

MAYOR OF LONDON

Tom Copley AM
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Dear Tom

Thank you very much for your letter of 18 September and the copy of your report into shared ownership in London 'First Steps on the Ladder? An appraisal of shared ownership in London'.

I was pleased to see that you found that shared ownership still has an important role to play in London's housing market, and that it can offer that crucial first step for those who might otherwise struggle to own a home.

Since the start of my first term in 2008 over 52,000 Londoners have been helped into intermediate housing through the First Steps programme, and the vast majority of these homes will have been for shared ownership. Through my Housing Covenant (MHC) 2015-18 I am continuing to allocate more funding towards supporting shared ownership and the First Steps Challenge Fund paving the way for recoverable models of investment which attract funding from institutional investors.

In addition to the funding that I have already committed, I am sure that you will have seen recent government announcements which will support a significant increase in the number of homes for low cost home ownership. This increased funding will deliver new homes for shared ownership, an improved London Help to Buy product (offering a 40 per cent equity loan) and support to deliver Starter Homes. I will be negotiating with the government to secure a London share of the new funds available in due course.

In response to your individual recommendations:

Recommendation 1

My officers are in regular discussion with the Department for Communities and Local Government (DCLG) on a range of issues related to shared ownership including improving data on resale values and monthly costs. The issue of data collection and the relative shortage of data have been discussed at recent meetings with DCLG, including at the bilateral meeting. Central government and the Homes and Communities Agency (HCA) collect this data and are responsible for its dissemination. The Greater London Authority (GLA) will continue to raise this issue with DCLG who I know are very aware of it.

However, in the immediate term I do not feel that it would be appropriate for the GLA to place any further contractual obligations on our Investment Partners that would add to their administrative burden.

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Recommendation 2

The ability to staircase to 100 per cent is a fundamental part of the shared ownership model and I do not wish to restrict the ability of shared owners to fully staircase. Following a consultation earlier in the year, the government made changes to the pre-emption clause in new shared ownership leases such that once an individual has staircased to 100 per cent then the right of first refusal for the Registered Provider is removed. This represents a helpful step towards mainstreaming shared ownership as a tenure and improving the user experience.

I have taken steps to improve mobility within the sector, which will help existing shared owners to move to more suitable accommodation. I have made changes to the Affordable Housing Capital Funding Guide in London, to enable existing shared owners to qualify for a new shared ownership home which may be more suited to their needs, enabling them to move before reaching 100 per cent staircasing and making the existing unit available for resale.

I am currently funding a pilot scheme to support existing shared owners to sell their share and to purchase another home on the open market on shared ownership terms. The 'Second Steps' pilot currently being delivered by Southern Housing Group is performing well and we hope to work with other Partners to deliver similar schemes in the future.

Recommendation 3

There has been real progress in improving the marketing of shared ownership in London - notably the First Steps website. In addition there are a number of forums, which are led by the sector such as the London Home Ownership Group, the National Housing Group and events such as the National Housing Awards, where Partners work together to encourage and share good practice. Through the Capital Funding Guide, the GLA provides guidance to Investment Partners on income requirements, service charges and other shared ownership payments. The First Steps website, which is run by Share to Buy, provides an individual listing for each shared ownership home available on the market and includes a list of eligibility criteria, along with a budget calculator to help prospective shared owners calculate their costs.

Recommendation 4

I agree that shared owners should be on a stronger statutory footing than assured tenants. My officers have previously and will continue to raise this issue with both HM Treasury and the Department for Communities and Local Government.

Recommendation 5

I would encourage any Community Land Trusts (CLTs) or smaller Registered Providers to contact the Housing Team at the GLA if they are interested in working with us to deliver affordable homes. Through my 2015-18 Mayor's Housing Covenant, funding is available for continuous bidding for organisations of all sizes.

Yours ever,



Boris Johnson
Mayor of London