

Rt Hon Michael Gove MP  
Secretary of State  
Department for Levelling Up, Housing and Communities  
Via email

25 February 2022

Dear Secretary of State,

I am writing as promised to provide a detailed response to your letter of 10 January and those from Richard Goodman dated 3 February 2022 and 11 February 2022.

Over recent weeks we have made significant progress working with our members to understand what is required for them to go even further than their existing commitments to remediate legacy buildings. As you know, while HBF represents the majority of the UK-based home building industry, our membership accounts for a minority of the buildings requiring fire safety remediation works.

We appreciate the comments that you have made in recent days and specifically your acknowledgement of the industry's constructive engagement on this matter. We remain fully committed to the principle that leaseholders should not have to pay for necessary remediation costs arising from the design or construction of buildings they live in, and we want to work constructively with you to achieve this.

HBF also looks forward to seeing the results of the data collection process that your department has undertaken in recent weeks with support from HBF's members. HBF and our members have considerable doubts about the estimates made by officials in relation to the liability on buildings of 11-18 metres. In parallel with this, and establish a realistic picture of the remediation requirement, we have appointed a leading accountancy firm who have been working on data collection for a number of weeks and we would be pleased to put them in touch with your officials to aid DLUHC's assessments and calculations.

As you have acknowledged, this is a complicated challenge involving multiple actors in a complex ecosystem of building design, construction, certification and ownership. Home builders cannot resolve the building safety crisis on their own. [HBF's recent submission](#) to the LUHC Select Committee sets out some of the challenges for any one sector or sub-sector in tackling this problem alone.

Subject to being able to agree all the necessary detail, we believe most of our members would be able to commit to the following, and we would recommend it to them:

### **1. Resolving fire safety concerns on all our buildings over 11 metres**

Committing to fund, through a proportionate and risk-based approach that needs to be agreed, remediation as necessary to address critical fire safety issues on buildings they have developed to ensure these buildings are safe.



## **2. Remediating buildings dating back to 1st January 2000**

Because of the evolution of product manufacturing and the demands of planning authorities, it is considered that the majority of cladding issues will have arisen on developments since 2000. We believe that this time period is reasonable and realistic.

## **3. Withdrawing from the Building Safety Fund (BSF) - applicable to buildings over 18 metres**

We believe our members would commit not to use the BSF for remediation of buildings that they have developed since January 2000, including for buildings where they no longer retain a legal interest. Our members will work with freeholders and management companies to develop a proportionate plan for fire safety works to ensure that critical fire safety issues in buildings are addressed so that they are safe but will not fund betterment proposals which are not necessary to address critical fire safety. Where a building that they developed has already successfully applied to the BSF, we believe our members would be prepared to reimburse the BSF for reasonable and proportionate fire safety remediation costs deemed necessary to address critical fire safety issues. We would propose an independent arbitration scheme to agree the scope of works required in the event of any issues arising.

As of 1 April 2022, UK home builders will be paying 4% of annual profits for the new Residential Property Development Tax (RPDT), that funds the Building Safety Fund. We estimate the amount that will be raised from the RPDT amounts to approximately £3 billion in total from the residential development sector rather than the Treasury estimate of £2 billion. We would be happy to share our thinking with you on this. In addition, we would point out that our members have committed or already spent around £1 billion pounds remediating buildings they have been involved in developing. The RPDT was specifically set up to partly fund the BSF so given that members are now considering taking on the BSF liability then the purpose of the RPDT needs to be evaluated.

Our members have already made substantial contributions towards assisting many leaseholders. For HBF to be able to recommend that our members go further and move forward on this basis there are a number of detailed matters that will need to be resolved between us, the Government and other parties. We hope that with your support these can be resolved swiftly and satisfactorily. This will include the Government finalising and implementing – in a reasonable and proportionate way – the requirements of building safety as set out in the respective EWS1 and PAS systems which also requires the support of lenders, RICS, professional indemnity insurers and fire experts. We must ensure that programmes of works are tightly focused on building fire safety and not being used to provide extraneous upgrades for building owners.

Our experience of working with ambiguous or misplaced guidance in relation to the mortgageability and insurability of homes has shown that a solution will be dependent on all actors, including Government, working towards the same aims. Resolving these shared challenges and defining the terms and the principles that underpin this will be key to ensuring that our endeavours are actionable and achieve what leaseholders need.

Only with ongoing support from Government and a clear commitment to work with the industry in its broadest sense, including surveyors, building owners, lenders, insurers and product manufacturers over the coming weeks can we turn our proposal into a fully practical solution for leaseholders. **In this respect, we should be clear that this proposal is conditional upon all components being agreed with and between the Government and HBF.** Finally, this proposal is also dependent on a public commitment from Government that it will make no further call on our members in respect of these issues, except insofar as is currently enshrined in law.

We believe this represents a strong illustration of the seriousness with which HBF members take this matter – we are committed to helping move things forward and resolving the matter for leaseholders. We look forward to working with you and your department over the coming weeks and it would be our intention to agree a timetable with you.

I look forward to hearing from you and hope to be able to discuss how we can work together to resolve this critical issue with utmost urgency.

Yours sincerely

A handwritten signature in black ink that reads "J.A. Baseley". The signature is written in a cursive style with a horizontal line underneath the name.

**Stewart Baseley**  
**Executive Chairman**