



## Department for Levelling Up, Housing & Communities

**Rt Hon Michael Gove MP**

Secretary of State for Levelling up Housing &  
Communities

Minister for Intergovernmental Relations

2 Marsham Street

London

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To: Registered Providers of Social Housing in England

19 December 2023

Dear Colleagues,

### **SHARED OWNERSHIP AND BUILDING SAFETY**

I would like to thank you for your ongoing efforts to remediate your buildings and to assist shared owners in cases where they wish to sublet or sell their homes. Since the introduction of the landmark Building Safety Act 2022, we have made significant progress in restoring confidence to the market. This includes our work with valuation surveyors and mortgage lenders to ensure access to mortgage finance is available to those who wish to sell or buy homes affected by building safety issues. It is, however, clear to me that more must be done, and the Department will continue to do everything in its power to enable innocent leaseholders to move on with their lives.

It is on this basis that I am writing to you as registered providers of social housing, to highlight some important changes that I have asked Homes England to make to their *Capital Funding Guide for Shared Ownership*. These changes, which come into effect from today, are designed to clarify and improve the options available to you to support shared owners living in homes affected by building safety issues. I have listed these changes below and I hope that you will take advantage of them at every possible opportunity. I also ask that you look to apply these policies to homes that have been built or acquired without government grant, so that your shared owners receive consistent levels of support, regardless of how their homes were delivered.

#### **Changes to the capital funding guide:**

1. When assessing subletting requests, you may relax any restrictions on the level of rent that can be charged, that might ordinarily be applied to prevent a home from being used for commercial purposes. This will enable shared owners to charge the level of rent required to meet their ongoing housing costs, which we know can sometimes be more substantial for properties affected by building safety issues.
2. Unless absolutely necessary, I do not believe that it is right for registered providers to apply a blanket approach to subletting. Instead, I encourage you to tailor the terms of your subletting offer to the individual needs of your shared owners.
3. Recycled Capital Grant Funding can be used to 'buy back' shared ownership homes where sales are proving especially problematic due to building safety issues. This option is available for homes delivered through both the Affordable Homes Programme and through the planning system via Section 106 developer contributions. Its availability will be at the discretion of registered providers, and this does not constitute an automatic entitlement for shared owners.
4. For sales occurring via a 'back-to-back' staircasing transaction, we are aware that the staircasing provisions in shared ownership leases require this transaction to take place at market value, as established by a RICS valuation. However, in cases where building safety issues mean that the eventual sales price of the home is below this initial market valuation, I expect you to work with the shared owner to ensure the valuation is updated to reflect the actual market conditions and any difficulty in selling the home.
5. For example, where it appears that the sales price of the home will need to be reduced based on the actual offers received, the shared owner should be supported to secure a new valuation as quickly

and cost efficiently as possible. This could include commissioning a desktop reassessment, rather than an in person one, or using the incoming buyer's valuation, where it is RICS compliant.

Finally, it is essential that you make the details of all relevant policies freely available on your websites in a clear and accessible manner. The Department has heard regular feedback that shared owners often find it difficult to know what their options are, and that advice is not always provided in a consistent manner. I know that you will want your shared owners to have timely access to the information they need, so I encourage you to ensure that this is the case.

I hope that you will use these changes effectively, as we continue our combined efforts to support those affected by a crisis for which they bear no responsibility.

**Yours,**

A handwritten signature in black ink that reads "Michael Gove". The signature is written in a cursive style with a large initial 'M'.

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