

MAYOR OF LONDON

Secretary of State
Ministry of Housing, Communities and Local
Government
2 Marsham Street
London
SW1P 4DF

Date: 26 September 2019

GLA response to 'Making home ownership affordable' discussion paper

I am writing in response to the Government's recent proposals for a new model for shared ownership. As you will be aware, house prices in London mean that, although it has clear limits, shared ownership can play an important role in helping some first-time buyers in London who would otherwise be unable to buy a home on the open market.

The paper rightly recognises that some shared owners struggle with the costs of purchasing additional shares once they are in their home. The Government's proposals to enable occupants to purchase smaller shares incrementally are therefore welcome. Any new scheme will need to ensure legal, financial and administrative burdens associated with staircasing are minimised. If an HPI-based valuation mechanism is adopted as the route to achieve incremental staircasing then shared owners need to be made aware of the risk that they could overpay.

The discussion paper also highlights the frustrations felt by many shared owners regarding the eight-week pre-emption clause for resales. However, I am concerned that simply removing this clause and replacing it with a Right of First Refusal may lead to an accelerated loss of affordable housing stock, and I would urge you to explore alternative options.

The paper suggests that the Government is looking at ways to ensure that local residents are prioritised for new homes, which is an aim we would support. However, I was concerned to see a suggestion that the Government sees discounted market sale homes as a 'foundation to build on' as part of future low-cost home ownership policy. The failure of Starter Homes in London demonstrates that this kind of approach is inappropriate for the capital. It is vital that the Government's future policy development in this area takes account of London's unique circumstances, and that the Mayor is given the flexibility to determine the tenure mix of homes required to best meet London's housing needs.

GLA officers would be happy to discuss any aspects of the consultation in more detail. If a meeting would be helpful, please contact Rebecca Reid at Rebecca.reid@london.gov.uk.

Best wishes



James Murray
Deputy Mayor for Housing and Residential Development