



Department for Levelling Up,  
Housing & Communities

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To Mortgage Lenders

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Dear Lender

Following the Secretary of State's announcement in Parliament on Monday 10 January, the Government has renewed its approach to building safety. Underpinning this renewed approach are four key principles:

1. We must take a proportionate approach in building assessment overall. Too many buildings are being judged to require expensive remediation or mitigation works, and leaseholders are being trapped by an over-cautious approach that goes beyond what we consider necessary;
2. We must protect ordinary leaseholders, and guarantee that no leaseholder living in their own flat will pay a penny to fix dangerous cladding;
3. Those industries at fault must pay. Those who built and contributed to our stock of unsafe buildings, and those who continue to cut corners in building safety, must pay to fix defects instead of taxpayers or leaseholders; and
4. We must hold to account those individuals and companies who have, and continue to, knowingly put lives at risk.


While the department reorients its approach around these principles, it is also right that we take immediate steps to provide more support to affected shared owners in response to the current restrictions they face on subletting their homes.

As Shared Ownership homes delivered through our Affordable Homes Programme are developed with Government grant funding, subletting is restricted in all but 'exceptional' circumstances. This restriction is in place to prevent homes built with public funds from being used for commercial gain. To help improve the options available to shared owners living in homes developed through the Affordable Homes Programme, the Government has worked with Homes England and the Greater London Authority to amend relevant grant funding guidance to make it clear that issues of building safety should be treated as exceptional circumstances. This will allow shared owners to sublet their homes, with the agreement of their freeholder.

However, the Government is aware that shared owners also require the permission of their mortgage lender before they can sublet their homes. To help facilitate subletting requests from shared owners, I would strongly encourage you to extend the period in which they can let out their property before converting to a buy-to-let mortgage, otherwise known as the consent-to-let period. This will save shared owners money they otherwise would have had to pay to convert their mortgage. As

households living in affordable housing, I would also ask that you waive the annual 1% premium for shared owners who choose to sublet over the course of their consent-to-let period.

I understand that you will need to assess your organisational risk profile when considering subletting requests from shared owners. I also appreciate you will need to consider how waiving the 1% annual premium over the course of a consent-to-let period aligns with your responsibilities under competition law. I do, however, hope that you appreciate the position that the affected shared owners have found themselves in with regards to building safety through no fault of their own, and that you will make every effort to approve their subletting requests.

*Yours faithfully,*  


**RT HON CHRISTOPHER PINCHER MP**