sla

Southern Landlords Association

May 2017, Newsletter 31

Buy To Let / Affordable Rents: Where Are We Now And Where Is The Market Heading?

There are many matters affecting landlords at the present time and our Association considers it necessary to comment on those matters in a general overview of the letting market.

You will be well aware that for the financial year 2016/2017 you will not be able to claim the 10% wear and tear allowance if properties are let on a fully furnished basis. You are now only allowed to claim what is actually spent, meaning more recording work and that such expenditure is more open to challenge by the Inland Revenue.

Landlords increasing their portfolio by purchasing residential properties also have to pay a 3% surcharge on stamp duty. In addition to that, the phased changes to how interest on buy to let properties can be claimed are being implemented from April 2017

All of the above means that landlords, in one way or another, will be paying more income tax on their investments than they did previously. And if this was not enough, if a landlord decides to sell properties they will be faced with an 8% surcharge to be paid on any capital gains. It seems therefore that whatever a landlord decides to do they will be more heavily taxed than other similar businesses/activities. What is most surprising at present is that the demand for residential property has not declined, particularly through auctions, and one wonders how potential purchasers intend to make a reasonable return on their investments.

All the above has been implemented by a Conservative government and although there has been much action to have all, or some of it, reversed none has. The Southern Landlord Association would suggest that none will be reversed, and thus members will have to work within the present regulations.

It has now been announced that on 8th June 2017 there will be a General Election and it is no doubt the intention of the Conservatives to increase the number of seats they hold. Be that as it may, members need to consider the future and how they will deal with the current situation. Many local authorities, it seems, believe that private landlords should be housing the economically poor at affordable rents that, in the main, equate with the Local Housing Allowance rates. Housing associations, which it seems are building more properties for sale than to rent, are unable to build properties that they can let at affordable rents and therefore numbers of schemes are not materialising as a result of local authorities' insistence on numbers of affordable accommodation which must be provided. Local authorities themselves are building insignificant numbers of properties, which will hardly make any difference.

Clearly, our members will be considering their options, particularly if any have high levels of borrowings. It may be sensible in such cases to dispose of part of a portfolio whilst prices are high to reduce borrowings or, as mentioned on a number of occasions previously, place properties into a limited company where at present such interest claiming regulations do not apply. But always bear in mind that this is not a simple option and Government may well introduce similar regulations on interest claiming as it has on residential investors. A second option that could be considered is to purchase properties that do not attract the 3% surcharge, i.e. commercial properties, especially those that have offices above which could easily be converted into residential accommodation under permitted development rights.

It has been noted by the large auction houses that a number of previously residential only investors are now attending commercial auctions and are buying such properties as mentioned above. The 3% stamp duty could well be the difference between the viability of a property purchase and its non-viability, and therefore considering other options is important but on the other hand one needs to make sure one understands the commercial market and how it differs from the residential market.

Members may be surprised to know that over £1 billion was invested in the last 12 months by local authorities in commercial properties to secure decent returns on money that those local authorities can borrow at approximately 2% interest.

In summary, members need to examine their particular situations with regard to the above new conditions that a landlord is working under. Options such as trusts should also be considered and many members attended our open meeting where we had a specialist solicitor speaking about such matters.

Have no doubt, the future is uncertain, but what is certain is that Government, instead of appreciating the contribution made by the private rented sector, is targeting that sector for as much revenue as it can, to the detriment of those seeking affordable accommodation.

As said on many occasions, no private landlord needs to remain in the business, and if Government continues to impose unfair regulations, particularly targeted at residential property investors, then that sector will decline and the Government will have to deal with the consequences of affordability and homelessness and we would urge members to make individual comments.

Buy To Let Landlords Exempt From Longer Tenancies

Members will be pleased to know that the Housing Minister has confirmed that buy to let landlords will be exempt from longer-term tenancies, which should be confined to institutional investors, although it is hoped that private landlords will grant longer-term tenancies as well.

Housing And Planning Act 2016: Measures Affecting Private Landlords

The regulations introducing civil penalties and expanding the grounds for Rent Repayment Orders came into force on 6th April 2017. These new laws give local authorities new powers to deal with private landlords who infringe housing standards. Guidance has been issued for local authorities on their new powers.

We believe that other measures from the 2016 Acts, such as the database of rogue landlords / property agents and banning orders, will come into force on 1st October 2017.

Flood Re

A meeting has been held between a group of MPs and other stakeholders with Dr Therese Coffey MP, DEFRA Minister with responsibility for flood policy, to discuss ongoing issues with those excluded from the Flood Re insurance scheme. It is hoped that more properties/investors can be included within the scheme.

Supreme Court Case Win In Business Rates Case

Although this matter does not affect many of our members, for those that have commercial property and are considering redevelopment it is a very important decision indeed.

The Supreme Court found for the ratepayer in the case of Newbigin v Monk, meaning that redevelopment projects should not have to be valued for business rates purposes as if they were still usable properties. Members who have such properties and are currently paying full business rates should ensure that they appeal against being charged, with evidence of the current state of the property and the redevelopment plans. Simply applying because a property is empty will not be a justification for demanding a nil rate – the property has to be undergoing redevelopment.

Micro Flats & Compact Living

The British Property Federation Development Committee has set up a working group on micro flats and compact living in an effort to address lack of space and demand for affordable accommodation in central London. It seems that there are a number of developers seeking to meet this demand and this working group will aim to bring those developers together to identify the barriers to entry while forming a relevant policy agenda.

> *It would be very helpful if other local authorities would note the work of this committee and understand the need to produce the best number of properties whilst not being constrained by antiquated regulations and size restrictions.*
>
> *Mike Stimpson*

Stamp Duty Land Tax

The Government held a consultation in 2016 proposing to reduce the Stamp Duty Land Tax filing and payment window from 30 to 14 days. As a result of that consultation, the Government has confirmed that it will postpone these changes until at least April 2018.

Mike Stimpson comments: This is yet another indication of this Government's attitude towards property investors.

Client Money Protection Report Published

On 30th March 2017 the Government published its report recommending that client money protection become mandatory for all residential letting agents. The Government has accepted the recommendations and a detailed consultation on the issues is to take place.

Consultation On Banning Letting Agent Fees

In its Autumn Statement 2016 the Chancellor announced that the Government will be banning the charging of letting fees to tenants. A consultation has been published by DCLG, setting out the Government's proposition, which essentially bans all fees bar a holding deposit and in-tenancy property management service charges arising because of actions of the tenant. The consultation closes on Friday 2nd June 2017 but there is little doubt that Government will impose such regulations.

Mike Stimpson comments: There is little doubt that letting agents, who often charge both tenants and landlords, will find the future far more problematical than the present. Landlords will have to pay the fees that would previously have been paid by tenants and will be far more aware of what is being paid and will be careful not to overpay and therefore more competition will occur, and the likelihood is that it will be far more difficult for a letting agent to provide a viable service than has been the case in the past. There is of course another side to fees, in that a tenant normally pays one-off fees, whereas it is likely that a landlord will increase the rent to pay for the fees that an agent will charge the landlord, and if a tenant stays longer term in a particular property, it is unlikely that a landlord will reduce the rent once the fees paid to the agent have been recovered. In effect, the tenant will be paying more than would have been paid had agents still been allowed to charge fees.

Recovering Landlords' Costs – A Tribunal On Residential Leasehold

Although not all members are freeholders that have leasehold interests in a property, those that do will wish to know the following Housing and Planning Act changes. Section 131 of the 2016 Housing and Planning Act came into force on 6th April. This allows tribunals greater powers over what landlords can recover in costs from leaseholders. There are new tribunal forms to reflect the change in the law.

Mike Stimpson's Column

Members will see from many items included within this Newsletter that landlords are being targeted in many ways that will discourage many from increasing their portfolios and encourage some to sell properties. However, the current experience at auctions does not support this trend. However, until all the implications of the changes in stamp duty, interest relief recovery and loss of wear and tear allowance settle, then perhaps the buy to let boom of the past will not continue.

Government must understand that landlords do not have to remain as property investors. Neither is it for them to house those people that others do not wish to house, i.e. the homeless and the economically poor. Nor is it the responsibility of private landlords to charge rents that do not give them a return on their investment. As mentioned on a number of occasions previously, it is the job of local authorities and housing associations to house families and the homeless. It is about time Government and local authorities alike started to appreciate the massive contribution that private landlords provide in this country. It is bad enough for the Government, which alleges it represents everybody, to simply pick out private landlords for higher tax than other activities; it is quite another thing for local authorities to then say that it is private landlords who should be providing homes at, basically, local housing allowance rents and, at the same time, housing those people who should be housed by either local authorities or housing associations. To put it bluntly, that is not the job of private landlords. We should be able to choose to whom we let and the rents we charge and not be made to feel that we are the ones in the wrong. It is both Government and local authorities together that have caused the current situation of insufficient homes at affordable rents to provide for the ever-increasing population – not private landlords.

Discretionary licensing: Members will be aware that there are two forms of Discretionary licensing, namely Additional and Selective. Additional licensing applies only to houses in multiple occupation, and Selective licensing to areas of low demand and significant antisocial behaviour.

In 2015 the Government moved the goalposts with regard to Selective licensing. It included additional factors that could be considered, namely poor property condition and problems concerning immigration. It also made it a requirement that if over 25% of any local authority area was being considered for Selective licensing, the local authority needed to seek and obtain permission for Selective licensing in that area. Many local authorities have introduced either Additional or Selective licensing, or combinations of both, often in areas where it could reasonably be said that no such action was justified.

In addition, local authorities could license for up to 5 years, during which time they had a responsibility to deal with the problems. It now transpires that many local authorities are reintroducing licensing in areas that have already been licensed for 5 years – in other words, not taking seriously the purpose of Discretionary licensing. Fees for licensing vary considerably from one area to another and in a number of cases the local authority has not dealt with the purpose of licensing in that area. In other words, it has licensed those landlords who have come forward and those that haven't are often under the radar and have avoided such licensing.

Members will be aware that local authorities are not permitted to make profits from licensing and that it should only cover the cost of doing so. However, what it does allow local authorities to do is to retain staff who otherwise may well be redundant, at the expense of private landlords.

It is also important to note that the inspections, in the vast majority of instances, are carried out by environmental health officers, who normally perform an 'enforcement role'. Some do not understand that landlords are paying the full cost of licensing, including all the work that needs to be carried out, and are in fact customers of the environmental health department and should be treated as such. It is thought that few environmental health officers have been given training in relations between the local authority and the customers who are paying for the service that it provides. This needs to change, and change quickly and significantly. Local authorities should not be allowed to see licensing as a 'cash cow' to enable it to employ staff – it should be seen as a service that should only be used when there is significant evidence of problems. Members may be aware that the smaller local authorities are the ones that invariably have not introduced Discretionary licensing in their areas. They may well say that they have insufficient problems or, for that matter, staff to do an effective job. The larger local authorities, who should have adequate records of good and bad landlords, as well as good and bad properties, are the ones that are often only too keen to implement licensing, justified or not.

Brighton & Hove City Licensing

Brighton and Hove City Council intends to introduce Additional licensing (i.e. for all small HMOs) throughout its entire city area. It also intends to introduce Selective licensing in all wards that are currently subject to Additional licensing, in effect 50% of the Council's geographic area. Before licensing can be introduced, or even considered, the local authority must take steps to ensure that other means of dealing with perceived problems are explored without the need for Selective licensing. To date, Brighton and Hove City Council has not made public the alternatives it considered and the result (if considered) of not adopting alternatives instead of licensing.

In some areas in the city, 85% of the rented accommodation is in small shared houses (HMOs). It follows therefore that the remaining 15% of rented properties are let to individuals/families. The Local Authority cannot in any way suggest that there is low demand within any area in the city. It can only therefore put forward antisocial behaviour / poor property condition and will be consulting on those matters.

Members may well wonder how any consultation of value can be conducted within an area where 85% of the properties are already licensed and let to sharers and for those consulted to have any idea at all of the properties that the remaining 15% of tenants occupy. Our Association contends that residents are very unlikely to be aware of which property is rented to a family or to sharers and therefore any opinion given regarding property condition / antisocial behaviour is likely to be incorrect information. One wonders even more how the Local Authority considered that the 15% of rental properties in such areas could cause significant antisocial behaviour or are in such bad repair that Selective licensing is appropriate.

Our Association is of the opinion that the expansion of licensing generally throughout the city is motivated by political objectives and not by any real evidence that justifies such licensing. Our Association is prepared to take legal action against Brighton and Hove City Council if it is considered that it is acting either inappropriately or unlawfully. I have said on many occasions that local authorities can get away with matters if they are aware that the associations representing landlords are weak and do not demonstrate that they can take action in appropriate cases. Our Association is not weak but members must understand that any action costs money and that if our members do consider that Brighton and Hove City Council is acting inappropriately, then to fund actions members must put their hands in their pockets and not only support but provide the financial ammunition for our Association to act.

Micro Flats

A working party has been set up to look into micro flats and compact living. This is necessary in view of the serious shortages of property to rent or, for that matter, affordable to purchase. It is something that Brighton and Hove City Council needs to take onboard and not continue to insist on minimum room standards regardless of the affordability and safety of the accommodation. A change in thinking is needed.

Finally, you may have read in the Argus that 11 landlords have received enforcement notices as a result of them letting 11 properties to sharers within areas where Article 4 has been implemented and, one would imagine, without the necessary planning permission. The reasons that these landlords have let such properties are not known, but what is known is that 33-55 individuals will have to be evicted (unless the landlords are successful at appeal) and Councillor Hill, the lead member on housing, has indicated that if those landlords do not evict the tenants they will be prosecuted criminally for unauthorised use. Councillor Hill, in the pursuit of the objective of Brighton and Hove City Council in containing the number of shared houses, has made absolutely no mention of where the evicted tenants will be housed. One can assume that some may end up on the streets, increasing the already serious homeless problems that Brighton and Hove City Council comment on but do little to resolve.

It is one thing having an objective of not allowing the increase in shared housing; it is quite another having no policy for housing the homeless or, in fact, suggesting what can be done to help the persons involved. The landlords may have been unaware of Article 4, and I would suggest that it is most unlikely that they have acted simply knowing that they are acting illegally. More likely, those landlords have obtained licences and then the Local Authority has checked and found that they need planning permission.

Once again, Brighton and Hove City Council acts in one direction and causes serious repercussions, i.e. homelessness, as a result of its actions. All single people under 35 and on benefits are forced to live in shared accommodation. Many working people over that age can afford nothing else. Brighton and Hove Councillors should note the needs and ensure that properties necessary to meet those needs are provided, as they certainly won't be provided by either the Council or housing associations for single people. On all fronts it is going to be a very demanding and difficult time for our members. We will act for you but need your support.

Utility Bills

I have been made aware of a situation where a tenant has amended the utility bills putting them in the landlord name. The bills have still gone to the rental property, therefore the landlord was not aware until after the tenant vacated.
The moral of this is due diligence. Ensure all utility companies have been informed of the new tenant(s) with the starting meter readings. Also ensure opening meter readings are on the inventory and signed for.

Thus the tenant is unlikely to be able to get the bills changed without the written permission of the landlord, and if somehow they managed to do this it would be down the utility company to prove why they had made this amendment.

Quarterly Tax Returns

The Government have had to cut a lot of matters from the latest Finance Bill, so some of the things in the budget will now not happen. The main one that will affect landlords is to put on hold the plans to introduce quarterly tax returns and payments. The original plan was due to become law at the end of April, but the Government removed it 'due to time constraints', although many suggest the Chancellor is reacting to the opposition shown. It is unlikely to be re-introduced.

Ignore At Your Peril

A quick reminder of the new rules coming in regarding any property with an 'F' or 'G' EPC rating. As from April 2018 it will not be possible to start a new rental, and from April 2020 an existing rental will not be allowed to continue.

This is part of the Minimum Energy Efficiency Standard (MEES) explained in previous newsletters.

Problems with minimum room sizes

The Government consulted recently on making minimum room sizes a legal obligation for licensed properties. Some councils have taken it upon themselves to start imposing minimum room sizes already.
Note that although it is likely to become law, it is not law yet and Nottingham City Council were taken to the tribunal recently on this, and lost. In fact they lost three times because this initially went to the First Tier Tribunal; then the Upper Tribunal; and finally the Appeal Court.

Immigration

It has been a requirement to check the Right to Rent status of potential occupiers for over a

year, and the first 6 months 62 landlords were fined a total £37,000, according to figures obtained by the Press Association.
Additionally a survey by The Joint Council for the Welfare of Immigrants (JCWI) says its research suggests landlords who have no wish to discriminate are being forced to do so.
Of 108 landlords who responded in a survey, more than half (51%) said Right to Rent would make them less likely to consider letting to foreigners.

And 42% stated that they were less likely to rent to someone without a British passport as a result of the scheme.

A mystery shopping exercise found that a British Black Minority Ethnic tenant without a passport was 26% more likely to receive a negative response or no response than a BME tenant who could provide a British passport.

A white British tenant without a passport was 11% more likely to be ignored or turned down than a white British applicant with the document.
The paper concluded:

"The Right to Rent scheme conscripts ordinary members of civil society into the immigration enforcement arm of the Government, and does so in such a crude and ham-fisted fashion that it creates structural incentives for them to discriminate unlawfully against foreigners and ethnic minorities."

Council Tax

Local Authorities are tightening up on unpaid Council Tax, and indeed trying to maximise it.

Some things that you need to be aware of. Under section 6 of the Local Government Finance Act 1992 it is the person(s) who have a 'material interest' in the dwelling who will be liable to pay the Council Tax.

In the case of a tenant it is critical that they have signed a tenancy agreement for 6 months or more, and that they retain the 'material interest' thereafter. The only way that they can retain the interest is if they have agreed for the agreement to go periodic after the Fixed Term; i.e. it must be stated in the AST and will therefore become Contractual Periodic.

Many landlords will allow an AST to go periodic at the end, and if not stated in the agreement these are Statutory Periodic (sometimes called a Rolling Tenancy), and the law states that the tenant is no longer an 'interested party' because they didn't agree for it to go periodic.

Under the above mentioned Act all co-signatories of an AST are jointly and severally liable for the Council Tax.

To summarise:
- Ensure your agreement is not less than 6 months – some councils are seizing on the 6 months, but the Act does state 6 months or more
- Critical it states in the agreement that it will be allowed to go periodic at the end, i.e. Contractual Periodic
- All tenants sign to ensure they are jointly and severally liable.

This means that the tenant accepts liability and the Council has to chase them, not the landlord. If the tenant moves out after the 6 months it is likely the tenant would only remain liable during the month they moved.

Some other points:
- If you let to students ensure they all apply for the exemption. It is also likely that you will need all the occupants to be students, so if one drops out, gets a job and stays in the property there is good chance the whole exemption might lapse, and the landlord might become liable
- If you let rooms on individual agreements the landlords will retain liability
- If however you let on one joint agreement (say to a group of professionals) generally all the signatories of the agreement will be jointly liable
- Be aware that some Councils are requesting the VOA to re-band individual rooms as a Band A. Thus increasing the costs to the tenant and to the landlord during void periods

A Disaster For Tenants: Or An Opportunity For Landlords

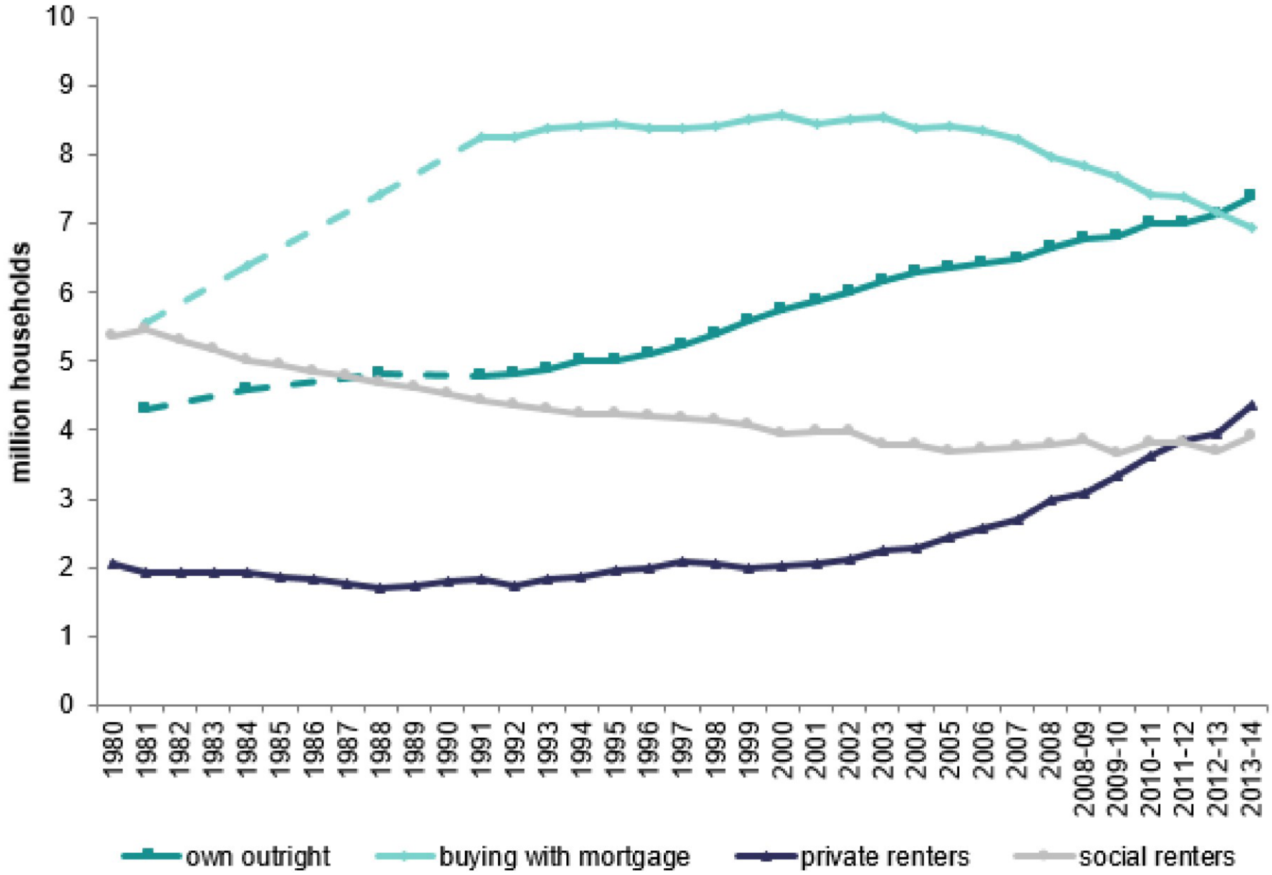
A recent survey by the SLA has established that, because of the Government changes, many landlords are going to reduce their portfolios resulting in many tenants losing their homes; an average of 6.4 tenants per landlord in the survey. This was countered by 6% of the landlords proposing to increase their portfolio, giving homes to an extra 104 tenants.

The survey was sent to over 3,000 landlords, and 10% responded.

In brief
- 3,236 landlords were surveyed;
- 61 opted out, leaving a total of
- 3,175 landlords, of whom
- 318 responded = 10%
- number of tenants already lost their home = 684
- number anticipated to lose their home = 1,449
- number gaining a new home because of expansion = 104
- net = 2,029 less tenants.

What Does This Mean?

No-one knows the exact number of landlords or tenants, but we can get some ideas:
- HMRC stated that there were 1.75 million landlords in 2013/14
- the 2011 census states that there were 8.3 million rented properties;
- the 2013/14 English Housing survey produced the following graph showing 4 million rented householders, and growing
- and finally, the 2015/16 English Housing Survey estimated there was a total of 4.5 million tenancies



This shows that up to now the number of private tenancies is rising, but will it continue? It is impossible to extrapolate such a small sample to the country as a whole but the indication is that several tenants will be losing their home, and there will be insufficient new tenancies to take their place. Anecdotal evidence suggests that benefit tenants will bear the brunt of this potential decrease in tenancies.

But is it an impending disaster for tenants or an opportunity for landlords? In our sample 10% responded, which is an average response rate. But it could be argued that 90% didn't for whatever reason. Perhaps some of these would be able to counteract our sample. As Mark Twain was purported to say 'There are lies, dammed lies, and statistics'. In other words statistics are useful, but can be read in variety of ways.

The Private Rented Sector (PRS) is absolutely vital for the country, both in terms of the number of people it houses, which central and local government have been unwilling to for some years. This is done mostly at the landlords' risk, with all the inherent problems; but fortune favours the brave. Now is the time to be brave and pick up the slack.

As is often the case with surveys the interesting part of the SLA was some of the comments. In general landlords are decent people, but the underlying message was that they are there as a business and if Government keeps adding to their costs it is the tenant who ultimately suffers.

The Survey In More Detail

Question	Number answered	% Y	% N	
1) have you reduced your portfolio in the past year	318	30.8%	69.2%	
2) If Yes - how many tenants were affected by this:-	684			
3) do you propose to reduce your portfolio within the **next** 3 years	226	58.9%	41.1%	
4) If Yes - how many tenants would be affected by this:-	1,449			
5) If reducing your portfolio can you indicate the reason why:-				**% reducing**
because of the changes been/being made by Government	134	95.5%	4.5%	43.4%
always planned to	76	19.75%	80.25%	24.6%
unable to manage due to age or health	76	14.5%	85.5%	24.6%
Other:-	23			7.4%
TOTAL	309			
6) Have you, or do you intend to increase your portfolio	224	8.5%	91.5%	
7) If Yes - how many tenants will be affected by this:-	104			

Around The Branches

Gary Waller's News Update

Chairman of Brighton and Hove Branch

Are The Good Times Coming To An End?

This month it is a little round up of what has been happening in my small sector of the rental world. I have been a landlord since 1984, we had a few very good years before it all went horribly wrong in the early 90's, with ridiculous interest rates, falling house prices and a real shortage of tenants. Then since 1996 to be honest we have been pretty lucky to be landlords in Brighton & Hove, we have had no shortage of tenants, we have had house price inflation and a steady increase in rents. But every thing goes in cycles, and it seems that this lucrative cycle if not coming to an end is certainly slowing. Why do I say that, for a start house prices in the town are just ridiculous, there are just too many people that are prepared to pay silly money for property in the hope that they are going to make a good return. The results from the recent Parsons Son & Basley are a case in point, when auctioneers cannot believe the prices that are being achieved and the demand for that property, then one must struggle to see how investors can make a positive return.

For the first time in many years I have had a void on an HMO house, the location is great, the rent is below market average and the house is lovely, but there was just a lack of demand from working people, but talking to other landlords, they also are seeing voids. There are plenty of tenants, but finding a good tenant that can pay the rent is becoming increasingly hard, we have an over supply of rental property that tenants can afford. In my world of student and young working people rentals this can only get worse, there are literally thousands of additional student rooms to be built in the next three years. 1,300 at the Preston Barracks site alone, then Mithras House car park, Sussex University Falmer campus 2,000+, Hollingdean Road, Vogue gyratory etc. A meeting I attended recently at Sussex University stated that for the first time they are not forecasting an increase in student numbers.

Additional Licensing

We held a branch meeting in Brighton and Hove recently to cover licensing and a similar meeting in Woking in March. I have spoken to Councilors from all parties in Brighton and Hove and there is cross party support to continue/extend licensing. As an association unless the council can come up with realistic grounds as to why it should be extended then we will fight this, but we have a difficult battle on our hands. Get your cheque books ready.

Estate Agent Boards

Brighton & Hove City Council Planning Department have asked for a meeting with me to discuss estate agent boards. There have been a number of pilots across the country where boards have either been banned completely, greatly reduced in size or attached directly to the wall of the property. If you have a view either for or against then please contact me and I will feed that back to the Council Planning Department.

Fair Rent

Many people in this town are struggling. The Councilors view is that rents are too high, the salaries are low and with zero hours contracts getting a regular income for many people is difficult. I have had numerous meetings with Councilors to discuss what can be done, would you as Landlords be prepared to offer rents at Local Housing Authority levels if there was something in return? What could be offered in return, rent guarantees, guaranteed referenced good tenant, discounts on licensing? If you have a view and would like to get involved in the brainstorming then please let me know: *gary.waller@southernlandlords.org*

Financial Changes

Finally with the tax changes, they are going to hurt, the loss of the generous wear and tear allowance is probably going to cost me 4% to 5% from the bottom line. I looked at buying an additional house late last year but with the cost of finance, and the additional 3% SDLT, getting a return above 4% is almost impossible. Having to borrow over £100K per rental room does not make the numbers work. Remembering that interest rates can only go up, for me I did not think it is worth the risk, so I have been playing it carefully and paying down debt instead.

A Phoenix Rising From The Ashes?

I went to the Thanet Social recently and have discovered a success story...

Thanet Council have been banging for some time that they wanted the large houses that were converted into smaller dwellings from the 60's onwards to be converted back to family units. Everyone said it was impossible and these properties would just stand empty.

Well it's happening, more and more stories of precisely this happening, and also rental units being sold to realise their capital growth.

Not that long ago there were several properties for each tenant, so landlords weren't too fussy, and certainly didn't worry too much about referencing, and the like. Now too many tenants and insufficient tenants; but rents are taking a time to catch up.

And the reason for the phenomena? Now there are too many properties and insufficient tenants. The high speed transport rail link that goes round Dover; Ramsgate and Margate before heading back to St Pancras in 1½ hours. So you can live by the sea side; get a mansion for a fraction of the price you would in London, and still work in London. Mind you, goodness knows what the annual rail fare is.

But still nice to see the grand old lady of Margate showing the younger whippersnappers how to do it.

Testimonials

We are to start a new page on the web site for testimonials for the many people we have helped over the years. This will allow us to convince landlords who are thinking of becoming a member.

If you are able to give us a testimonial please email us info@southernalndlords.org. Thanking you in anticipation.

Government Announcements

The DCLG announced some amendments to the law as a consequence of the 2016 Housing and Planning Act

The main one is that Local Authorities now have the ability to choose whether to prosecute a landlord through the court, or issue a Civil Penalty for certain offences. The difference is that the Local Authority can keep the charge made under a Civil Penalty - and this can be up to £30,000. The notices covered by this are:

- Failure to comply with an Improvement Notice (section 30)
- Offences in relation to licensing of Houses in Multiple Occupation (section 72)
- Offences in relation to licensing of houses under Part 3 of the Act (section 95)
- Offences of contravention of an overcrowding notice (section 139)
- Failure to comply with management regulations in respect of Houses in Multiple Occupation (section 234)

The second announcement is an extension of Rent Repayment Orders, originally brought in by the 2004 Housing Act. The notices covered by this are:

- Failure to comply with an Improvement Notice under section 30 of the Housing Act 2004
- Failure to comply with a Prohibition Order under section 32 of the Hosing Act 2004
- Breach of a banning order made under section 21 of the Housing and Planning Act 2016
- Using violence to secure entry to a property under section 6 of the Criminal Law Act 1977
- Illegal eviction or harassment of the occupiers of a property under section 1 of the Protection from Eviction Act 1977

And finally (as if that wasn't enough), Local Authorities now have the ability to obtain information from Tenancy Deposit Schemes. It is intended to allow Local Authorities to find HMO's because of multiple deposits held.

Details can be found in the news section of the web site.

Labour Announces Rental Policy

Labour recently announced its policy on renting. And guess what, it proposes a greater crack down on landlords, with the Shadow Minister (John Healey) saying:

Renters "... have fewer rights renting a family home than you do buying a fridge freezer."

He further stated *"There are currently no minimum standards in the private rental sector"* – presumably forgetting all the rules and regulations brought in since 1985, especially the 2004 Housing Act.

He proposed:

- A "consumer rights revolution" to protect renters; rules would ensure homes are safely wired, free from damp and in general good repair
- Greater support for Licensing
- As well as introducing a legal minimum standard and powers for councils, Labour's five-point plan would include fines of up to £10,000 and a hotline for tenants to receive free advice.
- Councils could compulsory purchase sub-standard homes as a last resort.

Housing Minister, Gavin Barwell, responded ''This is just another misjudged and nonsensical Jeremy Corbyn idea:

A town hall 'tenants' tax' that would hit every tenant in the pocket with higher rents

We want to help people have good quality housing, which is why we have taken targeted action against the small minority of rogue landlords, without hitting every single home with expensive municipal red tape that will force up costs and reduce supply. With strong and stable leadership from Theresa May and the

Conservatives we can continue that work."

SLA comment:

This statement from John Healey is surprising considering he was actually the Housing Minister under Gordon Brown for two years, and this is his third tenure as Shadow Minister, so he has had plenty of time to do his research.

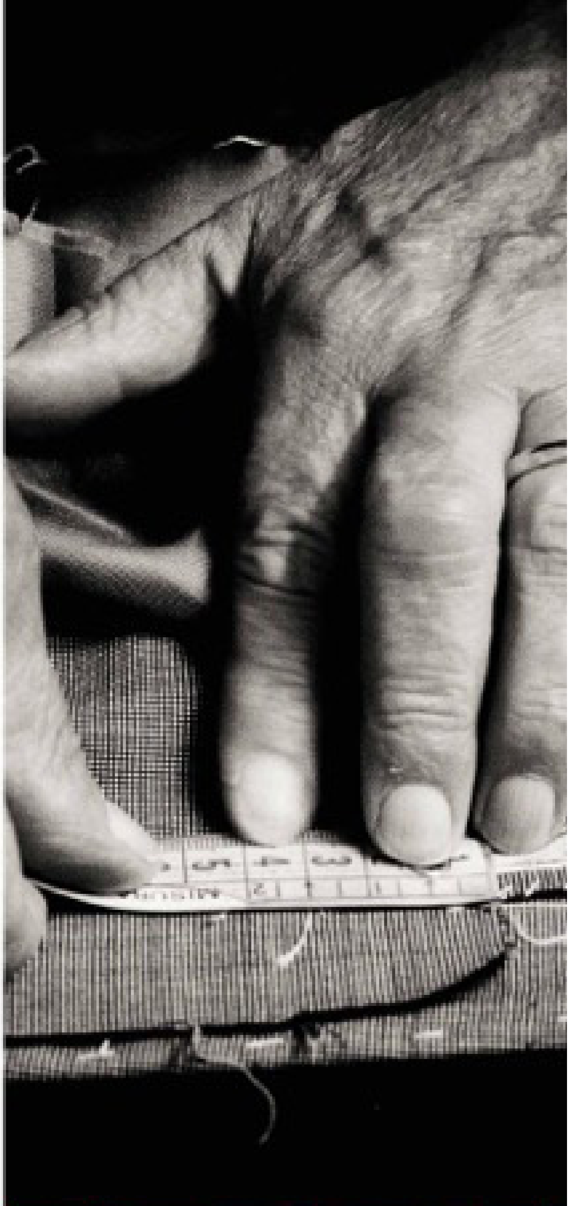
- The proposal to 'increase' the fine to £10,000 ignores that this Government have given Local Authorities the opportunity to fine landlords up to £30,000; and courts have been given powers for unlimited fines;
- Additionally many offences now carry the penalty of Rent Repayment Orders: whereby landlords can be ordered to pay back 12 months rent;
- Similarly, the current Government have proposed mandatory electrical certificates for all properties;
- This, in association with HHSRS introduced by a Labour Government appears to already cover his proposals;
- Most Councillors, and Council officials we speak to are not in the business of running rental properties, so the proposal to allow compulsory purchase probably won't be taken up. They already have the powers to license a poor property run by a bad manager (normally the landlord). If the manager doesn't manage the property appropriately the license can be removed, thus either forcing the property off the market, or getting a better manager.
- Using licensing this way is far more targeted, not the 'blunderbuss' approach being used by many Local Authorities.

The SLA do not, and never will condone intentional bad/illegal practice. We recently wrote to the Conservatives urging them to not ignore the Private Rented Sector. A copy of the letter can be seen on the web site.

Sales & Lettings

FIND A BETTER FIT IN 2017.

After all, nobody likes feeling restricted.



MADE TO MEASURE

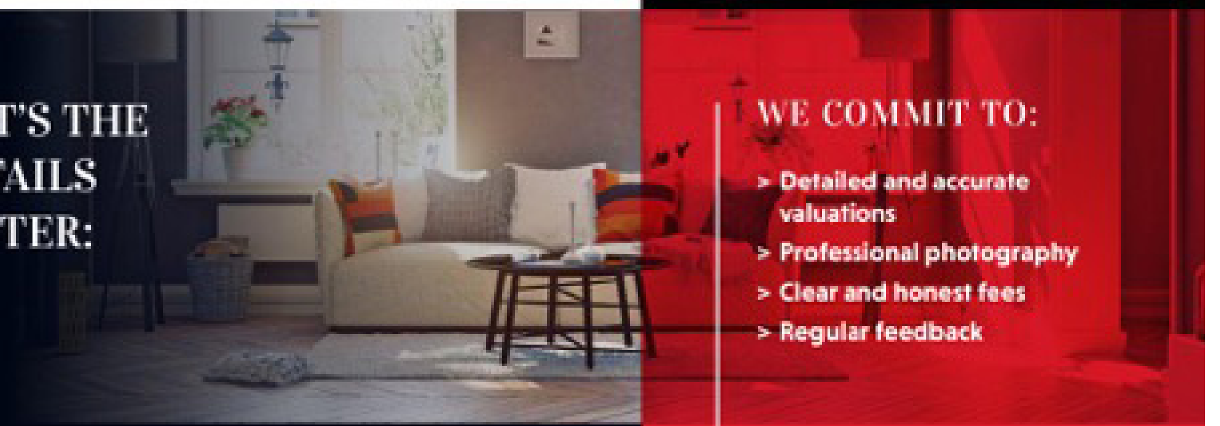
Whether you're a first-time or experienced seller, our fully qualified sales professionals can help you achieve a hassle-free sale, tailored to your needs.

We're not your typical estate agency.

At MTM we make it our business to deliver a bespoke service to every one of our clients.

We know that for many, selling a property can be a daunting task. Our experienced team will guide you through the sales process, expertly navigating any pitfalls with confidence.

Selling property isn't always a straightforward process, so let us remove the stress. Speak to your dedicated team at Brighton's premier estate agency and find your fit.



WE FIND IT'S THE FINER DETAILS THAT MATTER:

CONNECTING YOU WITH BUYERS

With our large database of buyers, from first timers to buy-to-let investors, we'll make sure your property reaches the right audience.

AUTHENTIC AND PROACTIVE

You can trust that we'll act in your best interests, be energetic, professional, and efficient from the very beginning when listing your property through to completion.

EXPERIENCED AND QUALIFIED STAFF

Our local knowledge has been years in the making. All members of our team achieve recognised qualifications to ensure we offer sound advice that's right for you.

WE COMMIT TO:

- > Detailed and accurate valuations
- > Professional photography
- > Clear and honest fees
- > Regular feedback

CONTACT US

01273 645797

info@mtmproperty.co.uk

www.mtmproperty.co.uk

108a Lewes Road, Brighton, East Sussex BN2 4AE

The SLA Hosts an Expert Panel

We are exhibiting at many of the Landlord Investment Shows in the South East (full details on the website) and we are delighted to be hosting the inaugural expert property panel at the Olympia show on Thursday June 15th.   Come and ask some interesting and controversial questions. In alphabetic order the panel is:

Richard Bowser

Editor of the monthly Property Investor News, and very well known on the speaking circuit. Richard is a long term friend of the SLA, publishing our magazine (Successful Renting) during our previous incarnation as the SPLA. I remember Richard urging caution during the bubble years as properties increased their capital value at a stellar rate; and the Bowser mantra – "always have an exit strategy". Hopefully many are extremely grateful to him.

Tony Gimple

A very experienced tax expert, Tony has done many talks for the SLA and also for the Investor Show, and is one of the few people strongly recommending not to trade as a Ltd Company. Come and find out why he says this.

Tony Jemmott

Tony is passionate about providing decent and proper housing for tenants. He was responsible for introducing the controversial borough wide licensing scheme in Newham, and if that wasn't enough went on to Waltham Forest to bring in Selective Licensing there; and now is at Brent doing the same! As you can see, Tony is a convert to the advantages of licensing.

Marie Parris

Yet another long term friend of ours. Well-known on the speaking circuit, Marie runs her own company; George Ellis is a multi-purpose company offering a plethora of services to landlord; lessees and tenants alike. And if that wasn't enough she offers landlord training on a personal basis at her offices in Beckenham. It makes me feel exhausted just writing it!

David Smith

David is described as an economist. This is bit like describing Michelangelo as a stone mason! David has been the Economics Editor of the Sunday Times for nearly 30 years, and has written several books on economics; writes a regular blog, as well as other social media; has his own website; has been the recipient of several awards for journalism; and finally (if that wasn't enough) is visiting Professor at the University of Wales and is a frequent speaker on Economics.

The Rt Hon Iain Duncan Smith (IDS)

Best known as the architect of the Universal Credit system. IDS is passionate about his subject being in the very unusual situation of working on benefit reform whilst in opposition during 2004 to 2010;. When he became Minister of State was able to put in place his planned reforms. So passionate in fact that when asked to move his post in the 2014 Cameron reshuffle he insisted on remaining to see through his plans.

Carolyn Uphill

With her husband Stephen has been specialising in student lets for many years, Carolyn has also spent considerable time with the Chamber of Commerce being the President of the Stockport Chamber during 2008. She continues to shares her experience as a business growth consultant and mentor. A firm believer in training Carolyn has sat on the board of several Training, Enterprise and Educational bodies. Now the current chair of the NLA.

Booking is vital for this. See on the meetings section of the web site.

Landlord legal expenses insurance explained

Leading landlord insurance broker, Alan Boswell Group, explores what the cover is and how it can help you avoid unexpected costs

We all know that renting a property should be a smooth process. After all, you're a good landlord and do your best to provide a decent home for your tenants, which is worth the rent they pay in return. If they have any problems, you'll get everything sorted with minimum fuss.

Unfortunately, as any experienced landlord knows, it doesn't always work that way. Situations may escalate and, before you know it, you have to go to court.
But it's not just tenant disputes that could land you in front of a judge. You may unwittingly find yourself in breach of current health, safety or fire regulations, or be investigated by HMRC for tax irregularities. You could even be involved in a legal dispute with a contractor over work carried out at your property.

This is what landlord legal expenses cover is for. It's an insurance policy that pays out if you have to meet unforeseen legal costs relating to your property, including legal representation. It's usually bought as part of a wider landlord insurance package, alongside buildings and contents insurance and liability cover, but it can be purchased as a standalone policy. The better legal expenses policies also include access to expert legal advice.

Like all insurance policies, legal expenses insurance is a safety net. If you don't need to use it, you have peace of mind; if you do, it may help you survive a difficult situation without financial disaster.

Find out more about Alan Boswell Group's Price Beater Guarantee on landlord insurance, visit www.alanboswell.com/sla-16

Do you think preventive maintenance cleaning is too expensive or a waste of money?

You may like to think again.

A typical wood floor can benefit from regular care and maintenance to ensure longevity but in some people's eyes a few scratches and divots give it character but things like water spillage on an unsealed floor could make it bow and twist so ruining the floor. A wood laminate flooring can suffer similar fate from water damage but its structure also means that if a scratch or divot isn't repaired the sub structure of the laminate is exposed, allowing water to penetrate even quicker, again wrecking the floor. Dirt can also become ingrained in the joints leaving it unsightly and unsanitary. Effective cleaning and sealing can prevent this damage to these types of floor.

The same applies to vinyl or vinyl tiles like Amtico and Karndean. If too aggressive a cleaning solution or incorrect product is used, the top gloss layer of the floor can be irrevocably damaged with the only solution being replacement. Also, if water gets beneath the tile or vinyl, it can make the subfloor rot, attracting mildew and mould.

Carpets are returning to favour. Although there are now stainfree carpets in polypropylene available, it doesn't stop a carpet's worst enemy from wrecking the carpet & shortening its life span. The worst enemy is fine grit and debris grinding against the base of the tufts, eventually weakening them so it flattens or breaking completely when walked on or heavy furniture is dragged across ie when vacuumed.

In all of the above situations, a regular maintenance clean on a quarterly or four monthly basis (not a basic end of tenancy vacuum or wet vac clean) can extend the life of flooring by a considerable margin. The cost of the clean being far less than the cost of replacement, loss of tenancy revenue etc. A regular deep clean also encourages tenants to respect the property more as it shows the landlord takes an interest in the upkeep of the property. With hard floors like wood, laminate or vinyl it also could prevent water getting trapped between the flooring and the subfloor leading to major damp or rot issues.

A pound spent on preventative maintenance cleaning will save you at least £10 in unexpected early replacement of flooring or may be £100 in resolving damp, rot or mould issues. Still think maintenance cleaning is expensive?

Call me on 07917 038828 or email at iancolpus@servicemaster.co.uk for further details or to get a free quote from one of our Service Centres near you.

How To Conduct A Great Tenant Viewing

With 86% of tenants wanting to meet their landlords face-to-face (Upad Tenants Survey source), you should consider, if you haven't already, conducting viewings yourself. After all, you have the most vested interest in choosing the right tenants for your property. You should treat viewings like a business meeting and know what you want out of it beforehand.

When scheduling viewings, try and be as flexible as possible. Many high street agents don't offer evening or weekend viewings so it will give you the edge if you can do so. If you're time conscious, because of a day job or distance from the property, organise an open viewing where several tenants are invited to view over a few hours.

You also need to ensure the property is looking it's best, so now may be the time for a spring clean and few quick DIY jobs to spruce things up. If you have tenants in situ, ask them to have a quick tidy up and remind them that the quicker you let the property, the quicker you'll be out of their hair!

Prepare your questions for the tenant before the viewing, the most important being why they're moving, where they currently work and who they'll be moving with. You should really try and confirm anything critical via phone or email, such as accepting pets or tenants in receipt of LHA, as you'll save time if they're not suitable when they turn up. Don't be afraid to try and build a little rapport with prospective tenants either, you could be starting a business relationship if you decide to let to them and it's important to start off with a good level of communication.

Finally, look out for warning signs! If they're dismissive, evasive or offended by any of your questions for no good reason- that's a red flag. Likewise, if they turn up in a car that doesn't look like it's been washed in months and crisp packets fly out when they open the door- it's not the best sign they'll keep your property clean either.

Landlords Warned Over Using Gumtree to Market their Properties

Landlords have been warned that listing websites are not suitable portals to find legitimate tenants. Recently aired on Channel 5, 'Nightmare tenants, Slum Landlords' offers a prime example of why landlords should steer clear of sourcing tenants on Gumtree.

Landlord Vicky Mcnaught quickly found a promising tenant using the popular listing website, understandably she was thrilled when the young professional moved into her flat. Unaware that his private education, successful career and string of positive references was completely fabricated – Vicky got a nasty shock when the tenant soon stopped paying rent, she later found that he had previously been evicted multiple times and racked up costs of £30,000 in unpaid rent and to top it off had even stolen furniture.

"We've learnt that bad tenants are more likely to target [websites] because they hope they will be subjected to fewer checks. In the future, we'd always go through an agent - although even this has no guarantee. It's the law that needs to change to make landlords less vulnerable to unscrupulous tenants" McNaught told the programme.

Loose rules for tenants aren't the only way landlords can get stung. Scams are a regular occurrence on sites like Gumtree. This is after fraudsters posed online as landlords, asking for money in exchange for property viewings. The practice is rife across the internet, with false advertisements showing what appear to be attractive homes at affordable prices.

Responses to the ads are met with requests for payments up-front. Potential tenants are told that the landlords live a long way away, and that they must provide a deposit in order to secure a viewing. Sometimes, these fees have been as high as £1,500!

Moral of the story – Leave caring for your properties to the lettings agents and selling your old wardrobe to Gumtree. Lettings agents are, and always will be, the most reliable and safest way to find tenants for your property!

For more information regarding the sale or let of your property, please call us and speak to a member of our team on 01273 645797.

Meeting Venues

London Social

First Monday of every month, commencing 6.30 pm. To be held upstairs at the Constitution
42 Churton Street, SW1V 2LP. 020 7834 365.

Thanet Social

First Thursday of every month, commencing February. 7pm. To be held in the newly re-furbished, and renamed Botany Bay Hotel (formerly the Fayreness)

Marine Drive, Kingsgate, Broadstairs, Kent CT10 3LG. 01843 868 641. If using Sat Nav put CT10 3LH

Brighton & Hove

The Brighton & Hove meetings are held at The Ralli Hall. 6:30pm for a 7pm start. Easy parking in Hove Station.

Ralli Hall, 81 Denmark Villas, Hove, BN3 3TH
Tea and Coffee will be provided before and during the meeting.

Southampton

Meetings are at Highfield House Hotel
Highfield Lane (corner of Shaftesbury Avenue), Portswood, Southampton, SO17 1AQ

Meetings/Exhibitions 2017

Make a note in your diary, details on the web:

- Monday May 22nd - Southampton Branch Meeting
- Wednesday May 24th - Landlord & Investor Show (Reading)
- Thursday June 1st - Thanet Social
- Monday June 5th - London Social
- Thursday June 15th - Landlord and Investor Show (Olympia, featuring SLA expert panel)
- Monday June 19th - Central London Branch Meeting
- June 20th - 22nd - Firex, Excel Centre
- Monday July 3rd - London Social
- Thursday July 6th - Thanet Social
- Thursday August 3rd - Thanet Social
- Monday August 7th - London Social
- Monday September 4th - London Social
- Wednesday September 6th Landlord and Investor Show (East London)
- Thursday September 7th - Thanet Social
- Wednesday September 13th Landlord and Investor Show (Brighton)
- Monday September 18th - Southampton branch meeting
- Thursday September 21st - Annual Brighton and Hove Social
- Thursday September 21st - Landlord and Investor Show (Kent)
- Monday October 2nd - London Social
- Wednesday October 4th - Ashford branch meeting
- Thursday October 5th - Thanet Social
- Wednesday October 19th - Medway Landlords Forum

Beware your property can be sold without your knowledge

There are two scams happening at the moment. Land Registry are reporting instances of someone taking on a tenancy; they then change their name by deed poll to that of the landlord/ owner; obtain passports, etc, and then offer the property for sale. They will only accept quick cash buyers, and will generally have suspect conveyancing carried out. This only tends to come to light when the new 'purchaser' tries to register the title with Land Registry to find they have not actually bought it. Generally the correct owner of the property will not suffer, but the cash buyer will usually lose all their money.

There are two ways of minimising this risk, firstly be diligent in carrying out checks of the occupants. You have to see their passport now, be suspicious if it is a brand new passport, ask to see the old one as well. Secondly, register yourself with Land registry. Google '***alerts land registry***' and you will get to the correct place - it is very simple, even I could do it! You will then receive email alerts about any enquiries, etc on the property. You can add up to 10 properties using this service.

The second, and minor one is that fraudsters are removing postal items from exterior mailboxes, and using utility bills (etc) to find out information about the occupant. They then use this information to set up bogus credit. Be careful if you, or your rental property has a separate, external mailbox - they are very easy to get into.

Want to be on the tele?

A television company are making a series for BBC1 and are looking for landlords with 10 properties or more. They intend to show how you grew your business, but more interestingly they want the landlord to spend a week as a tenant in the property to get a perspective from the tenants viewpoint. If you are interested either email us or direct to them at laura.neal@ boundlessproductions.tv, but be quick, they are starting filming soon.

Nothing changes

I was having a sort out recently and found a newsletter from the Summer of 2006 (11 years ago). The headline? 'Landlords angered by HMO licenses'. Inside there is a piece on the difficulty of getting tenants out when they owe you money; and there is another piece on new legislation affecting landlords. It's good to see that very little changes.
There was also mention of a very useful website, that is still in existence: 'www.writetothem.com' will give a list of all the politicians for a particular postcode. Never be worried about writing to a politician, especially if it is a subject not being given much airing. An MP has to only get 5 or six letters/emails about a subject for them to become interested.

Riverside Centre, River Lawn Road, Tonbridge, TN9 1EP
Tel: 01732 56 56 01; 01732 56 56 02(help-line)
01732 56 56 03 (accounts); 01732 56 56 04 (Boswells - insurance)
info@SouthernLandlords.Org; www.SouthernLandlords.Org