

1.0 Introduction

- 1.1 Saffron Housing Trust Limited (referred to hereafter as 'Saffron, we, us') is committed to meeting its responsibilities to Homeowners who have purchased a home through a Low-Cost Homeownership product.
- 1.2 Although the Capital Funding Guide primarily applies to grant-funded homes, Saffron will apply the principles within this policy to all Low-Cost Homeownership products to ensure fairness and consistency in our approach to subletting.

2.0 Purpose

- 2.1 This policy is designed to support Homeowners, who have a genuine need, to obtain consent from us to sublet the property.
- 2.2 Where a homeowner has not acquired 100% of their property, there is no automatic right to sublet. However, we will consider requests where there is a genuine need on a case-by-case basis.
- 2.3 This policy is not designed as a blanket approach and each request will be based on its own merits.

3.0 Scope

- 3.1 This policy applies to all Low-Cost Homeownership tenures where Saffron has a landlord interest in the property. It does not apply to rented tenants or to homeowners who own 100% of their leasehold interest.

4.0 Legislation and Compliance Framework

- 4.1 This policy has been developed to ensure compliance with the following legislation and regulatory requirements (as amended from time to time):
 - Renters' Rights Act 2025
 - Housing Act 1988
 - Housing Act 2004
 - Landlord and Tenant Act 1985
 - Homes (Fitness for Human Habitation) Act 2018
 - Tenant Fees Act 2019
 - Equality Act 2010
 - Immigration Act 2014
 - Homes England Capital Funding Guide
- 4.2 Any amendments to those listed above will be reflected in this policy, as and when they arise.

5.0 Definitions

- 5.1 Capital Funding Guide** - The Capital Funding Guide provides the rules and requirements for grant funded schemes, as well as nil grant schemes forming part of one of Homes England's affordable homes programmes, that affordable housing providers must follow.
- 5.2 Homes England** - Homes England is the government's housing and regeneration agency, an executive non-departmental public body, sponsored by the Ministry of Housing, Communities and Local Government.
- 5.3 Low-Cost homeownership** – these are schemes or products, like Shared Ownership, Shared Equity, Right to Buy, Right to Acquire and Right to Shared Ownership, which make buying a home more affordable for people who might otherwise struggle to purchase on the open market.
- 5.4 100% Leaseholder** – a homeowner who owns 100% of the leasehold interest and whose property is not subject to Shared Ownership or Shared Equity provisions.
- 5.5 Shared Ownership** - is a part buy, part rent product that enables people to buy a home in stages. It's intended to support people who are unable to buy a home outright on the open market.
- 5.6 Shared Equity** – like Shared Ownership, however this product enables you to buy a home at a 75% or 80% share, with no rent payable on the remaining unowned equity. It's intended to support people who are unable to buy a home outright on the open market.
- 5.7 Subletting** – this refers to a homeowner, where Saffron is the landlord, renting out all or part of their property to a different person. This would also then create a landlord and tenant relationship between the homeowner and their tenant, with Saffron being the 'head' landlord.
- 5.8 Restrictive covenants** – are a legally binding condition attached to land or property that limits how it can be used. It is usually set out in the property's title deeds or lease and continues to apply to future owners, restricting activities such as building, alterations, or certain types of use to protect the interests or character of surrounding land.
- 5.9 Absolute covenant** - a lease term that prohibits subletting. Where this applies, Saffron is not required to grant consent. In leases prior to September 2021, there would usually be an absolute covenant against subletting of the whole of the premises.
- 5.10 Qualified covenant** - Subletting is permitted only with Saffron's prior written consent. Under section 19(1) of the Landlord and Tenant Act 1927, such consent cannot be unreasonably withheld.
- 5.11 Fully qualified covenant** - The Landlord and Tenant Act 1988 requires Saffron to deal with requests for consent within a reasonable time and not to unreasonably refuse consent, where it is reasonable to grant it.

6.0 Roles and Responsibilities

- 6.1 **Homeowner** – To ensure compliance with conditions of the lease and work with Saffron for any subletting requests and their approval or denial.
- 6.2 **Homeownership Officer** - Responsible for reviewing all requests for subletting and providing responses to any applications, in line with the terms of the lease.
- 6.3 **Homeownership Manager** - Provides oversight and support as well as final approval for all subletting requests.

7.0 Policy Statement

- 7.1 Homeowners with a low-cost homeownership product do not have an automatic right to sublet their home.
- 7.2 This is to protect the use of public funds and to ensure that applicants are not entering Low-Cost Homeownership products potentially for commercial gain.
- 7.3 We may agree to subletting arrangements where there is a genuine need.

7.4 Requests to sublet

- 7.4.1 Each subletting request will be treated on its own merits and information will be required to assess this. Consideration must be given to:
 - Is the proposed subletting arrangement compliant with the terms of the lease and any applicable restrictive covenants?
 - Do the reasons for subletting stem from a genuine, unavoidable need, rather than for speculation or gain by the homeowner?
 - Is the homeowner able to meet all legal obligations of a landlord, including safety, licensing, and Right to Rent checks?
 - Does the person or persons to whom the homeowner sublets satisfy the eligibility criteria for the product?
 - Are the terms of the subletting arrangement in line with the Renters' Rights Act 2025, including that the tenancy must be periodic?
 - Does the homeowner need the permission of their mortgage lender to sublet 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.
- 7.4.2 In addition to the above, there are other requirements that will need to be satisfied before consent to subletting can be granted.

7.5 Subtenant requirements

- 7.5.1 We expect that any proposed subtenant will broadly meet the eligibility criteria for the relevant low-cost homeownership product. However, this will not be applied as a strict requirement where doing so would unreasonably prevent subletting.

7.6 Rent requirements

- 7.6.1 Subletting must not be used for commercial gain.
- 7.6.2 The rent charged should be reasonable and should not exceed a level that covers the homeowner's reasonable housing costs, including mortgage payments, rent, service charges, and necessary compliance costs.
- 7.6.3 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.
- 7.6.4 Any mechanisms for rent increases must be agreed between the homeowner and us, prior to the start of the sublet.

7.7 Property requirements

- 7.7.1 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.
- 7.7.2 If the S106 restrictions cannot be complied with, then the homeowner would need to obtain the consent from the Local Authority and provide this to us as part of the request.
- 7.7.3 Where a shared ownership lease is an Older Persons Shared Ownership (OPSO) or Home Ownership for people with a Long-term Disability (HOLD) lease, there may be additional restrictions that must be considered before a decision is made.

8.0 Ending Permission to Sublet

- 8.1 This section applies to:
 - All new subletting tenancies that start on or after 1 May 2026; and
 - Any subletting tenancy that started before 1 May 2026 where the permission to sublet is due to end on or after 1 December 2026.

8.2 Our notice to end subletting permission

- 8.2.1 Where we decide to end permission to sub-let that has previously been granted, we will give the homeowner at least 6 months' written notice.
- 8.2.2 During this 6-month notice period, the homeowner may request an extension to the sub-letting permission. Requests will be considered on a case-by-case basis.

8.3 Notice to be served on the tenant

8.3.1 Once we have served the 6-month notice, the homeowner will be required to serve a 4-month section 8 notice on their tenant, where required under applicable legislation.

8.3.2 We will not remove permission to sub-let where doing so would prevent the homeowner from complying with the 12-month minimum tenancy period before the “selling” or “moving back in” grounds can be relied upon for a new tenancy.

8.4 Exceptions for serious concerns

8.4.1 The requirement to give 6 months’ notice does not prevent:

- Saffron from taking appropriate action during that period (for example, seeking an injunction); or
- The homeowner from taking appropriate action (for example, serving a section 8 notice using the relevant grounds)

8.4.2 where there are serious concerns, including (but not limited to):

- Anti-social behaviour;
- Illegal or criminal use of the property; or
- Situations where the property poses a risk to health or safety.

8.5 Where a Tenant Challenges a Section 8 Notice

8.5.1 If a tenant does not leave the property by the date specified in a section 8 notice, the homeowner will need to apply to the court for a possession order.

8.5.2 Court proceedings may delay the end of the subletting period, as timescales are outside the homeowner’s control. Where this happens, we will extend the sub-letting permission for as long as reasonably necessary to allow the legal process to conclude.

9.0 Authorisation of Subletting Tenancies

9.1 Where a subletting arrangement changes or continues in a way that creates a new tenancy in law, we will treat this as a new subletting and will review and confirm consent to ensure all policy requirements continue to be met.

10.0 Requests to Sublet for Less Than 12 Months

10.1 A homeowner may request permission to sublet for a period of less than 12 months where the reason for subletting is temporary, for example a short-term work relocation.

10.2 As the Renters’ Rights Act introduces a minimum 12-month period for new tenancies during which possession proceedings cannot be taken on the “selling” or “moving

back in” grounds, requests for short-term subletting will be considered on a case-by-case basis and must not be unreasonably refused.

11.0 Monitoring and Compliance

11.1 This policy will be regularly reviewed in line with changes to the Capital Funding Guide and relevant legislation, as they occur.

12.0 Training and Awareness

12.1 Training, advice and support will be made available to colleagues on an ongoing basis.

13.0 Breach of Policy

13.1 Where a homeowner sublets their property without consent or fails to comply with the conditions of this policy, Saffron may take appropriate action. This may include:

- Withdrawal of permission to sublet
- Action in line with the terms of the lease
- Legal or enforcement action, where appropriate

13.2 Each case will be considered on its own merits.

Policy Title/Reference	Low-Cost Homeownership Subletting Policy	
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