rent Assessment Committee (England and Wales) (Leasehold Valuation Tribunal) Regulations 1993 which are revoked.

The changes are intended to help make LVTs more efficient and effective.

7. Leasehold Valuation Tribunals (Fees) (Wales) Regulations 2004

These Regulations make provision for fees in respect of applications to, and hearings before, Leasehold Valuation Tribunals (LVTs) (including cases transferred from a court). These Regulations apply in relation to any application under the Landlord and Tenant Act 1985 or proceedings transferred to a tribunal on or after the date of implementation in respect of premises in Wales.

They replace, with amendments, the Leasehold Valuation Tribunals (Fees) Order 1997 (S.I. 1997/1852) ("the 1997 Order") and are intended to create a fairer and more accessible fees structure.

8. The Leasehold Valuation Tribunals (Fees) (Revocation and Saving) (Wales) Order 2004

This Order revokes the Leasehold Valuation Tribunals (Fees) Order 1997 in so far as it has effect in Wales. The revocation of the Order has already taken place in England

9. The Leasehold Valuation Tribunals (Service Charges, Insurance or Appointment of Managers Applications) (Revocation and Saving) (Wales) Order 2004

This Order revokes the Leasehold Valuation Tribunals (Service Charges, Insurance or Appointment of

Managers Applications) Order 1997 in so far as it has effect in Wales. The revocation of the Order has already taken place in England.