



SUB LETTING POLICY & PROCEDURE

Responsible Director: Director of Homes and Wellbeing

Responsible Manager: Head of Specialist Housing

Last updated: January 2020

Next update: January 2023

1. Purpose

- 1.1 The purpose of this procedure is to ensure that the Specialist Housing Team is able to respond to requests from leaseholders to sublet their shared ownership home in a fair, consistent and equitable manner in accordance with the [Homes England](#) and [Regulator of Social Housing](#) guidance on sub-letting contained within the Capital Funding Guide.
- 1.2 This procedure aims to give guidance for officers in determining on a case by case basis whether permission for sub-letting should be given or not.

2. Risks

- 2.1 Failure to meet genuine NCHA customer needs
- 2.2 Failure to meet guidance and best practice regarding commercial gain and meeting the eligibility for shared ownership
- 2.3 Loss of management control of schemes from tenants living in the properties with whom we do not have a contract
- 2.4 The risk to the property of a sub-tenant neglecting and not maintaining the property and the area around it
- 2.5 The risk of an affordable property being let to a person with no discernible housing need

3. References

- 3.1 Homes England Capital Funding Guide (updated 2018)
- 3.2 The shared ownership lease

4. Process

4.1 Request for Sub-Letting

- 4.1.1 When a request for sub-letting is received, the Housing Officer should request full details about the reason why the request has been made.

- 4.1.2 Reasons that can be considered as genuine social need include a need to move on a temporary basis (less than six months), family reasons, medical or health reasons, financial hardship that cannot be resolved by selling the property, etc.
- 4.1.3 Supporting evidence/documentation for the sub-letting request should be obtained whenever possible, e.g. medical reports, financial statements from an independent advisor.
- 4.1.4 Each case will be considered on its merits by the Specialist Housing Manager in discussion with the Housing Officer.
- 4.1.5 Any decision to allow a shared owner to sub-let their home will be at the absolute discretion of the Specialist Housing Manager or Head of Specialist Housing. No appeal will be allowed and refusal to give permission to sub-let will not give recourse to NCHA's complaints procedure.
- 4.1.6 Where permission has been given it should be recorded with full details on the 'sub-let spreadsheet' saved at S\IHT\shared ownership\sub-letting. This spreadsheet will be monitored to ensure compliance with the conditions of sub-letting given.

4.2 Homes England Criteria for Sub-Letting

- 4.2.1 Guidance for sub-letting is set out in the Homes England Capital Funding Guide.
- 4.2.2 Shared ownership leases must prohibit sub-letting by the leaseholder to protect public funds and ensure applicants are not entering shared ownership for commercial gain.
- 4.2.3 This stops the leaseholder having the right to sub-let, but allows the Registered Provider (RP) to agree to sub-letting arrangements if they choose to do so in exceptional circumstances.
- 4.2.4 RPs must consider requests to sub-let on a case-by-case basis. It is the RP's decision as to whether they agree to the request and permit sub-letting. RPs must consider the following issues when dealing with requests:
- Do the reasons for sub-letting genuinely stem from unavoidable need, and are not primarily for speculation or gain?
 - Does the person(s) to whom the leaseholder sub-lets also satisfy the RP's criteria for shared ownership?
 - Are the terms of the sub-let for a fixed period during which the shared owner will retain ownership of the lease? and

- Does the leaseholder have the permission of the mortgage lender (if required)?

4.2.5 If a request is from a serving member of the Armed Forces whose tour of duty requires them to serve away from the area in which they live (a distance of at least 50 miles or 90 minutes travelling time) for a fixed period, and the general criteria above are also met, the shared owner may sublet subject to the RP being satisfied that all of their additional criteria (if any) are met.

4.3 NCHA Criteria for Sub-Letting

4.3.1 Requests are assessed on a case by case basis, no precedents can be set by past management decisions to allow or deny sub-letting.

4.3.2 Any decision by NCHA to consent to a leaseholder's request to sub-let their property will be subject to the following conditions:

1. There are exceptional circumstances that necessitate a need for sub-letting
2. The sub-tenant must be assessed as meeting the shared ownership criteria
3. Permission is granted for a maximum of 6 months
4. An Assured Shorthold Tenancy agreement will be used which will enable the leaseholder to re-gain possession of their property at the end of the letting period
5. A letting agent must be used to let and manage the property
6. The letting agent will take references i.e. previous landlord and credit checks
7. The letting agent must do quarterly checks at the property
8. A copy of the mortgage lender's consent must be seen by NCHA
9. Permission must be given by the management company if applicable

4.3.3 The leaseholder should receive a copy of the NCHA sub-letting enquiry letter (Appendix 1) in response to an initial enquiry. When they have agreed to the conditions then permission can be given in writing (see Appendix 2). If permission is not given then Appendix 3 should be used.

4.4 100% Ownership

4.4.1 Where shared owners staircase to 100% ownership we may be able to give permission to sub-let (where requested and depending on the lease and scheme) via a deed of variation drawn up for that property that clearly sets out the responsibilities and conditions of the sub-let. The leaseholder will be required to pay for NCHA's and their own legal fees in relation to this.

4.4.2 Where there is a management company, restricted lease or s106 agreement in place the request to sub-let will be considered in relation to these restrictions and permission would only be given with the agreement of the relevant management company or local authority. Costs of fees for a deed of variation would again be met by the leaseholder.

4.5 Ending the Sub-Let

4.5.1 Permission will only be given for six months. At the end of the six month period, contact will be made with the leaseholder to ensure that the tenant has left the property/notice has been given and that the leaseholder will be returning to the property.

4.5.2 Where a sub-letting situation continues without permission this will be considered a breach of the lease and legal advice will be sought.

Appendix 1 Enquiry Letter

Dear

NCHA will consent, in principle, to a leaseholder's request to sub-let their property, subject to the following conditions:

1. There are exceptional circumstances that necessitate a need for sub-letting
2. The sub-tenant must be assessed as meeting the shared ownership criteria
3. Permission is granted for a maximum of 6 months
4. An Assured Shorthold Tenancy agreement will be used which will enable the leaseholder to re-gain possession of their property at the end of the letting period
5. A letting agent must be used to let and manage the property
6. The letting agent will take references i.e. previous landlord and credit checks
7. The letting agent must do quarterly checks at the property
8. A copy of the mortgage lender's consent must be seen by NCHA
9. Permission must be given by the management company if applicable

If you wish to seek permission for sub-letting, accepting the conditions above, then please submit details of the circumstances requiring the sub-letting of your property to your housing officer at housingofficer@ncha.org.uk. Please note that sub-letting your property without permission is a breach of your lease.

Yours sincerely

xx
Housing Officer

Appendix 2 Permission Letter

Sub-Let Request: *address of property*

Dear

Thank you for your request to sub-let your property. After consideration of the reasons why you have requested to sub-let the property NCHA has decided to allow sub-letting, subject to the following conditions being met:

1. There are exceptional circumstances that necessitate a need for sub-letting
2. The sub-tenant must be assessed as meeting the shared ownership criteria
3. Permission is granted for a maximum of 6 months
4. An Assured Shorthold Tenancy agreement will be used which will enable the leaseholder to re-gain possession of their property at the end of the letting period
5. A letting agent must be used to let and manage the property
6. The letting agent will take references i.e. previous landlord and credit checks
7. The letting agent must do quarterly checks at the property
8. A copy of the mortgage lender's consent must be seen by NCHA
9. Permission must be given by the management company if applicable

If you have any queries regarding the contents of this letter, please contact me on

Yours sincerely

Specialist Housing Manager

Appendix 3 Permission Not Given Letter

Sub-Let Request: address of property

Dear

Thank you for your request to sub-let your property.

After consideration of your request to sub-let the property, NCHA has decided not to give permission for sub-letting. This is because the reason for making the request has not been assessed as 'exceptional circumstances'/ you are unable to provide the relevant documentation requested/ you are unable to provide evidence of consent from the management company/mortgage lender/ you have not agreed that it will be for a maximum period of six months/ you have not agreed to use a letting company to fully manage the property/ the sub-tenant does not meet the shared ownership criteria ***delete as required***

Please note that sub-letting your property without permission is a breach of your lease.

Yours sincerely

Specialist Housing Manager