ReSI Homes

Shared Ownership Subletting and Lodging Policy

1. Purpose

1.1. This policy sets out ReSI Homes Limited (**ReSI Homes** or the **Company**) approach to when shared owners want to sublet all or part of their home or take in a lodger, subject to the conditions set out in their lease or equity loan agreement.

1.2. This policy applies to shared owners, and customers with equity loans, subject to the requirements of their lease or loan.

2. Definitions

2.1. *Equity Loan*. A loan given to help buy a home. The loan is repaid when the home is sold, and its value relates to the value of the home. So, if a home rises in value, the amount to be repaid increases.

2.2. *Leaseholder.* A leaseholder is a homeowner who has a long-term lease but does not own the freehold.

2.3. *Lodger.* Someone who occupies part of a home, but whose occupation is under the control of the landlord, or a family member, who lives there. Lodgers don't have exclusive use of any area in the home.

2.4. *Shared owner*. Someone who has benefitted from a scheme that allows people to buy a part share in a home, if they are unable to buy the whole property, with another party – often a housing association – retaining the remainder. Shared owners can often increase or decrease their stake in the home, through a process known as staircasing. Shared ownership schemes are typically between 25-75% share of the home's value. A capped rent is paid on the remaining share. Shared Owners are always leaseholders.

2.5. *Subletting.* Letting out a property to a tenant with exclusive use over all or part of a home. A sub-tenant will normally rent the whole home but if they share part of a home they will also have a key to their own room/s.

3. ReSI Homes approach

3.1. In general, 100% homeowners are permitted to sublet their home. Subletting in shared ownership lease is usually prohibited but there are some exceptions depending on the type of lease, for example:

- Shared owners and those with equity loans will not normally be permitted to sublet their home. In line with the Homes England and Great London Authority (GLA)'s Capital Funding Guide, our shared ownership leases must prohibit sub-letting, other than in exceptional circumstances.

- We recognise that there are some shared owners who wish to sublet their home for reasons that are outside of their control. There are, therefore, a limited number of exceptional circumstances in which we will allow shared owners to sublet their properties. These are set out below.

3.2. All hared owners and customers with equity loans who want to sublet their home must have our written approval, where their lease or loan requires, before letting it to a tenant.

3.3. We require shared owners to apply for permission using our application form which includes providing:
- Information about their tenants or lodgers for health and safety purposes
- Proof that they are complying with legal requirements as a landlord for e.g health and safety requirements, such as a landlord gas safety certificate and right to rent.
- A UK correspondence address for all communication.

3.4. We will consider every application on a case-by-case basis, in line with this policy. In apartment blocks where we are not the freeholder we will also need to seek the consent of the freeholder via their appointed agent.

3.5. We will grant permission in line with the terms of the lease or loan agreement and the criteria set out below.

3.6. As part of the application process we require shared owners to acknowledge that:
- The legal relationship with their tenant is as a landlord which includes:
    - They will be responsible for the behaviour of their tenant or lodger and we may take legal action against them if their behaviour causes a breach of the lease or loan.

    - They remain liable for all charges made under the terms of the lease or loan including service charges, ground rent and administrative costs,
- They must keep to any conditions agreed as part of the approval.
- We can withdraw consent to sublet their home at our reasonable discretion, e.g. where a breach of lease or loan occurs.

4. Additional criteria for shared owners and customers with equity loans

4.1. In line with the Homes England and GLA Capital Funding Guidance and the lease terms, we will not normally allow shared owners or customers with equity loans to sublet. However, we may grant permission to sublet in exceptional circumstances, and in cases where shared owners are unable to sell their home due to the time it will take to deal with identified fire safety related issues.

4.2. We normally only give permission for shared owners and customers with equity loans to sublet for one year.

4.3. If the shared owner requests an extension we may, at our discretion, give permission for the subletting to continue for a maximum of one further year. We may make an exception to this limit where armed forces personnel are subletting as a result of undertaking a tour of duty.

4.4. **Lodgers**

4.5. Shared owners do not need our consent to take lodgers into their home unless their lease or other agreement requires them to do so.

4.6. Shared owners will not be able to have a lodger where:

- The lease prevents them from taking on a lodger for any reason.
- The home will become overcrowded.
- The lodging will breach any other legislation, regulation or requirement.
- The home will become a house in multiple occupation.
- The home will be used as a guest house or for frequent lodgings, e.g. Air B&B
- Shared owners refuse or don’t undertake requirements set out in our approval.
- The lodger does not have the ‘right to rent’.

5. Legal Action

5.1. We may take legal action against shared owners where:

- We find that they are subletting without our permission, or they have obtained permission through false information.
- They don't follow any condition we set, including exceeding a time limit for the sublet.
- Their tenant or lodger is responsible for anti-social behaviour or a breach of the lease or loan agreement.
- We discover that shared owners or customers with equity loans are subletting because they own another property, which would be their only or principal home.

5.2. We will seek to recover all reasonable costs and the cost of legal action involving the property tribunals (first or upper tier) or the courts.

6. Policy Management

6.1. The Board has overall responsibility for this policy.

7. Background Documents

7.1. This policy should be read in conjunction with the following legislative and regulatory documents and policies:

- Law of Property Act 1925
- Commonhold and Leasehold Reform Act 2002
- Housing Act 1985
- Homes England and Greater London Authority Capital Funding Guidance
- Immigration Act 2014

8. Monitoring and review

8.1. The policy will be reviewed every two years unless legislation, business or sector developments require otherwise – to ensure that it continues to meet the stated objectives and take account of good practice developments.

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