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Murad Qureshi AM
Chair of the Housing Committee

Robert Jenrick
Secretary of State for Housing, Communities and Local Government
3rd Floor, South East Fry Building
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17 December 2020

Dear Secretary of State,

The London Assembly Housing Committee investigates housing issues that matter to Londoners. The Committee is writing to you after a number of long standing issues that we have worked on were raised in a recent episode of BBC's Panorama. The episode focused on shared ownership, but also highlighted broader issues with leasehold properties, and the plight of people stuck in their own homes due to the need for EWS1 forms. The Committee has run a number of relevant investigations into these topics over recent years, and, as your department is currently working on the new model for shared ownership, and on leasehold reform, we outline here our recommendations for how these issues can be addressed.

Clarification of shared ownership as a product

The Housing Committee has submitted a response to the technical shared ownership consultation, however, the Committee felt that the consultation missed the opportunity to address longstanding issues in shared ownership. Our investigation into shared ownership found that shared owners felt confusion and frustration with shared ownership as a model, particularly around issues such as service charges, redress, and transparency. There were high levels of dissatisfaction, and feelings that owners had been misled the product and had not understood the charges that go alongside it. Full details can be found in our consultation response.

Recommendation 1: The realities of the new shared ownership model should be made clear prior to purchase, and as part of the work connected to the Social Housing White Paper, the Government should publicly issue clear guidance material that outlines avenues of redress that shared owners can take if they are not satisfied with the services they receive.

Recommendation 2: Government should ensure that information on service charge levels is publicly available.

Recommendation 3: Government should require housing associations to report on service charges and maintenance costs for each block of shared ownership homes under their management.

Recommendation 4: Housing associations should be required to collect and report staircasing data alongside additional data on arrears, the satisfaction of shared owners and the performance of this tenure type.

Recommendation 5: Government should require housing associations to report annually on staircasing sales (including those to less than 100% ownership), which should be broken down by year of original sale and should be made public.

Recommendation 6: Government should require housing associations to report annually on the tenure type(s) that shared owners who sell their property are moving into.

Leasehold

Our investigation into leasehold found similarly high levels of dissatisfaction and frustration among Londoners. This is largely a result of onerous terms imposed in the lease document which governs the relationship between the leaseholder and the landlord. This includes high fees for ground rent, excessive permission fees for the leaseholder to make changes in the property, and arbitrary restrictions such as the prohibition of pets. Other controversies have included the imposition of excessive service charges, costs for major repairs, and the burden imposed by the existence of forfeiture which, where the leaseholder has breached terms of the lease, enables the landlord to bring the lease to an end and take back the property without recompense for the financial investment of the leaseholder. Some leaseholders are also initially unaware that lenders are unwilling to provide mortgages for leases of less than 80 years, and costly lease extension processes are often required.

The Committee is also concerned that housing associations are able to impose short leases of 99 or 125 years on homes in buildings where they themselves may have a lease of up to 999 years. The Committee feels that leaseholders should benefit from the organisation's own long-lease, and, where relevant, the length of a shared ownership lease should be extended.

Recommendation 7: Government should take concrete action, over and above voluntary deals with developers, to ensure that existing leaseholders benefit from remedies as a result of any reform in the leasehold sector.

Recommendation 8: Government should implement the Law Commission's recommendations that commonhold be used for mixed-use developments and shared ownership homes.

Recommendation 9: MHCLG should ensure data is available on the number and distribution of leasehold homes across London and nationally.

Recommendation 10: The Government should require housing associations to actively manage the lease extension process, including providing shared owners with support to ensure they are planning for lease extension at regular intervals and providing clear information on the implications of not extending the lease.

Recommendation 11: The Government should require housing associations to report on an annual basis how many of their shared owners have 85 years or less remaining on their lease.

Recommendation 12: Where housing associations have a long lease on a building with shared ownership units in, the Government should ensure that the benefits of this are passed on to shared owners and that standard lease lengths are extended.

EWS1

Many Londoners living in leasehold properties are unable to move or re-mortgage their homes due to the unavailability of an external wall fire review form (EWS1). These forms are often requested by lenders to ensure the fire safety of buildings and are required to be completed before mortgage funds are released. We have heard from residents of these properties who have found themselves incurring significant financial losses and essentially becoming trapped in their properties.

Government recently announced that leaseholders of flats in buildings without cladding will no longer need an EWS1 form to sell or re-mortgage their property. However, even if this is taken forward, that leaves an estimated 58,000 buildings with cladding and still requiring an EWS1 check. This is the equivalent to just over 861,000 leaseholders requiring the check for their buildings.¹

Recommendation 13: The Government must do more to speed up the EWS1 process. Leaseholders should not foot the bill for remediations needed due to unsafe cladding.

Londoners should not be trapped in their homes or feel that they've been missold a housing product. With programmes underway to reform shared ownership and leasehold, Government should take this opportunity to deliver decisive action that improves housing for millions of people across the country, as well as in London.

Yours Sincerely,



Murad Qureshi AM
Chair of the Housing Committee

¹ [Inside Housing, 2020](#)