SOUTHERN LANDLORDS ASSOCIATION

Newsflash 27 April 2010

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Welcome to our April 2010 Newsflash

In addition to our regular Newsletters, we release a Newsflash when important time sensitive matters arise.

Update from Mike Stimpson

Important legislative changes that affect ALL landlords!

Prior to the election period, the Government have brought in a number of new regulations affecting landlords, and the purpose of this Stop Press E-letter is to bring them briefly to your attention.

Planning Class Changes

As from 1st April 2010 a new planning class, C4, was introduced, the effect of which is as follows.

If you own a property that has been occupied by a family, or still is as at 1st April 2010, and you wish to let it to sharers (between three and six in number) then you may require planning permission. The stated objective of the new legislation is to control the number of Houses in Multiple Occupation in given areas. The legislation is not retrospective and if you already let to between three and six sharers, then you can continue to do so. However, if you change the use from sharers to a family house, you will not require planning permission but should you then require to let the property to sharers, planning permission will be required. Properties let to more than six sharers have always required planning consent.

Although the legislation has already been passed, how it will operate in different localities throughout the United Kingdom is yet to be established. Any member wishing to purchase a property to let to sharers where its previous use was family occupation (or, for that matter, already own a family occupied property that they wish to let to sharers) should contact their local planning department to establish whether planning permission will be granted for its occupation by sharers.

For members owning properties in Brighton and Hove, a special 'planning line' is in place (Tel: 01273 292222) and any member contemplating purchasing/letting a property to sharers is well advised to seek advice before proceeding.

Rent Threshold – Assured Shorthold Tenancies

Members will be aware that the maximum annual rental for which an Assured Shorthold Tenancy (AST) can be granted is £25,000. Government are increasing this threshold to £100,000 per annum as from 1st October 2010. This means that any property let from 1st October at below £100,000 per annum rent will be an Assured Shorthold Tenancy and therefore, in respect of that tenancy, if a deposit is taken it must be regulated in accordance with the tenancy deposit regulations.

Charging of Water Rates

The water companies have been negotiating with Government to have regulations introduced whereby landlords become responsible for payment of water rates in properties they own. The water companies allege that they are incurring high levels of debt, of which 30% is as a result of non-payment of water rates in tenanted properties, coupled with the water companies' requirement not to cut off supplies, even though payments are not forthcoming. After much negotiation, a compromise has been reached and regulation introduced as follows.

All landlords have an obligation to notify the water company of the details of a tenant moving into a property in order that the water rates account can be sent at the appropriate time to the person responsible for payment of water rates. If a landlord fails to notify the water company and, as a consequence, the water rate account is not paid, then the regulations allow the water company to bill the landlord. It is not good enough for a landlord to then say that his tenant, according to the tenancy agreement, is responsible for payment. It is for the landlord to ensure that he/she notifies the water authority of who is occupying the property and is responsible for payment of water rates.

Members should be aware that this is a very satisfactory compromise position to what was being sought by the water companies.

Discretionary Licensing

Members will wish to note that local authorities have now been given the authority to introduce discretionary licensing without having to submit an application for approval by the Department for Communities and Local Government (CLG). Local authorities still have the full obligation of consulting and going through all the correct preliminary processes but will not have to justify them by seeking permission from DCLG.

This, in effect, means that we, as landlords' organisations, will have to act as the monitor to make sure that local authorities act properly and fairly when seeking to implement such schemes.

Remember – you heard it first from the Southern Landlords Association: keeping members advised of changes affecting them.