It could only happen to a landlord (III)
A Tenant Changeover

It was a Saturday. Just like most Saturdays, I suppose, except that I was going to the Canaries on the Sunday, and a couple of tenants, let's call them Jack & Jill*, had informed me a couple of weeks earlier that they'd be leaving on that Saturday.

As luck will have it, I'd found new tenants (Tony & Tina) who had agreed to move in on the same day, and they were friends of the neighbours (Norman & Norma.) As it happened, an EPC was also required, and the assessor agreed to be there, and a daughter offered to help with the cleaning.

The Saturday arrived. Jack & Jill had already moved out most of their belongings, and at the agreed time of 10.30am were nearly complete. As they were putting things into their car, I thought that I'd check for anything left behind, and soon found a variety of clothes, travel bag, tools etc., and a DVD entitled *Lusty Lesbo Lovers*. Discretely covering the DVD with the clothes, I handed them over to Jack. Just before they left, they came back to say that the DVD wasn't theirs, but it must have belonged to the previous tenant, Peter. They kept it nevertheless!

The next few hours went smoothly – EPC done at 11.30, property all clean and tidy before Tony & Tina arrived. As the neighbours were there to greet them, we spent some time chatting about the house, the neighbourhood etc., and I then told them of the incident with the DVD. As the previous tenant, Peter, was known to them, they were amused but sceptical that it was his.

When I returned from abroad, I went to check with Tony and Tina that everything was OK with the house. They assured me that all was in order, and added that they had also forwarded mail to Jack & Jill as they had requested. "Oh and by the way" Tony added, "a debt collector from Television X came round, so we gave him the forwarding address as well!"

Note the names have been changed to protect the innocent.

It could only happen to a landlord (IV)
Are you doing your bit to help the homeless this Christmas?

A tenant in a block of eight flats reported to his landlord that he believed a homeless person was sleeping each night in the meter cupboard on the ground floor of the building. It seems that this person, each night around midnight, would ring any bell of the door entry-phone system claiming that he had mislaid his door key and he would be let in, after which he brought in his bedding and camped in the meter cupboard. The tenants thought it unacceptable and he has since been asked not to use the property as his accommodation.

An afterthought is, was he claiming Local Housing Allowance for the cupboard?

It could only happen to a landlord (V)
Clueless Solicitor

A landlord had a group of student tenants, let on a joint and several common law tenancy (ending before the rules changed). Tenant moved out, refused to pay share of utilities, caused damage to carpets, etc. Fell out with landlord when landlord refused to refund deposit in full. Instructed solicitors who wrote threatening letter to landlord, demanding, amongst other things refund of deposit and proof that deposit had been protected, and for effect reminded landlord that court could order landlord to pay 3 times deposit to tenant. Landlord wrote back asking if solicitors had bothered to read their clients agreement before writing to landlord? Three weeks later no response from solicitors. And the worst.... this firm of solicitors specialise in Legal Aid, so yes we are paying for such nonsense.

Christmas Closing:
December 24th to January 4th inc.

SOUTHERN LANDLORDS ASSOCIATION

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Newsletter No 8 Christmas 2010

Welcome to our Christmas 2010 newsletter

We are pleased to bring you a shortened special "Christmas Edition" newsletter. We have some news, opinions and a few amusing (or scary, depending on your perspective), anecdotes. The Southern Landlords Association wishes all its members, supporters and friends a very peaceful Christmas and a prosperous New Year.

From the Desk of Mike Stimpson

WILL LANDLORDS REALLY REDUCE RENTS FOR TENANTS IN RECEIPT OF LOCAL HOUSING ALLOWANCE?

Members will be aware of the Government's intention to reduce Local Housing Allowance (LHA) rates in 2011. Amendments to the Housing Benefit legislation were laid before Parliament on 30th November 2010 allowing the changes to be brought in from 2011.

The Government has now made it absolutely clear that the measures to reduce Local Housing Allowance rates are intended to exert a downward pressure, generally, on rents in the private rented sector and, in doing so, encourage landlords to be responsible in the setting of rent levels. The message from Government is very clear. Landlords will be expected to reduce rents but the question is, will they actually do it?

The levels set for payment of Local Housing Allowance are based, in the main, on rents paid for by tenants not claiming LHA and therefore are a reflection of the average that private rented sector rents are in the marketplace. To set rent levels at lower than the market levels for LHA purposes means one of two things: that in areas where the demand for accommodation is high, landlords will not accept tenants in receipt of Housing Benefit, and those tenants will struggle to find accommodation, which, if the view of our association is correct, will be even more reduced. In areas where there is an oversupply of accommodation, the situation may be more difficult, in that if a landlord has no option but to let to a tenant in receipt of LHA, then is it better to accept a lower rent and keep the property occupied or chance letting it to a tenant who is able to pay the market rent, with the possibility of the property being vacant for long periods of time?

In areas of low demand, the difference between the 50 percentile and the 30 percentile for Local Housing Allowance calculations is less than in areas of high demand. It follows therefore that landlords in areas of low demand will lose far less income as a result of the LHA changes than those landlords in high demand areas where the lower LHA rates will impact significantly on the rentals currently charged. It is difficult to estimate whether the impact of lower LHA rates will have any downward effect on rents in areas where there is medium demand for rental property but it could well have such an effect in areas of low demand.

Members who accept tenants in receipt of LHA (and do you actually know for certain that your tenant is paying rent from their own resources?) will need to make a decision as to whether you are prepared to retain your existing tenant if they cannot pay the inevitable top-up that will be needed or, alternatively, whether you are prepared to reduce the rent to match what the tenant can reasonably afford.

In previous newsletters SLA has already given indications of the changes, but some have now changed and the following are details of what will now be introduced.

- The absolute weekly caps of the maximum Local Housing Allowance payable in respect of the various property categories will come into force in April 2011.
- The setting of LHA rates at the 30 percentile for new claims will commence from April 2011 (originally due to be introduced in October 2011).
- Existing tenants in receipt of LHA affected by the changes will continue at their current rate of benefit until their claim is reviewed; they will then have a further period of transitional protection based on their LHA rate of up to nine months.
- The up to £15 weekly excess provision will no longer be available once a claim has been reviewed. This is paid, normally, direct to the tenant where the rental is less than the LHA rate for the property in the area.

- Temporary widening of the discretion of Housing Benefit departments to make direct payments to the landlord in some circumstances where it will support tenants in retaining or securing a tenancy. This provision is intended for use only in very specific circumstances where landlords are reducing rents to a level that is affordable for customers (which will generally be on or around the 30 percentile Local Housing Allowance rate). It is by no means an inten-

tion to revert to direct payments to landlords as a matter of course.
In addition to these regulations, single tenants of under 35 years of age will only be entitled to the single room LHA for the area in which they live. This change, we believe, is being introduced in 2013 but it is most important for members to take note that any tenant living in self-contained accommodation after this change is introduced will only be entitled to LHA at the single room rent, which, of course, will include it being set at the 30 percentile rate.

SLA COMMENTS ON THE ABOVE:

Many members may not currently take tenants in receipt of LHA, whilst others will look at the implications of the changes and may not wish to continue letting to such tenants in the future. What every member should do now is look carefully at the changes being introduced to see whether or not it will impact on your future letting policy. Much depends on the area in which your properties are situated, for, as mentioned earlier, if you are in an area of high demand it could well be that by changing from tenants in receipt of LHA to tenants who are working and are able to pay the rent from their own resources, you can continue to receive the rent levels currently enjoyed.

What is blatantly clear is that those tenants who are unemployed, retired and in receipt of LHA are very unlikely to be able to make up any substantial difference between the rental currently paid and the level of LHA when the 30 percentile is introduced.

We shall keep members informed of the levels that are likely to be paid. Current levels are available on the VOA website: lha-direct.voa.gov.uk.

Although the reductions will not affect current tenants in April, members should be aware that any new claim for LHA after April 2011 will be paid at the 30 percentile rate. In addition, those tenants will not enjoy the benefit of the "up to £15 weekly excess payment". You should, in such circumstances, decide whether or not you will accept any new tenant after April 2011 in receipt of LHA. For existing tenants, the up to £15 excess payment will cease after the next review of their LHA claim, and for a further period of up to nine months the claim will remain at the 50 percentile level then drop to 30 percentile. In effect, this means that existing tenants on LHA will not be subject to the 30 percentile rate until early 2012.

The maximum levels of rental payable under LHA will, from April 2011, be restricted to a maximum of four-bedroom properties and LHA rental level of £400 weekly for such accommodation but lower rates will apply in most areas and for the different types of accommodation. Discretionary payments will be available for those tenants where it is considered they need time to adjust / find alternative accommodation.

There is little doubt that many tenants will be forced to move into areas where they can afford the rent. How this will actually be achieved appears not to have been anticipated in any detail but from the experience of a number of landlords, such tenants will find it difficult not only to access accommodation in areas that they are unfamiliar with but will be unable to afford the cost of moving. Many tenants currently live in areas where accommodation prices, both for purchase and rental, have increased considerably over the years, and although working, because of the high cost of accommodation and low wages, have to resort to Local Housing Allowance to support their housing costs. One wonders whether such tenants will be able to afford to live in the areas where they work or then be in a position to move to a lesser priced area and still be able to afford the transport costs in going to their present employment.

In dealing with some of what clearly are abuses within the Housing Benefit system, Government appears to believe that tenants will be able to find accommodation in areas they can afford, and in doing so must assume that the same tenants will be able to find employment as well. The real effect of these changes to many tenants has clearly not been properly thought out. However, it is the job of our association to lobby for more realistic LHA payments and to ensure that you, as a member, are aware of the consequences of the changes envisaged, in order that you can make provision for your future policy on letting.

DO YOU LET A HOLIDAY HOME?

Members who let holiday homes will wish to note that as from April 2011 you will only be able to offset any losses against profits from the same furnished holiday letting business – in other words, against profits from other properties you own in this country.

At present, anyone with a second home qualifying as a furnished holiday let can offset any losses, such as mortgage and maintenance costs in excess of the rent, against their personal income. The SLA recommends therefore that any member owning such properties should consider making repairs within the current financial year so that any losses can be offset against other income.

Other changes, such as the period for which the property must be available to let, will come into effect in April 2012, and those changes will be published nearer to the time they will be introduced.

It could only happen to a landlord (I)

Good examples of why landlords should take their business seriously:-

Firstly an easy one. I was asked to do a checkout on a property that was coming to the end of a fairly lengthy let. The tenants had been good, and had given no cause for concern, but the landlords had not inspected since the day they moved in.
I noticed the kitchen tap was leaking badly. The tenants told me that it had been leaking for some time but didn't think it important enough to report – although it probably would have been mentioned on an inspection, or even a telephone call.
Because it had been leaking for some time, it had gone too far for a washer costing pence, and required a whole new tap costing much more.
And additionally, it had been leaking for so long that it had gone behind the units and required:-
o a new unit, because the existing on had gone rotten, but worse,
o a large part of the floor had to be replaced, because that had also gone rotten!
Definitely, more than a few pence.

Secondly. Had to evict a tenant due to non-payment of rent. Had to meet the tenant a couple of days after the due date (because one of us couldn't make it earlier).
Got there at appointed time to find him still in bed.
Had words about that, especially as he shouldn't have been living there – but he left, and I got the keys back.
However, the landlord refused to spend the money to change the locks.
I always give immediate neighbours my business card, and the following day one rang to say they could see smoke coming from the property.
Rang the Fire Brigade, and got myself there quick!!
The problem was that the boiler was making lots of exhaust!
OK so far.
The reason it was making so much exhaust was that someone had broken in (i.e., let themselves in with a key), poured honey into the boiler, and turned it full on!
The final bill:-
o a new boiler;
o new front door – the Fire Brigade don't wait for keys;
o complete re-decoration (Oh, had I forgot to mention that every wall had been smeared with excrement!
o And finally, a new lock.
Moral, always change the lock on eviction. In fact think about changing them every time. You can have a spare set, and just cycle them round.

It could only happen to a landlord (II)

I placed an advertisement in Loot magazine to rent out a 3 bed house and had in excess of a dozen call and text messages from different estate agents who had tenants 'waiting to occupy the property'. I received a text from Hamilton Lettings Ltd, and two weeks later met the prospective tenants and agents after receiving passports, bank statements and other references from the agent. The agent signed the tenants up, took two months deposit and one month's rent (£4600) and the tenants moved in at 'midnight' two days later.
Two weeks later the agent sent me two cheques for rent …. which bounced. The next day I called at the agents non-existent offices (on their website) and was told that I was not the first landlord chasing unpaid rents. I called the tenant and one hour later reached the property. No one was there. I jumped on the garage roof and peeped into an open window and saw darkened rooms, silver plastic funnels jutting up into the attic, hydroponic lights suspended from ceilings and many cannabis plants on the floor. I called the local police and guess what…..six months later the tenants still have not been found.
I called the crime squad at Holborn to report the fraudulent agent. They know who Hamilton Lettings Ltd were and gave me an email address of a previous victim of the agent to commiserate with. Two weeks later the police arrested the agent(s). They told me that the agent was unsuccessfully prosecuted two years ago for a similar scam. Six months later the police are still trying to gather sufficient evidence to make a successful prosecution. Trouble is the agent has so many different bank accounts in multiple names. However the business seems legit….the agent only bounces cheques on a few landlords and then pleads cash flow problems.
I called my insurance agent to make a claim on the Aviva insurance policy. Guess what….the 'landlord's' insurance policy I purchased does not cover 'malicious damage by the tenant'!!! *****
You may ask 'how can any of this be right'! However we all know that being a landlord is easy money'.

Be warned…all parties are after your easy money

**** COMMENT FROM SLA****: This Member is NOT insured via our preferred insurance broker, Alan Boswells, but via a different broker, and although the insurance policy is with Aviva it does not include malicious damage. The moral is – you only get what you pay for!*

Continued over