

STATEMENT OF INTENT

The Saffron Group (referred to hereafter as 'Saffron') is committed to meeting its responsibilities to its Homeowners who have purchased through and own a Shared Ownership property.

1.0 PURPOSE

- 1.1 Shared ownership is a part buy, part rent product that enables people to buy a home in stages. It's for people who are unable to buy a home outright on the open market
- 1.2 This policy is designed to support Shared Owners that have a genuine need to obtain consent from Saffron to sublet the property.
- 1.3 Where a Shared owner has not acquired 100% of the property and there is no right to sublet, Saffron will consider requests of genuine need on a case-by-case basis.
- 1.4 This policy is not designed as a blanket approach and each request will be based on its own merits.

2.0 COVENANTS

- 2.1 There are three types of subletting covenants which are generally found in shared ownership leases, these are Absolute, Qualified and Fully Qualified Covenants.
 - 2.1.2 Absolute covenant - Saffron may refuse a subletting request without giving any reasons; or a landlord may choose to waive the restriction and consent subject to any conditions the landlord requires.
 - 2.1.3 Qualified covenant - Leaseholders are unable to underlet the property without the prior written consent of Saffron. However, Section 19 (1) of The Landlord and Tenant Act 1927 turns this into a fully qualified covenant.
 - 2.1.4 Fully qualified covenant - The Landlord and Tenant Act 1988 implies duties on Saffron unless it is not reasonable to do so, within a reasonable timeframe.
- 2.2 In leases prior to September 2021, there would usually be an absolute covenant against subletting of the whole of the premises.
- 2.3 In leases granted after September 2021 there would be a qualified covenant not to underlet or part with possession of the whole of the premises without the prior written consent of the Saffron.

3.0 REQUESTS TO SUBLET

- 3.1 Each subletting request will be treated on its own merits and information will be required to assess this. Consideration must be given to:

Shared Ownership – Subletting Policy

- Do the reasons for sub-letting stem from a genuine, unavoidable need, rather than for speculation or gain by the shared owner?
- Does the person(s) to whom the shared owner sub-lets satisfy the eligibility criteria for Shared Ownership?
- Are the terms of the sub-letting arrangement best met by being for a fixed period of time, or would a periodic tenancy be more suitable?
- Does the shared owner need the permission of their mortgage lender to sub-let their home?
- Is the request from a serving member of the Armed Forces who is required to locate away from the area in which they live? Saffron will automatically support requests of this nature.

3.2 In addition to the above, there are other requirements that will need to be satisfied before consent to subletting can be granted.

4.0 Subtenant Requirements

4.1 There is an expectation from Homes England that the subtenant should satisfy the eligibility criteria for shared ownership. Whilst this is in place, this is not a strict rule if insisted that this would make it difficult to sublet.

5.0 Rent Requirements

5.1 Due to the nature of the product that is Shared Ownership, there should be no commercial gain by the shared owner.

5.2 The rent charged to the subtenant should cover the shared owner's ongoing housing costs. This would include covering the costs of the shared owner's mortgage, rent and service charge (as applicable), as well as any additional costs incurred such as any mandatory electrical, gas and fire safety checks.

5.3 The rent can also cover any letting management fee (or similar) associated with the subletting arrangement and would be deemed to be a reasonable expense to be included in the rent.

5.4 Any mechanisms for rent increases must be agreed between the shared owner and Saffron, prior to the start of the sublet.

6.0 Property Requirements

6.1 Where the property is subject to a S106 agreement, there may be restrictions on occupancy. For example, only people in need of affordable housing, only people from certain parishes or only people over a certain age.

6.2 If the S106 restrictions cannot be complied with, then the shared owner would need to obtain the consent from the Local Authority and provide this to Saffron as part of the request

Shared Ownership – Subletting Policy

- 6.3 Where a shared ownership lease is an Older Persons Shared Ownership (OPSO) or Home Ownership for Lifelong Disabilities (HOLD) lease, there may be other restrictions that need to be explored before a decision can be made to consent to the sublet

7.0 Policy Compliance

- 7.1 This policy complies with the Capital Funding Guide at the time of writing. Any amendments to the Capital Funding Guide will be reflected in this policy, as and when they arise.

Consulted with Tenant Scrutiny Group	N/A
Board/Committee	SLT
Date Approved	April 2025
Review Date	April 2028
Officer	Homeownership Manager
Version Number	2.0