

Six weeks for developers to sign contract to fix unsafe buildings

3 years ago



Developers today received legally binding contracts that will commit them to pay to repair unsafe buildings.

The government has set a six-week deadline for developers to sign the legal agreements and is warning that companies who fail to sign and comply with the terms of the contract will face significant consequences.

Legislation will be brought forward in the spring giving the Secretary of State powers to prevent developers from operating freely in the housing market if they fail to sign and comply with the remediation contract.

The contract, which has been drawn up by the Department for Levelling Up, Housing and Communities, will protect thousands of leaseholders living in hundreds of buildings across England. These innocent households would otherwise face costly repairs for serious safety defects, including non-cladding related issues.

Under the contract, developers will commit an estimated £2 billion or more for repairs to buildings they developed or refurbished over the past 30 years. This means that together with the Building Safety Levy, industry is directly paying an estimated £5 billion to make their buildings safe.

The contract also requires developers to reimburse taxpayers where public money has been used to fix unsafe buildings.

This follows Secretary of State for Levelling Up, Housing and Communities, Michael Gove, demanding

developers are held to account, which led to public pledges from 49 of the country's leading developers that they would take responsibility to fix their own buildings, which will now be turned into legally binding commitments.

Secretary of State for Levelling Up, Housing and Communities, Michael Gove, said: "Today marks another significant step towards righting the wrongs of the past and protecting innocent leaseholders, who are trapped in their homes and facing unfair and crippling costs.

"Too many developers, along with product manufacturers and freeholders, have profited from these unsafe buildings and have a moral duty to do the right thing and pay for their repair.

"In signing this contract, developers will be taking a big step towards restoring confidence in the sector and providing much needed certainty to all concerned.

"There will be nowhere to hide for those who fail to step up to their responsibilities – I will not hesitate to act and they will face significant consequences."

Dean Finch, Group Chief Executive at Persimmon, said: "Persimmon was proud to lead the industry two years ago with our original pledge to protect leaseholders. Since then, we have been making good progress on remediation and aim to be on site on all developments by the end of the year.

"The publication of the developer remediation contract is the culmination of many months of hard work on all sides and we are pleased to confirm our intention to sign the final document in the near future, becoming the first developer to do so.

"The terms of the contract are entirely consistent with our existing commitment to protect leaseholders in multi-storey buildings we constructed from the costs of remediating cladding and life-critical fire-related safety issues. We are pleased to reaffirm this commitment today and that we were able to work constructively with the Government to secure the agreement."

Under legislation to be brought forward this spring, a Responsible Actors Scheme (RAS) will be created, allowing the Secretary of State to block developers who have not signed the contract or failed to comply with its terms from carrying out development and from receiving building control approval. This will prevent them from operating as normal in the housing market for as long as they do not resolve the problems of the past.

The Levelling Up Secretary will also take action to ban managing agents and freeholders from taking commissions when they take out building insurance. This is in response to a report from the Financial Conduct Authority that suggested commissions make up almost a third of premiums.

Government will also bring in further measures to make service charges more transparent and empower leaseholders who want to challenge their bills.

This follows confirmation from six major lenders that, from earlier this month, they will once again consider mortgage applications on properties that are covered by the leaseholder protections in the Building Safety Act, or where the building is eligible for a government or developer remediation scheme.

Once the contract is signed by developers, leaseholders will benefit from a common framework of rights

and responsibilities that will get their buildings fixed without them having to pay, and will require developers to inform residents in affected buildings how they will be meeting these commitments.