SOUTHERN LANDLORDS ASSOCIATION

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Welcome to our April 2011 newsletter

HOUSING BENEFIT SHARED ACCOMMODATION RATE: IMPORTANT CHANGE TO PROPOSALS

The SLA has just been made aware that the change from self-contained accommodation for single people on Local Housing Allowance (LHA) to shared accommodation will be implemented from 1st January 2012 instead of 1st April 2012, which had previously been the implementation date. See article on page 3.

Members must take care if considering accepting any person under 35 years of age who is single into self-contained accommodation if they are in receipt of LHA, for although they will be entitled to the self-contained rate until their annual review, and then for a further nine months, unless they attain the age of 35 during the transitional period they will then be put on the 30th percentile shared rate, in respect of which they will no doubt then be forced into shared accommodation.

REGULATION OF DEPOSITS

"The objective of the legislation is not the punishment of landlords but the achieving of proper protection of tenants' deposits. The legislation should not be interpreted in a sense that implicitly encourages the ambushing of landlords by tenants who have grounds for believing that the landlords have not complied with their Section 213 obligations. It should be interpreted in a way that avoids litigation."

Those are the words used in a Court of Appeal case last November by Lord Justice Rimer, and the Southern Landlords Association is totally in agreement with the view expressed.

What does this judgment mean in reality? If a landlord fails to both regulate the deposit with one of the three schemes and does not notify the tenant that the deposit has been regulated within 14 days, then a tenant will <u>not</u> be able to claim three times the deposit from the landlord as a penalty. If the tenant asks you to establish that the deposit has been regulated and you have not done it and he therefore brings a case against you, claiming three times the deposit, he will fail in his claim, provided you regulate the deposit prior to the court hearing. If, however, you wait until an action is brought against you, you will normally be required to pay the costs of bringing that action but will still not be liable for the penalty of three times the deposit.

What all this really means is that no landlord can be ordered to pay three times the deposit, provided that the deposit is regulated prior to a court case being brought. That does not mean that landlords need not regulate deposits in future. There is a requirement for them to do so, but for those organisations that seek to ambush landlords as a result of poor drafting of the original regulations, they cannot now do so.

This is good news for common sense. However, SLA is informed that an appeal to the Supreme Court is being considered.

Members will be aware that your association is opposed to the regulation of deposits at point of acceptance. The cost to landlords as a result of these regulations is totally disproportionate to the benefits that the regulations sought to achieve. Any tenant has a right to object to deposit retention and can seek adjudication at no cost to themselves. The number of cases proceeding to adjudication, although rising, is insignificant compared to the number of deposits held and returned without problems (which has always been the situation)! The number of deposits and value of those deposits unable to be returned to tenants by the custodial scheme providers is yet another example of a failure in the scheme. SLA doubts whether such amounts would ever have been unable to be returned to the rightful persons had the scheme not been introduced.

Government reluctantly accepted that the benefits were marginal. It has proved that the scheme has produced no benefits for landlords and few, if any, for tenants. It was introduced entirely as a result of grossly exaggerated claims by Citizens Advice and Shelter, and was politically motivated and is now shown to be a money-maker for those organisations that (virtually) have monopoly contracts, and is another cost for landlords and agents that all could well do without.

Our association continues to advise its members, where acceptable, not to accept deposits but to cover damage through insurance or by guarantors. That advice remains. It is thought unlikely that this Government will be prepared to rescind the regulations, or even review them, and landlords who take deposits must continue to comply with those regulations.

Members may be interested to know that the contracts for the insured schemes are due for renewal and that other entrants may well take the opportunity of applying for contacts later this year.

DISCRETIONARY LICENSING VERSUS 'ARTICLE 4' PLANNING DIRECTIONS

More unfair costs to landlords!

Members will be aware that under the 2004 Housing Act local authorities had discretion to introduce either Selective or Additional Licensing schemes. In brief, Selective Licensing is applicable to those areas of low demand / antisocial behaviour, where if such a scheme is not introduced the area is likely to fall further into decline. Additional Licensing, on the other hand, is for areas of reasonable/high demand, where there is significant evidence of poor management and antisocial behaviour.

Until April 2010 any local authority wishing to implement either Additional or Selective Licensing had to seek permission from the Secretary of State to ensure that a schedule of conditions was met. However, this requirement was removed by the Labour Government, and local authorities are now permitted to introduce such schemes without the need to obtain Secretary of State approval.

This relaxation has opened the floodgates for local authorities seeking to implement such schemes, especially, no doubt, as it preserves local authority posts at a time when severe cuts are being proposed. There is little doubt that in some areas there is justification for implementing either Additional or Selective Licensing but the Southern Landlords Association (SLA) believes they are few and far between and that schemes are now being implemented for political objectives rather than for the purpose they were introduced.

In southern England, Thanet Council has already implemented a scheme for Selective Licensing in an area of good demand. Hastings is currently consulting, as is Brighton and Hove, on Additional Licensing schemes, and there is little doubt that more are to follow.

Our association is opposed to such schemes unless there is real evidence of poor management and antisocial behaviour that is attributable to private landlords and occurs within the curtilage of a property. The problem is that in removing the requirement for Secretary of State permission, the only effective appeal procedure available to private landlords is through expensive judicial reviews, which must be set in motion within three months of any scheme being implemented.

The cost of a judicial review, if lost, where both sides' costs become payable (SLA is informed) is between £50,000 and £60,000, plus, of course, all the work involved in preparing a substantial defence. It follows therefore that together, as members, we have to make sure that we utilise our resources to ensure that schemes do not go ahead that fail to meet Government criteria.

In order to do this, landlords must take a keen interest in what is happening in their areas, reply to consultations and object (if appropriate) to the proposals, giving good reasons, and also copy the letter to your local councillor and MP and possibly visit them to put forward your objections. You can be certain that sitting back and doing nothing will not advance any case of objection and it is only by bringing in the councillors and politicians and motivating other landlords to do the same that will bring good results. Members are encouraged to attend any meetings where they are held and put forward landlords' views. On our part, SLA will attend consultations, ascertain why the local authority is proposing to introduce such a scheme and seek evidence for their doing so, together with their objectives to be achieved during the five-year term of the licensing proposals. SLA will also seek to establish ways in which the objectives for introducing Discretionary Licensing can be achieved <u>without</u> such a scheme being introduced.

Members will be aware that an email/letter has been distributed seeking donations in order to set up a fighting fund in the event of any cases having to be referred to judicial review. It is important that we can build a substantial reserve of, say, £50,000 to £75,000, in order that we have the ammunition to challenge unfair schemes. It should be pointed out that the purpose of our association is not only to give benefits to members but also to challenge unfair legislation and, currently, we can only do that with your financial support. If you have not responded to the email/letter, please now consider making a donation. It will be sensibly used and you can be assured that the SLA volunteers assisting in any action are doing so entirely on a voluntary basis and no money donated will be paid to them for their work.

There is no doubt that some local authorities have always considered that all landlords should be licensed, and with the current administration's decision not to set up a landlord register, those local authorities see Discretionary Licensing as a good alternative, not only for controlling private landlords but also to extract significant sums of money from them for no better purpose than making landlords pay for the administration in obtaining a licence that in many cases will restrict the way in which they operate their lettings business. No money paid for licences is allowed to be used for the benefit of landlords, only for the administration of the scheme, which must be self-financing. We do not know what licences will cost but in some local authorities proposing to introduce such schemes, around £500 for a five-year licence is the suggested cost.

'Article 4' Planning Directions

In addition to Discretionary Licensing, local authorities now also have the power to introduce Article 4 Planning Directions, in that a local authority can remove the permitted development rights allowed when converting a property from a family house to a shared house / house in multiple occupation (HMO).

From what SLA is observing around the country, some local authorities are very much confusing Article 4 provision with Additional/Selective Licensing and are introducing both at the same time. Article 4 Direction has been implemented to give local authorities the power, where it is necessary, to limit the number of shared houses / small HMO properties in any one area. It has nothing to do with poor management / antisocial behaviour, and members should be aware that the two are being spoken of by some local authorities as though each is an integral part of the other, when they are not. It is one thing to control the shared houses / HMOs in a given area but quite another to deal with poor management / antisocial behaviour within private landlords' properties. Members should point out to local authorities, where schemes are being introduced simultaneously, that the one does not necessarily mean that the other needs to be introduced.

There is also a tendency for local authorities to use Discretionary Licensing for the purpose of improving the quality of residential lettings. Discretionary Licensing is <u>only about poor management and antisocial behaviour</u> and cannot be used to improve physical standards within any property, as that is covered by different regulations available to all local authorities. Inspection of properties is not part of Discretionary Licensing, and members should point this out during consultation if such proposals are being made.

There is little doubt in this economic climate that many local authorities are looking for ways to increase income, and Discretionary Licensing is one way that they can collect significant sums of money from landlords and retain staff. What we must do, both as members and as an association, is to ensure that such proposals are not for the benefit of the local authority but have real purpose and are of benefit to private landlords. To date, from most schemes implemented, we have not seen benefits, only costs and more regulation. We shall continue to oppose all schemes that do not meet the requirements, and trust that as members you will do so as well.

Have no doubt, this will be a hard battle, especially because of the high cost of appeals, and therefore together we must work to stop inappropriate schemes being implemented – BY BECOMING INVOLVED.

LOCAL HOUSING ALLOWANCE

Members will wish to know the timetable for the proposed changes to Local Housing Allowance (LHA), and the purpose of this article is to give an update on the specific changes that are occurring in April.

- Any person in receipt of LHA and moving into accommodation after 1st April 2011 will receive the 30th percentile rate for the area into which they move and for the property to which their entitlement applies.
- Any person in receipt of LHA who changes accommodation after 1st April 2011 will receive the 30th percentile rent from the date they move into the new accommodation
- The 'up to £15 excess' currently paid to those LHA claimants who chose cheaper accommodation than the local LHA rate will cease to receive that benefit when their LHA is reviewed during the 12 months commencing April 2011
- Members will be aware that the Government has made it clear that payments of LHA will continue to be made to tenants. However, in circumstances where a landlord is prepared to accept an LHA tenant at an affordable rent, and that means at or below the 30th percentile rate, then the LHA can be paid direct to the landlord. It should be made very clear that in the current instructions being issued to local authorities by the Department for Work and Pensions (DWP), direct payments to landlords may not apply where the landlord already charges less than the 30th percentile, unless the landlord reduces the rent payable even further. In other words, it seems that those landlords who choose to charge reasonable rents that do not meet the 30th percentile level will not receive direct payments, whereas those who reduce rents to the 30th percentile level can do so. Members will have to see how the various local authorities implement these regulations but, from the instructions being provided, it seems that it won't be as automatic as was thought for landlords to receive direct payments, even if they charge affordable rents.
- Members will also be pleased to learn that the proposal for reducing LHA by 10% when tenants on Jobseekers Allowance have been without a job for 12 months has been abandoned, as quite rightly it should have been.

Should you have any queries, please raise them on our Helpline, and if you wish to see the 30th percentile rates please go to the Valuation Office website at:
www.voa.gov.uk/lhadirect/lha_percentile_rates.htm
which shows the rates at both 50th and 30th percentile throughout the country. Please also see our explanation and examples on the back page.

EDITORIAL

SPRING THOUGHTS FOR LANDLORDS FROM MIKE STIMPSON

As spring emerges we are planning to meet the challenges for landlords in 2011 and beyond. This Newsletter should bring members fully up to date with the immediate changes to Housing Benefit and the effect these changes will have on members' attitudes to taking further tenants in receipt of Local Housing Allowance and, further, whether members are prepared to reduce their rents in order to meet the 30th percentile set by the Department for Work and Pensions.

Members should also have some sympathy for those tenants who chose cheaper accommodation in order to secure up to £15.00 per week as an excess payment, which, when their annual review takes place during the next 12 months, will cease to be paid. One may quite rightly think that the last Government was foolish in making such payments but after a number of years in existence it is understandably concerning that tenants who benefited from it and are on low incomes, now have to make do without such a benefit and with the prospect, also, of having their Local Housing Allowance reduced in the future.

Members may say that our Newsletter over the past year has been taken up in significant proportions by matters concerning the future of Housing Benefit, but in the current climate these changes are very significant, especially as more people currently in work will lose their jobs and need assistance with their rents. Our Newsletter will continue to update changes as and when they occur.

If the alterations to the Housing Benefit system were not enough, we are now seeing local authorities introducing licensing schemes that previously required Secretary of State approval but can now be done without such approval and, if objected to, the only course of appeal is by an expensive judicial review. We need to ask ourselves whether we will submit to unreasonable regulation or be prepared to put money up to fight unfair and unreasonable regulation. Your association's directors have not noticed an appetite for the larger associations to go to court or provide the money for the smaller associations to do so, which, in effect, means that the local authority introducing an unreasonable licensing scheme, at a cost to landlords of hundreds of thousands of pounds, cannot be challenged.

It is time for us to realise that we must be prepared, if negotiations for reasonable regulation fail, to challenge that regulation through the courts, if that be the only reasonable way forward. To do so we must understand that together we must provide the money. If it is necessary to pay a £500 licensing fee for no better reason than to keep local authority staff in post, then, on the other hand, it is equally necessary to contribute a significant sum individually to provide the resources to stop the regulations being introduced that require landlords to pay such high fees for no benefit. It is not good enough to say somebody else will pay. We must together, individually, provide the finance to fight the regulations. The National Landlords Association, which said that it could force Government to act responsibly, appears only to be willing to consult and object on unfair regulation but not to fight for fairness by challenging those regulations in the courts.

Members may well remember the Northern Ireland case, where a number of associations came together to put up the necessary finance to win that case, which had benefit for all landlords in the United Kingdom as well as in Northern Ireland. We need at this time to act together, just as we did in the Northern Ireland case, and I sincerely hope that members will seriously consider the article about licensing and challenging unfair regulation through judicial review.

The Court of Appeal case affecting the regulation of deposits is yet another example of extremely poor drafting of regulations, resulting in landlords being ambushed by those organisations determined to use the regulations not to protect deposits but to claim money from landlords. Although the Court of Appeal decision may not meet with the approval of those who believe that landlords should be targeted, it demonstrates just how unfair the regulations have been, to date, and although an appeal to the Supreme Court may happen, we can only hope that such an appeal is unsuccessful. An organisation offering a "no fee" service for pursuing landlords for failure to regulate deposits and now an ex-deposit adjudicator offering a service to landlords at a fixed £75 fee to pursue claims and ensure the landlord is successful are examples of where the deposit fiasco has arrived at.

The cost to both landlords and agents of deposit regulation is completely out of proportion to the value of amounts disputed, especially bearing in mind that the service is free to tenants, and clearly the whole situation would not stand up to close examination in respect of proportionate regulation against cost. Of course deposits need to be properly handled, but to require regulation of all deposits, when few are disputed, is regulation gone mad.

Our association will continue to strongly oppose deposit regulation at point of acceptance, and Government, which continually says it wishes to reduce regulation, should look at deposit regulation as a prime example of poor regulation indeed. One wonders, however, whether 'political' influences will allow that to occur.

I do hope you enjoy reading the content of this Newsletter, which hopefully contains useful information for all members.

PRIVATE LANDLORDS NEED PROTECTION FROM ANTISOCIAL TENANTS EVICTED FROM SOCIAL HOUSING

The Government has announced that it is to introduce tougher action against antisocial tenants in social housing. What the Government has not indicated is where such tenants are going to live, and it is assumed that they are expected to be taken on by private landlords, who are unlikely to be able to ascertain why they were evicted, as few social housing providers give references, good or bad, for tenants leaving their social housing.

Our association recommends that all members should be very wary of potential tenants seeking private rented sector accommodation who were previously living in social housing and should make all efforts to ensure that they are not taking on an antisocial tenant. If any landlord takes on a tenant whose behaviour is antisocial, under current legislation it is a nightmare to obtain possession, and what Government must do is amend the laws to make it quick and effective for landlords to evict tenants who act antisocially or refuse to pay the rent.

NO ROOM AT THE INN

Members may recall the time when our association (in its previous form) engaged Professor Peter Ambrose of Sussex University to prepare a submission to Brighton and Hove City Council on minimum room sizes in houses in multiple occupation (HMOs).

The conclusion arrived at was that if a room was suitably shaped and safe for occupation, then it should be allowed to be occupied, and following the submission of that report Brighton and Hove City Council accepted the contents and a significant number of previously unlettable rooms were made available for let.

Your association has noted that Southwark Council has proposed to increase the bedroom size in HMO properties from the legal norm of 6.5 square metres to 10 square metres. However, after much consultation the Council has backed down from its original proposals. It is encouraging to see parties working together, but had they used the report prepared by Professor Ambrose, much of the work and research contained within that report would no doubt have significantly assisted in the Southwark case.

With the ever increasing demand for shared accommodation, it is essential that local authorities do not start imposing unreasonable size regulations on private landlords to, in effect, ban the letting of perfectly safe and reasonable accommodation that is both affordable and contributes to the ever increasing demand from single persons.

ANTISOCIAL BEHAVIOUR

Looking at the number of Additional/Selective Licensing schemes either being proposed or already implemented, one would be drawn to the conclusion that many local authorities believe that antisocial behaviour in their respective boroughs is caused directly as a result of landlords failing to control the behaviour of their tenants.

Members should be aware that following the Northern Ireland judicial review brought by our association (supported by others), landlords only have a responsibility for dealing with antisocial behaviour if that antisocial behaviour occurs within the curtilage of the property and not in the street or in the locality.

Members may also be aware that street-level crime maps have been launched online, allowing anybody to see where crime is occurring. What is most interesting is that in some areas where local authorities are proposing to introduce licensing and are using antisocial behaviour as the main reason, one can see that the crime being reported is, in many cases, in areas where nightclubs and bars are situated and not private properties.

SLA considers that antisocial behaviour is a problem affecting all of us but is certainly not a problem that can be directed solely at private landlords. Nevertheless, it is **very important** for any member who has a report of antisocial behaviour within a property that they own, that they deal with such a complaint quickly – and as effectively as they can – giving notice to the tenant if he/she does not heed warnings to cease such behaviour.

A case was reported in Brighton affecting a resident in Bevendean Crescent, where she alleged that she was having to sleep in her car because of the constant noise at night from the five tenants living in the adjacent property. In fact, when the resident complained to those tenants about the noise and asked them to turn it down, it is alleged that they told her she was invading their space by being on their doorstep, shut the door in her face and continued to scream and play loud music.

It is pleasing to note that the Local Authority took the tenants to court, confiscated their music equipment and they were suitably fined.

Landlords have extremely limited powers in relation to antisocial behaviour but when it occurs within a property that they own they must take responsibility for dealing with it, as suggested above, and ensure that the local authority and police (as appropriate) become involved and do not simply ignore it.

Forthcoming Landlord Shows

Your association is to be involved in three forthcoming shows:-

- London and South East Landlords Day 2011 – sponsored by the London Landlords Accreditation Scheme (Llas).

  April 19th, at the UCL London;
- Landlord and Letting Show, incorporating Property Investment Expo.

  London Excel, Thursday 19th and Friday 20th May 2011;
- Landlord and Letting Show.

  London Olympia, Wednesday 7th and Thursday 8th September 2011.

All the details are on the web site, events page.

We look forward to seeing you at one of them.

Mike Stimpson

Has the Government helped you?

The budget did very little for landlords. Even the help for first time buyers will probably be of very little benefit, as the amount made available will be very modest.

However, longer term the Localism Bill will probably put more work landlords way.

Under this bill, currently wending its way through Parliament, local authorities will be urged to utilise the Private Rented Sector more than they do at the moment.

It is also likely that local authorities will have a lot more to do as the true extent of the LHA rates bite, and benefit tenants find it more difficult to find landlords willing to take them.

Also going through Parliament is the Green Deal. Under this scheme landlords would be able to have certain energy saving works to be done, the cost of which will be borne by the Utility Companies.

But before you get too excited, the repayment of this cost will be added to the utility bills. The idea being that the total utility bill after these works are carried out (i.e., cost of energy supplied + partial repayment) will be less than the charge for energy before the works were carried out.

The charge for these works will stay with the property, even if the tenant, and or landlord change.

There was of course one matter in the budget that will help landlords, the reduction of fuel by 1p per litre!

Have you got someone between the age of 25-35 on LHA in a single room?

One of the changes in the LHA changes is the fact the age for the single room rate is changing.

Currently any one on LHA has to be aged over 25 to qualify for the single room rate. Aged under 25 they will only get the shared room rate (normally approx half the single room rate).

This is to change to 35. So anyone in the age range 25 – 35 currently receiving the single room rate will drop to the shared room rate.

So they will get a substantial drop in their allowance, and will be looking for shared rooms (i.e., HMO's).

This is also at the same time when many councils are trying to minimise the number of HMO's they have.

And the good news?

Anyone currently on LHA won't have the new rates applied to them until 9 months after their review date. So your existing tenants will be experiencing the new rates from Jan 2012, through to Dec 2012.

This is provided they don't have a change of circumstances, deemed to be a new claim. The new rate would then start straight away.

Should I take Benefit tenants?

Many members have built good businesses over the years by concentrating on benefit tenants.

Our advice is always: stick to what you're most comfortable with; some people love renting to students, others go cold at the thought – each to his own.

Similarly, some understand the benefit system, and know how to work with it.

However, we would suggest members review the following:-

- look at your mix of benefit/non benefit tenants;
- check the appropriate LHA rates for your tenants(s) (remember the maximum allowance is now the 4 room rate);
- do you have any tenants in the 25 – 35 age range?
- should you lower your rents? If you drop to the LHA rate the Government are encouraging councils to make direct payments;

- make contact with your tenants. All LHA tenants should have been written to by their council, and should be aware of the changes. Some tenants might be hiding their head in the sand;
- as always, monitor rent arrears closely. Some benefit tenants find it difficult to manage arrears, and will quickly get into trouble;
- work closely with the HB Depts. There is some money available for help, but is extremely small. Ensure you have permission from the tenant to discuss their situation with the HB Dept.

OM Property Management / Solitaire / Peverel Group

Peverel collapse sparks fears for tenants and leaseholders
A Note from Shula Rich SLA leasehold expert and RTM specialist

A recent Guardian article (19/3/2011) has explained the consequences for leaseholders of the holding companies behind Peverals:

..."Peverel collapse sparks fears for tenants and leaseholders"

"The holding companies behind Britain's biggest property manager – which maintains 190,000 homes, including most McCarthy & Stone retirement properties – this week went into administration, prompting fears for the safety of "sinking funds" paid by leaseholders, and alarm that a new buyer might raise charges further...

Peverel (and its associated web of companies) is probably Britain's most controversial property manager. In February, a Guardian Money investigation highlighted a catalogue of allegations regarding rising service charges, maintenance failures, broken promises, excessive insurance costs and high exit fees from retirement homes. Peverel refuted the allegations, adding that many of the issues arose from the acquisition of Solitaire Property Management in 2008, and that it was doing its best to resolve them."

The collapse of the holding companies in particular has consequences for landlords in Peveral's blocks who fear:

1. Sinking Funds could be at risk
2. Contractors will refuse to work in case they are not paid
3. Reserves could be depleted if some leaseholders do not pay the service charges

The Guardian quotes a case in Nottingham...

"Stephen Holden, who fought a long battle to remove Peverel as his block's managing agent, says £67,000 went missing from the long-term reserve fund at his development, Weekday Cross in Nottingham. A Leasehold Valuation Tribunal (LVT) later ordered Peverel to repay the money."

Peveral's have said that they plan to appeal this case. However there are certain cases that the company cannot appeal those are the requests for Right to Manage from its many thousands of leaseholders for whom the financial uncertainty is the final straw.

The company charges fees of up to £500 and more for its day to day management, but the provisions of the Commonhold and Leasehold Reform Act 2002 allow leaseholders to claim a No Fault Right to Manage (RTM) and appoint new agents of their choice without having to show the present agents are at fault - so avoiding any disputes.

The opportunity has opened up new business for managing agents some of whom are offering RTM as a free service to the nervous leaseholders. RTM is a complicated and precise business and should be handled by professionals to be sure of success first time. If you or your relatives are offered RTM free by agents looking for business, ask if you yourselves would pay for business unless you were expecting to make a good deal more than it cost you.

The Peveral's leaseholders are rightly looking elsewhere for management. They are recommended to look for independent RTM specialists who have no affiliations with managing agents. I can advise through the SLA on RTM and subsequent management - e-mail info@leaseadvice.org mentioning SLA.

The first thing to do if you are concerned with a Peveral's (or Solitaire owned flat) is to call SLA or email me to discuss the situation re new management. Some inside information to help with your discussions:

1) The RTM co. can have outside directors if the group feels that this will provide better continuity. These should on no account be from the managing agents or they will be in serious conflict of interest with the block if it came to an assessment of their performance.

2) You must be confident that there are people in the Block who can form a harmonious working group. This group will be your working party for RTM.

3) Do not be deterred from RTM because no one wants to be Company Secretary. Under the 2006 Act this position is no longer required.

4) Do not be deterred because of the responsibilities you take on as Company Directors. First its better than the drain on your time of continuing disputes, and second these responsibilities are delegated to the agent. Your new team ensures things are done right - it doesn't do them itself!

I will be pleased to advise on the desirability of RTM in your particular circumstances - If we agree it will work then we can go ahead to get 'out from under'. The whole process is gradual over 5-6 months at the end of which the managing agents and their contractors will no longer run the block (or your flat!) see www.leaseholdrights.co.uk for more an explanation of the process.

The Mortgage Market

As you will recall we occasionally produce an article on the current status of the Buy-2-Let mortgage market.

Firstly many of you would like us to peer into our crystal ball and advise you of when interest rates will begin their inevitable rise. Well we too would like to know! The truth is no one knows - even the Bank of England MPC committee, which itself is divided. There has been much speculation that rates could start to increase as early as May, however recent market figures combined with budget feedback is considered to have made this much less likely. September - October is now the favoured speculation. The editor’s personal view is that a 0.25% / 0.5% rise in the last quarter of this year is the likely outcome. Any significant rise is likely to have a significant detrimental effect on the government's hopes of an enterprise driven recovery.

So what about mortgages? Well things are definitely improving, much better than two years ago but a far cry from the heady days of 2006 - early 2007. It is not possible to get an 85% mortgage BUT you will need to have squeaky clean credit, provable income (forget self cert) and the rates are not exactly low! We are restricted about what we can say here but one lender has recently increased their maximum Loan to Value to 85% - naturally with many restrictions but at least it's heading in the right direction.

Lenders are reporting increased levels of applications but due to the ongoing restricted liquidity continue to be very choosy about who and what they lend to, and on what terms.

Combined with strong rental demand and overall increasing rent yields now may be the time to consider portfolio expansion, BUT do your sums first. If you have a current buy-2-let mortgage it is unlikely that current rates on offer will compare favourably and thus remortgages should be very carefully considered, costed and justified before proceeding.

EPC's and HMO's

Just to clear up some misconceptions about the EPC (Energy Performance Certificates) for HMO's. EPC's are required for all rental units when they are self-contained. The definition of self-containment is that it has its own door (not via another unit); and when a tenant closes the door to their unit (flat/room/suite, etc) they must be able to live without leaving.

If they have to leave that unit to use essential facilities, such as bathroom/shower; toilet; cooking facilities it is shared accommodation, and does not require an EPC.

If you have a property with some units sharing, but some self-contained, the self-contained will need individual EPC's, the rest won't need one.

At the end of last year, the government considered changing this, but decided they 'will not be taking this forward'.

There is a useful guide to this in the fact sheets section of the web site.

Members and Other News:

Britian's Oldest Landlords? Can you beat this:

Moss Rich, 100 year old war veteran and his wife Molly (93) of Hove, are perhaps the UK's oldest landlords - unless you know better? Please let us know.

Members' discounts

We remind you of the following trade supplier's discounts :

Travis Perkins
SLA members are 'on special' at Travis Perkins putting landlords on a par with large builders in buying lower priced building materials. Contact Louise Brew. Tel: 01273 439871 and quote Trade Card Z66265 for best prices. Delivery can be arranged to any part of the country.

Leyland Paints
Up to a massive 40% discount off Kalon paints and specialist finishes. Telephone or visit Brighton or Hove branch - Tel: 01273 677626. National delivery and discounts.

TLC Direct
Special discounts off electrical supplies putting SLA members on a par with electricians. Call Pete West at TLC 01273 724288 for best prices. Delivery can be arranged to any part of the country.

Others are being worked on, and we will advise you as soon as possible.

ADVERTISING WITH SLA

We are pleased to offer the facility for both members and non member service providers to advertise here in SLA eNews.

The rate for a quarter page advert is £50 for approved non member service providers. Members get a 20% discount to £40.

If you need some typesetting, then we may be able to assist, for a small extra charge.

ADVERT

ALDERSHOT/FARNBOROUGH, HANTS

Retiring landlord wishing to sell 5-property portfolio. 25 tenants on AST. Income £108,000 per annum. Value £1,365,000. Sale as a whole or singularly. Contact Steve on 01252 312739.

Telephone numbers

We are fortunate to have several people who help run the SLA. This means that we are not able to give out a geographic number, but have to use non-geographic numbers to allow us to switch the telephone to whomever is manning it at that time.

Note that you should only be charged the local rate for your call, and that the SLA makes no money from their use - it is purely for your convenience. Any other numbers might not be answered. To remind you, our numbers are: -

Main number	0845 475 35 83
Fax	0845 475 32 83
Help Line	0845 475 24 83
Landlords Insurance	0845 475 13 83
Private Health Insurance	0845 475 23 83

Recommended by Member:

CLEANtech Cleaning Services
Adur Business Centre, Shoreham-by-Sea, West Sussex BN43 5EG
Phone 01273 467556, fax. 01273 467555.
"The man to speak to is Karl Wheeler and I recommend their services highly. As Mr Wheeler says 'I insist that my staff touch every surface when they clean'. Ideal for end of tenancy clean-up."

WANTED - YOUR CONTRACTOR or SUPPLIER

DO YOU HAVE A GOOD, RELIABLE CONTRACTOR or SUPPLIER THAT YOU CAN RECOMMEND?

- We are wishing to establish a list of recommended contractors, particularly builders, electricians and heating engineers / plumbers for your benefit. If you use a person / organisation that you could recommend, please let us know.
- We are pleased to receive comments, articles, stories, and other items for consideration for publication in future issues of this newsletter.

REASONS FOR BEING A MEMBER

For a low annual membership fee of £75 (£82.50 for couples), (£5 discount if paying by Standing Order) you get all the great benefits of membership of an association dedicated to YOU and your interests:

- representation to government
- excellent expert assistance on our helpline
- web site, including dedicated and secure members area (coming soon)
- free access to quality documentation, including ASTs, Section 21s and Section 8s
- discounted insurance via our insurance partner, Alan Boswell
- insurance to cover the cost of defending an HMRC investigation
- and so the benefits go on - don't delay, join today!

Many members find that they cover the membership cost just on the buildings insurance premium savings.

FORTHCOMING MEETINGS:

We are holding meetings throughout the South East starting immediately. These will be at convenient suitable venues, with two significant local speakers who can address topical local issues. Meetings are open to members and non members (who we will hope to recruit to membership). If you are not involved in your local group but wish to become involved please contact us.

Brighton	11 April , 18 July 2011
Bromley	03 May 2011
Guildford	FIRST Wednesday in each month SOCIAL at PARKWAY pub / restaurant 12.30 - 14.00
London	05 April Palmers Green
Southampton	11 May 2011

All are provisional and subject to change, especially if market or legislation situation dictates.

If you have any contributions, ideas or wish to communicate please contact editor@southernlandlords.org.

For general enquiries: info@SouthernLandlords.org
www.SouthernLandlords.org
The Cloisters, 31 Quarry Hill Road, Tonbridge TN9 2RS

What on Earth is the 30th percentile?

You keep being told that Local Housing Allowances (LHA) are changing to the 30th percentile, but what is it?

The areas covered by a LHA ignore Council boundaries. So some councils might be covered by one area; more likely by a couple; and I know of one covered by 5!

These area's are called Broad Rental Market Areas (BRMA), for your BRMA see www.lha-direct.voa.gov.uk.

The rent officer samples rents for each type of property in each BRMA, they are supposed to sample 20% of each type, each month, each BRMA.

All the rents they get are ranked, i.e. put into numeric order, lowest to highest, so (say) they got 10 rents:-

Ranking	1	2	3	4	5	6	7	8	9	10
Rent	£125	£128	£130	£135	£138	£140	£140	£142	£145	£160

Currently they take the value in the middle:-

Ranking	1	2	3	4	5	6	7	8	9	10
Rent	£125	£128	£130	£135	£138	£140	£140	£142	£145	£160

This is also known as the 50th percentile, because it is 50% along the ranking.

In future they will be taking the one that is 30% along the ranking, the 30th percentile:-

Ranking	1	2	3	4	5	6	7	8	9	10
Rent	£125	£128	£130	£135	£138	£140	£140	£142	£145	£160

Hopefully you can see from this the reason there can be big differences in the 50% to 30%.

If all the rents are very similar, as tends to be the case in the newer towns (Milton Keynes, etc), the 50% and 30% could be very similar, or even identical.

In a town having a wide range of rents, the difference will be much more marked.