

Guidance

Commonhold property

This is a brief factual explainer of how commonhold works. For more information, you may wish to visit the website of the Leasehold Advisory Service.

From: **Ministry of Housing, Communities and Local Government**
([/government/organisations/ministry-of-housing-communities-local-government](#)) and
Department for Levelling Up, Housing and Communities
([/government/organisations/department-for-levelling-up-housing-and-communities](#))

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Contents

- Overview
- How is a commonhold building managed?
- What rights and responsibilities do I have in a commonhold?
- How are disputes resolved under commonhold?
- Can I convert my leasehold building to commonhold?
- What is the government doing to support commonhold?
- Related content

Overview

- Commonhold provides freehold home ownership for flats or other interdependent buildings.
- Commonhold structures are widely used around the world – for example, in Australia they have the Strata Title system, and in North America the condominium system.
- First introduced in England and Wales in 2002, commonhold is an alternative to leasehold ownership of flats, and other properties that share communal areas or services.
- Instead of owning property as a leasehold for a fixed period of time, with commonhold you own your property as a freehold indefinitely.
- Although take up so far has been low, new homes can currently be sold as commonhold, and existing leaseholders can convert to commonhold if they all collectively agree and meet certain additional criteria.
- With commonhold, you and other owners have a say in how your building is managed, including the costs and responsibilities that come with this.

How is a commonhold building managed?

- When you buy a property, such as a flat, in a commonhold, you are buying a 'unit' and you will become a 'unit owner'.
- All unit owners are entitled to become a member of the commonhold association, which owns and manages the common parts of the building or estate. Generally common parts will include the structural and external elements of a building, as well as shared areas (e.g. external walls, roof, stairs and lifts).
- The commonhold association will have at least two directors - these can be unit owners like you, or external professionals can be employed.
- The directors of the commonhold association decide how much money unit owners will need to contribute to cover the costs of repairing and maintaining the commonhold.
- The directors of the commonhold association can also decide to manage the building themselves or appoint a managing agent to manage the building on their behalf.
- As a unit owner you have the opportunity to participate in the commonhold association and to vote on decisions like who to appoint as a director and whether to make building improvements, such as vehicle charging points, for example.
- Like other companies, the commonhold association must have "articles of association" which govern how it operates.

What rights and responsibilities do I have in a commonhold?

- Each commonhold has a 'rulebook' called the Commonhold Community Statement, or CCS.
- The CCS sets out the rights and obligations of the unit owner. The main rights and obligations are standardised and will be the same in every commonhold.
- The CCS can also be tailored by the commonhold association to include bespoke 'local rules'. There is some flexibility to change these rules and update them over time to respond to changing needs, standards or advances in technology.

How are disputes resolved under commonhold?

- When disputes arise between unit owners, or between a unit owner and the commonhold association, or vice versa, parties must follow the commonhold dispute resolution procedure for commonhold (set out in the CCS) before taking legal action.
- The procedure is designed to encourage affected parties to resolve disputes through early communication and without the need to go to court.
- But there are some circumstances, for example in an emergency, or where a unit owner has failed to make a due payment, where the dispute resolution procedure does not need to be used.

Can I convert my leasehold building to commonhold?

- If you own a leasehold property in a shared building, it may be possible for you and the other leaseholders in the building to convert the building to commonhold.
- Conversion currently requires the unanimous consent of the freeholder, all other leaseholders in the building and their lenders. The government are considering options to make the process of converting simpler and easier for leaseholders.

What is the government doing to support commonhold?

- The government wants to see widespread take-up of commonhold.
- Since its introduction in 2002 however, take up of commonhold has been low.

- A key reason has been that commonhold has had to compete with the more established leasehold model which can also generate additional income streams for developers or investors, such as through ground rents.
- Since 2022 the [Leasehold Reform \(Ground Rent\) Act](https://www.gov.uk/guidance/leasehold-reform-ground-rent-act-2022) (<https://www.gov.uk/guidance/leasehold-reform-ground-rent-act-2022>) has restricted use of ground rents in new leasehold buildings and is helping level the playing field for commonhold.
- There are also some flaws in the current legal design of commonhold which can limit its use in some settings. The previous government asked the Law Commission to recommend reforms to the commonhold legislation to reinvigorate commonhold as a workable alternative to leasehold, for both existing and new homes. The Law Commission published its report in [July 2020](https://www.lawcom.gov.uk/project/commonhold/) (<https://www.lawcom.gov.uk/project/commonhold/>).
- The government has now considered these recommendations and published a [Commonhold White Paper](https://www.gov.uk/government/publications/commonhold-white-paper) (<https://www.gov.uk/government/publications/commonhold-white-paper>) on the Law Commission's recommendations setting out how the reformed commonhold model will operate in England and Wales.
- These reforms will be taken forwards in a forthcoming draft Leasehold and Commonhold Reform Bill.

Related content

- [Commonhold White Paper](https://www.gov.uk/government/publications/commonhold-white-paper) (<https://www.gov.uk/government/publications/commonhold-white-paper>)
- [Leasehold property](https://www.gov.uk/leasehold-property) (<https://www.gov.uk/leasehold-property>)
- [Flat management and right to manage \(RTM\) companies](https://www.gov.uk/government/publications/flat-management-and-right-to-manage-rtm-companies/about-flat-management-companies-rtm-companies-and-commonhold-associations) (<https://www.gov.uk/government/publications/flat-management-and-right-to-manage-rtm-companies/about-flat-management-companies-rtm-companies-and-commonhold-associations>)
- [Commonhold and Leasehold Reform Act 2002](https://www.legislation.gov.uk/ukpga/2002/15/contents) (<https://www.legislation.gov.uk/ukpga/2002/15/contents>)
- [Leasehold Advisory Service: Commonhold guide](https://www.lease-advice.org/advice-guide/commonhold/) (<https://www.lease-advice.org/advice-guide/commonhold/>)

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