

MAYOR OF LONDON

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Response to the Levelling Up, Housing and Communities Committee's call for evidence on the government's January 2022 building safety announcements

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Summary

The Mayor welcomes the opportunity to respond to the select committee's call for evidence on the government's newly announced measures on building safety.

Over four and a half years after the Grenfell Tower fire, it is unacceptable that thousands of Londoners continue to be afflicted by the building safety crisis. Overall, the Mayor views the announcements made on 10 January 2022 as a step in the right direction.

The Mayor welcomes the government's acceptance that industry should fund cladding remediation on buildings 11-18m. The Mayor has long advocated for this and has always opposed the idea that any leaseholders should cover the cost of rectifying mistakes they played no part in causing, and strongly welcomes this announcement. The Mayor also welcomes the additional funding committed towards the installation of fire alarm systems, and the encouragement of lenders and landlords to support subletting of shared ownership properties in buildings with cladding concerns. Both measures will grant leaseholders some immediate relief. Lastly, the Mayor is encouraged by the government's acknowledgement that a proportionate risk assessment approach is needed and welcomes the withdrawal of the Consolidated Advice Note.

Following a review of the government's proposals, the Mayor asks central government to:

- Clarify whether and how enforcement mechanisms will be implemented to ensure industry provides the funds requested of it.
- Legislate protections for leaseholders through upcoming amendments to the Building Safety Bill. Only this will give leaseholders the certainty that they will not have to pay for cladding remediation costs.
- Provide an informed estimate of the costs of non-cladding remediation works, which based on experience to date is likely to be significant for many buildings.
- Commit funding for non-cladding remediation works, with the support of industry contributions.
- Consider how to support leaseholders who paid for cladding remediation works before the creation of government funds.
- Ensure funding for remediation does not come at the expense of investment in affordable housing supply, to avoid neglecting another urgent housing priority.
- Confirm the transition plan for government and industry-driven fire safety guidance, now that the Consolidated Advice Note has been withdrawn.
- Review and reform the Leasehold Advisory Service (LEASE) website to improve access to information and support for leaseholders.

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Response to call for evidence questions

1 Expectation that industry should fund cladding remediation in buildings 11-18m

- 1.1 No leaseholder should be liable for the cost of remediating historic building safety defects. The Mayor welcomes the government's recognition that resolving the building safety crisis will require the involvement of the housing and development industry. He believes that developers and manufacturers must be held accountable for the construction of buildings with serious fire safety issues and hopes the development industry provides the funds requested of it.
- 1.2 The Mayor is conscious that the March deadline imposed on industry is rapidly approaching and remains attentive to government and industry actions in preparation for this date. While the Mayor hopes the sector shows leadership and responds quickly to the government's demands, he believes tough measures will be needed to get results. The Mayor asks the government to clarify whether and how enforcement mechanisms will be implemented to ensure industry complies with government demands. Without explicit enforcement measures and clearly communicated consequences of non-compliance, it is difficult to envision industry getting into gear. The Mayor is concerned that £4bn will not be enough to resolve the building safety crisis in full, mainly because this funding does not cover the remediation of non-cladding defects. Therefore, leaseholders living in buildings with non-cladding related defects, such as wooden balconies and missing fire stops, will still bear the cost of making their homes safe. These failings are the result of the same systemic failures that led to unsafe cladding being used on buildings, so it is unfair for residents to pay these remediation costs. The Mayor asks the government to provide an informed estimate of the costs of non-cladding remediation works and commit funding for these, with the support of industry contributions. To achieve this, the Mayor expects the government's funding arrangement with industry to reflect the need for more funding contributions in the future.
- 1.3 The Mayor also recognises that there are many leaseholders who have already paid for cladding remediation costs. The new funding is unfortunately not intended to retroactively pay for remediation costs, even though leaseholders should not have been liable for these in the first place. The Mayor urges the government to consider how these leaseholders can be supported, especially where their financial health has been impacted by the costs of making their homes safe.
- 1.4 Leaseholders remain worried that the government's commitments will not be reflected in legislation. The Mayor believes it is vital that the necessary amendments are incorporated into the Building Safety Bill to protect leaseholders from bearing remediation costs.
- 1.5 Lastly, there remains an urgent need for new social rented and other genuinely affordable homes in London. If the Government fails in its attempt to raise the full £4 billion from developers, it would be wrong for budgets for new build affordable homes to be raided to make up the difference. Both remediation of unsafe buildings and new affordable housing must be properly funded. The Mayor therefore calls for the Treasury to make further public funding available for remediation. Amid a housing crisis, Government cannot trade off priorities and it must rule out sacrificing funding for new supply to meet remediation pressures.

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2 Other announcements

New funding committed to the installation of fire alarms

- 2.1 The Mayor welcomes that the secretary of state recognises the need for more financial support for those affected by the costs of interim fire safety measures. The Mayor believes the £27 million made available by the government will offer immediate financial relief and a greater sense of security for those in buildings where stay put is no longer appropriate.
- 2.2 This fund will be administered entirely by the government. The Mayor will continue advocating for leaseholders not to front any of the costs associated with mistakes they had no role in causing.

Subletting

- 2.3 Shared ownership is an affordable housing tenure. As such, the Greater London Authority (GLA) agrees that it's appropriate to set restrictions on subletting, with the aim of ensuring these units remain affordable. The Mayor is responsible for administering the Affordable Homes Programme (AHP) in London and sets out the rules providers must follow through the Capital Funding Guidance (GLACGF).
- 2.4 The Mayor reviewed the GLA's subletting approach in July 2021, and formally amended the GLACGF to reflect this. This review followed officer engagement with leaseholder and building safety campaign groups on this issue. The Mayor recognised that an inability to sell due to building safety concerns may give rise to exceptional circumstances and that this should be explicitly considered by landlords when assessing requests to sublet a shared ownership property. This recognised the extremely difficult circumstances some shared owners have found themselves in, unable to move homes to accommodate job, health and family needs. The change in approach was communicated to all partners in July 2021.
- 2.5 The Mayor is aware that lenders have a role in approving requests for subletting. He is also aware that lenders may take a conservative approach to subletting, based on their own assessments and regulatory policies. This may restrict leaseholders' ability to sublet, even if they are supported by their landlords to do so. This is why the Deputy Mayor for Housing and Residential Development has engaged actively with lenders, to understand their concerns and share the GLA's rationale for supporting flexibility when it comes to the subletting of shared ownership properties.
- 2.6 The Mayor therefore welcomes the government's support for employing subletting as a tool to alleviate the pressures many leaseholders face. The Mayor believes continuous and sustained engagement with the lending industry will help ensure subletting requests are being considered favourably where the shared owner needs to move due to exceptional circumstances and cannot obtain a positive EWS1 form.
- 2.7 The Mayor recognises that, while subletting has the potential to offer some relief to leaseholders affected by the building safety crisis, it is not a long-term solution. The Mayor's approach to subletting places an expectation on landlords and shared owners to be as transparent as possible with prospective tenants about any relevant building safety issues.

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Withdrawal of the Consolidated Advice Note

- 2.8 The Mayor welcomes the government's announcement that the Consolidated Advice Note (CAN) has been withdrawn. The Mayor has for a long time proposed a more proportionate risk assessment approach that considers multiple risk factors – and which crucially would ensure high-risk low-rise buildings are adequately acknowledged. In particular, the Mayor recognises the impact the CAN has had on the EWS1 process. While EWS1 was originally intended for buildings over 18m in height, the CAN resulted in EWS1 assessments potentially being required for buildings of any height, which led to a high demand for EWS1 assessments.
- 2.9 While the withdrawal of the CAN is welcomed, the Mayor believes this will not be sufficient to restore confidence in the property market. Lenders have been clear with GLA officers that they need to have confidence in the safety of buildings and the potential liability for owners before phasing out the EWS1 form. This is why the Mayor continues to urge government and industry to commit more funding towards the remediation of all building safety issues, including non-cladding ones. The Mayor also believes the robust reform of the regulatory system is necessary. For instance, he is adamant that the scope of the new building safety system should be expanded to cover residential buildings under 18m as well as all buildings housing vulnerable residents. It is through the approach to fire safety appraisals that proportionality can be achieved, not through the scope of the regulatory system. The government otherwise risks establishing a two-tier regulatory system where some buildings fall through the cracks.
- 2.10 The Mayor also asks for clarity on the transition from the CAN to other guidance documents, including PAS 9980, published by the British Standards Institution.

3 Support for Leaseholders

- 3.1 The Mayor recognises the toll of the building safety crisis on the mental health and wellbeing of leaseholders and the need for better signposting of available support.
- 3.2 The Mayor has called on government in the past to improve the LEASE service and ensure it is fit for purpose. The building safety crisis has highlighted the need for such a service to be adapted to meet the needs of leaseholders impacted by the building safety crisis.
- 3.3 The Mayor therefore calls on Government to review the role and remit of the [LEASE website](#) to improve it as an effective information resource for all leaseholders affected by the building safety scandal. This could include signposting to specialists for legal advice and mental health support.