

MAYOR OF LONDON

Date: 06 August 2021

Dear all,

Open letter to the lending industry on subletting of shared ownership properties in response to delays in the External Wall System process

The building safety crisis is having an acute impact on many leaseholders. More than four years after the Grenfell fire, too many are still living in unsafe buildings, faced with the cost of remediating historic safety problems that are not their fault. The impact of this on wider confidence in the housing and mortgage markets means that many are now trapped in homes that are no longer suitable for them because they cannot secure an External Wall System (EWS1) form. I have heard compelling stories directly from Londoners, who are unable to move on with their lives when their circumstances change, be it having children, a relationship breakdown or a new job elsewhere. The severe financial and mental health impact the crisis has had on too many Londoners is something we cannot ignore.

While the Mayor's powers are limited, we intend to continue doing what we can to help Londoners. The Mayor has reviewed the Greater London Authority's (GLA) approach on subletting of shared ownership properties, in light of the rising number of shared owners who need to move but are unable to do so.

The GLA's longstanding approach has been to prohibit subletting of shared ownership properties, except in exceptional circumstances. This recognises the public funds that shared ownership homes receive and ensures much-needed affordable homes are used appropriately. However, I recognise that the need for subletting has become more pressing, given the difficulties leaseholders continue to face when seeking to secure EWS1 assessments.

My officers have now written to housing associations and councils in London encouraging them to take into account EWS1-associated delays and the impact these have on leaseholders when making decisions on subletting requests. It will be the responsibility of partners to determine whether exceptional circumstances apply as a result of an inability to move. It will remain the case that subletting can only be agreed for a fixed period.

Any increase in requests for subletting will have implications for you as lenders, as you will have to review requests from shared owners wishing to sublet. I urge you to consider these requests

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favourably. Borrowers seeking permission to let will have to demonstrate to their landlord that their circumstances are exceptional. This means that the requests you get from leaseholders wishing to sublet are requests coming from those in challenging circumstances.

I am conscious the scale of the building safety crisis requires a holistic and long-term response, starting with sustainable funding. However, I hope this approach to subletting will offer leaseholders some temporary financial and mental health relief, and I urge you to support this measure.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Copley', with a stylized flourish at the end.

Tom Copley

Deputy Mayor for Housing and Residential Development