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Southern Landlords Association

October 2017, Newsletter 32
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PRIVATE LANDLORDS ACCUSED OF BEING THE BIGGEST CAUSE OF HOMELESSNESS IN THE PRIVATE RENTED SECTOR

Once a fixed term tenancy has expired a landlord is perfectly entitled to give two months' notice seeking possession without giving a reason for doing so. However, very few landlords evict tenants for no reason. It is usually as a result of rent arrears, antisocial behaviour or that they are wishing to sell their rental property. It is therefore quite reasonable to expect a significant number of evictions by private landlords, many of whom use the Section 21 option in preference to the Section 8 option, as in normal circumstances it is a simpler, more effective way of obtaining possession without having to attend a County Court hearing.

Our Association has always recommended that members use the Section 8 route when applicable, especially for rent arrears, as by doing so it does not produce statistics that are being misconstrued by Government to give the impression that landlords evict tenants when there is no good reason for doing so.

Local authorities are introducing licensing schemes in many areas and one of the reasons they give for doing so is that tenants cause noise nuisance, especially students, and that landlords do not take appropriate action to control it. Many landlords do their best to deal with such antisocial behaviour, which often includes, as an ultimate sanction, evicting such tenants, yet the Government and, for that matter, local authorities use evictions by private sector landlords as a good reason for introducing licensing.

Members who have used the Section 21 procedure will know that Government has gradually introduced obstacles to proceeding with such claims, making it more difficult for landlords to proceed using the Section 21 route. On the other hand, local authorities continually make statements that landlords are not managing their properties in a business like manner and then have the audacity to criticise landlords who then try to evict tenants who do not act in a tenant-like manner.

The above is a good example of how statistics are being used to make it look as though significant numbers of landlords evict tenants for no reason other than simply wanting to rid the property of those tenants and, on the other hand, are criticised for not managing their tenants and allowing antisocial behaviour, etc. to occur. Local authorities often use the number of evictions that take place in their areas as a good reason for licensing landlords, when in reality local authorities should support landlords who evict tenants who either cause antisocial behaviour or do not pay the rent.

Grenfell Tower Fire

Members will be well aware of the fire that took place in the Grenfell tower block and of the deep public concern for the victims of the fire.

Our heartfelt sympathy goes to all those who have been affected by this awful tragedy. What members may not know is that the British Property Federation (BPF), of which we are members, has, through its contacts with large landlords in London, been able to offer 31 units to people who have lost their homes.

In addition, landlords have offered commercial space in order that the various committees that have been set up have accommodation and conference facilities free of charge.

This gives just one example of how private landlords and the larger landowning companies are doing their bit to help, whereas often one does not hear any comments about the private sector doing its bit to assist in such a disaster.

Note that the SLA have been participating in talks with DCLG (Dept for Communities and Local Government) on the potential changes to Building Regulations and/or the law, to mitigate the possibility of a future disaster such as Grenfell.

Criminal Landlords & Agents to be Named and Shamed

Sadiq Khan, the Mayor of London, has announced that criminal landlords and letting agents who exploit their tenants will be named and shamed on a new online database to protect private renters in London. The database is due to be launched in the autumn and will enable councils to share information on landlords' criminal history and provide details of enforcement activity and investigations.

The SLA supports such an initiative but perhaps it would be most helpful if criminal tenants were also named on a database.

Stricter Buy To Let Borrowing Rules For Portfolio Landlords

Members will wish to be aware that tougher buy to let borrowing rules came in for buy to let portfolio landlords from the end of September 2017. The measure impacts on borrowers with three or more mortgaged buy to let properties who want to take out new loans.

Under the new rules, individual and corporate landlords must provide financial information about all their properties, not just the one they intend to mortgage.

If you want to make an application for a buy to let mortgage on a new rental property, the lender will have to look at your entire property portfolio when deciding what mortgage deal they can offer on a single property.

If you have 6 properties and 4 are generating enough rental income to cover the mortgage payments but the other 2 are not, your new mortgage application may not be approved by some lenders.

From 1st October lenders will also require a full breakdown of rental properties, a business plan and cash flow projection to support a new buy to let mortgage application.

Landlords are recommended to update rental valuations for their properties to confirm their loan to value before making a new mortgage application.

Some lenders are already dropping out of the portfolio buy to let market because of the administrative complications involved with underwriting under the new rules.

Santander and the Co-op have already announced their withdrawal from portfolio lending and others are expected to follow. NatWest has already raised the bar to a minimum of 10 properties for portfolio deals.

An estimated 8% of landlords face stricter mortgage affordability tests as a result.

The Bank of England argues that the new rules will ensure landlords do not borrow more than they can afford to repay which economists fear could undermine the financial security of lenders.

New HMO Licensing Rules Expected in Spring 2018

It is anticipated that the rules regarding the mandatory licensing of HMO's will change next spring. Traditionally changes to the law come about either October or April; as it is unlikely to be released this October so is now rumoured next April.

The following are the main changes under the Government's new licensing rules for HMOs to be aware of:

- *Removal of the three-storey rule*
- *Incorporate flats that are situated above or below commercial premises*
- *A new minimum size requirement of 6.52m2, which is in line with the current standard for overcrowding. This size is likely to be 10m2 for HMOs in which all tenants have their own bathrooms, but share other facilities, such as a kitchen*
- *A requirement for landlords to provide sufficient storage facilities to deal with the holding and disposal of all household waste*

Currently only HMO's of 5 occupants or more and 3 storeys or more are subject to mandatory licensing. By making it only 5 occupants or more it is anticipated that the number of HMO's affected will go from circa 60,000 properties to 234,000.

Will you be affected? Will you have rooms you can't let out; insufficient storage facilities; unable to meet all the criteria.

The new regulations are likely to pile pressure on landlords, who already face a number of new financial headwinds, such as the higher rate of Stamp Duty and cuts to mortgage interest tax relief.

New Data Protection Rules

New rules come into place from May 2018. Whilst these are driven by the EU, it is anticipated that the UK will be adopting the same rules after we leave.

Unless you are exempt, because you only process data for:

- *Staff Administration (including payroll)*
- *Advising marketing and public relations (for your own business activity).*
- *Accounts and records.*
- *Where you do not use a computer for the processing.*

you will need to register with the Information Commissioners Office (ICO) before May 2018. Note however it is anticipated that there might some minor amendments to these requirements.

It is likely that any landlord storing details of their tenants on a computer will fall within these new rules. Landlords need to ensure they only pass on information when legally entitled to do so, and not retain records longer than necessary. No time scale has been given for this, but HMRC are capable of asking you for proof or earnings/costs for up to the previous 6 years.

Note that there are times when you actually have to provide information about tenants, and retain it. The most notable example of this is the need to check the immigration status of all occupiers and keep a copy for the duration of the let, plus one year.

The best way of ensuring that you comply with your obligations where you pass data onto a third party regarding a tenant (or any resident in the property) is to obtain their written consent. Consent must be freely given and needs to be fully informed. This is why it is also important to provide a privacy notice because it explains what you do with the data that you collect. For example, if you share data with others such as local authority and utility companies you should get your tenant's consent to do so.

Likewise, if you need to obtain information about your tenants/residents from others, then you can ask tenants/residents to give their consent to this being done.
When you obtain the consent you should obtain a separate signature or other confirmation (such as a tick box). You must not rely simply on including a clause in your tenancy agreement. Data protection consents need to be signed for separately.

Mike Stimpson's Column

As we negotiate our way into Autumn I had hoped to bring some good news for landlords but unfortunately there is little good news concerning private landlords or the private rented sector.

One thing that is very noticeable is that in very many areas the demand for rented accommodation exceeds supply by significant margins. Landlords' costs have also increased over the past few years, either as a result of Government legislation or by significant increases in costs affecting landlords by local authorities, and that seems to be a continuing trend. For example, Government has increased the tax on insurance transactions from 9.5% to 12%, thinking, no doubt, it will pass unnoticed and not cause increases in rents.

For those landlords who develop new properties for rent, they will be faced with a Community Infrastructure Charge (CIC), which in my experience works out at about £90 per square metre of new accommodation supplied. Not only that, but this amount is payable within 6 weeks of the commencement of the development. This may be a tax on developers who are subsequently selling their properties but on a landlord who is building to rent, this becomes a tax not on the landlord but on the tenant when rent is assessed against the cost of providing the accommodation.

Members will also be aware from a previous article in this Newsletter that there are going to be significant restrictions on new borrowings for portfolio landlords. Whether it is because economists fear that without such controls the financial security of lenders could be undermined or whether it is to control buy to lets to give first time buyers more opportunity to purchase properties is anyone's guess.

The 3% increase in stamp duty for those buy to let landlords who wish to increase their portfolios has brought in billions of pounds for Government but has not in any way benefitted first time buyers, which was the stated objective of imposing the surcharge. In such circumstances one would have thought that Government would have removed the surcharge, as it simply has not produced the result that Government expected, but as a landlord I do not expect to see this surcharge removed any time in the near future. In reality, I believe that Government was determined to curb the buy to let investor and to ensure that the revenue from such investments would be significantly reduced to such an extent that buy to let landlords would think again before purchasing further properties or in fact even consider getting out of the market altogether.

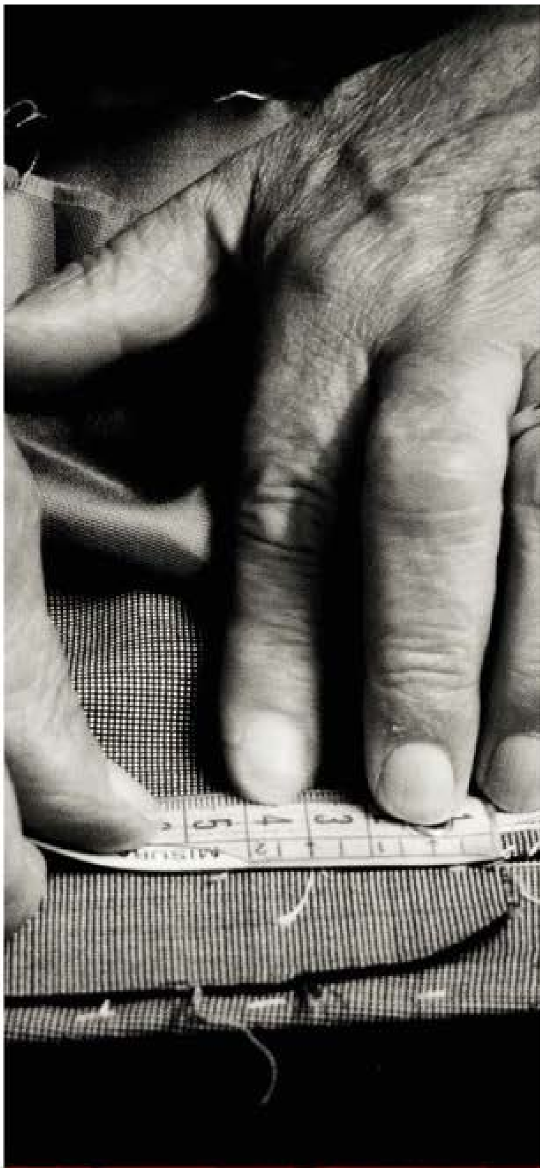
It is not the fault of private landlords that there are insufficient properties to meet demand in vast areas of the country. Uncontrolled immigration, coupled with high prices and lack of building to meet these demands, is the cause of the current problems. There is no doubt whatsoever that tenants in receipt of benefits are finding it harder than ever to manage their finances and pay the rent. Both Government and local authorities are pushing for higher standards in the private rented sector but at the same time are asking landlords to charge affordable rents, when both must know perfectly well that costs cannot continue to be imposed on landlords and rents remain affordable.

Over the past 3 months I have spent much time examining the licensing proposals that Brighton and Hove City Council is considering to implement. I have, along with our Brighton and Hove committee, examined in depth the consultant's report and the report by a Council member to the Housing and New Homes Committee, and from what evidence has been produced in those reports I believe that the proposal for the three schemes is unlawful. Your committee is, however, speaking with Brighton and Hove City Council to get better terms for licensing and a significant reduction in the types of schemes, and meetings are taking place with the SLA licensing committee and the Local Authority.

FIND A BETTER FIT IN 2017.

After all, nobody likes feeling restricted.

MADE TO MEASURE



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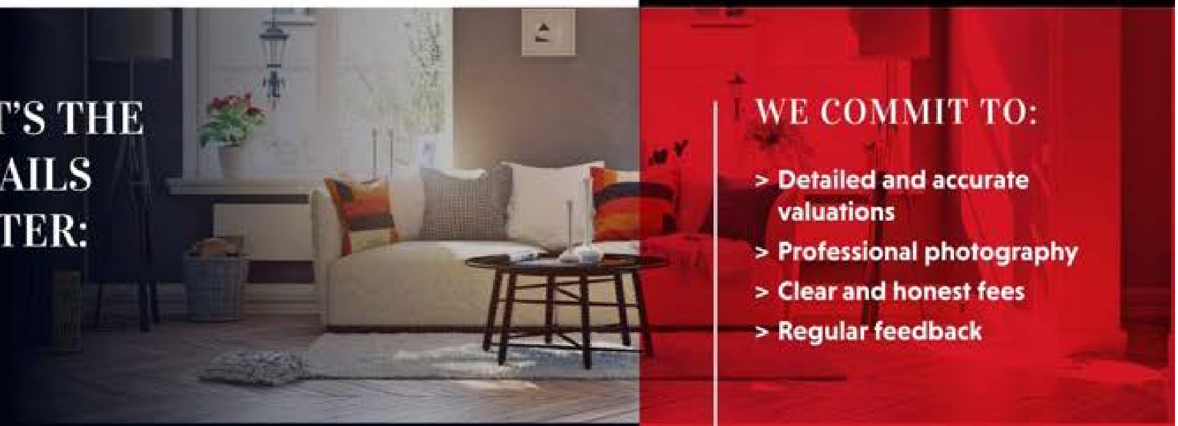

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At this stage, the consultation has taken place but the results are not known and as a result of our findings we are looking at seeking legal advice as to the lawfulness of the schemes that Brighton and Hove City Council is proposing.

Members will be aware that if we challenge through the High Court by judicial review the Local Authority proposals (if implemented), then the cost, if we lose, could well be in excess of £50,000-£60,000. We have already sought donations to a fighting fund and some of you have contributed. However, many have not, and it is most important that you consider making a donation, in order that we can ensure we have the financial backing to bring such action and not simply let the Council implement what we consider is unlawful licensing without proper challenge.

You will be aware that the cost to landlords of implementing the proposed schemes is approximately £13.5 million and the licence fees, which commence at £460, are payable in full when an application is made. So, it does follow that if we are successful in either negotiating better terms or challenging the lawfulness of these schemes, our members will be significantly better off. May I ask therefore that you send a donation, if possible in the region of £100, to:

SOUTHERN LANDLORDS ASSOCIATION
Riverside Centre, River Lawn Road, Tonbridge, TN9 1EP
any cheques should be clearly marked 'Fighting Fund - 'membership number'

Alternatively donations can be paid direct into our account 55149480, sort code '60-21-28 again clearly marked in the reference.

We will issue appropriate receipts.

May I thank those who have already made a contribution and I look forward to receiving one from those who, to date, have not done so.

Finally, may I wish you all continuing success in the ever-changing private sector letting market.

Civil Penalties

Last year's Housing Act (Housing and Planning Act 2016) introduced the notion of Civil Penalty Notices (CPN), whereby a Local Authority could issue a CPN for certain breaches of Housing Law and the recipient would either have to pay or challenge via the Tribunal.

The significance of this is that a Local Authority are allowed to keep the proceeds from a CPN, and it has very little cost associated it; whereas court proceedings take a lot of time and cost, and the fine goes straight to the Treasury. Consequently there has been little appetite to take landlords to court; CPN's are a way of encouraging Local Authorities to tackle errant landlords – and they are starting to do that.

Note that a Civil Penalty Notice could be for a maximum of £30,000; although most below £10,000. The notices that can incur a CPN are

Offences under HA2004:

- Section 30, Failure to comply with Improvement Notice
- Section 72, Licensing of HMO's
- Section 95, Licensing of houses
- Section 139, failure to comply with overcrowding notice
- Section 234, management regulations in respect of HMO
- Extension of Rent Repayment Orders

Deposits

Yes I know that we keep going on about deposits, but it is becoming more and more of a problem for landlords when they go to court.

Firstly let us remind you that the way the law is written regarding deposits is such that the landlord is either 100% correct, or wrong. It is black and white; there are no shades of grey. So if you get any part wrong the judgement will be against you. The consequences of that are 1) the Section 21 will be declared invalid; 2) you almost certainly be 'fined' 1 to 3 times the deposit amount – which will be awarded to the tenant.

The typical things that are catching landlords out are:

- Missing the 30 days deadline to register the deposit, and supply the prescribed information and associated information;
- Not supplying all the required information to all the 'interested parties'. Interested parties are anyone involved in the deposit, and you might not actually know who is involved – so ensure when you serve the prescribed information (etc.) you state something such as 'this prescribed information is served on you on the basis you are the only interested party'.

No response is proof no other party is involved.

The other matters to be careful of are:

- Deposits taken early, especially from students who may be giving you a deposit several months before the actual let commences;
- Holding deposits. This is actually unclear in law and there have some cases of judges recently deciding a holding deposit is a deposit covered by the law and requiring protecting.

The only way of completely sorting this out is to take one of these cases to appeal and allow a more specialist judge rule. The SLA are willing to back such a case.

The Government are expected to cap security deposits to a maximum of one month's rent, and any holding deposit will also be capped, this time not to exceed on weeks rent.

Deposit data

When the protection of tenancy deposits was introduced via the 2004 Housing Act we were told that the data was sacrosanct.

No longer, under the Housing and Planning Act 2016 Local Authorities are allowed to request certain information from the schemes. Typically this would allow them to recognise multiple deposits for the same address, suggesting it is an HMO; which would allow them to chase a non-licensed HMO.

EPC's

EPC's were introduced for rental in 2008 and have a life of 10 years and many will be ending next year. Note that the scheme was originally introduced for 4 bed and larger houses in August 2007, so some EPC's will now have ended.

Don't forget to check yours before you do your next let.

RICS Concerned about Landlords leaving the PRS

The Royal Institution of Chartered Surveyors (RICS) conducted a survey of its members which highlighted their concern over landlords leaving the PRS when demand for rental property is already outstripping supply.

61% of Surveyors thought more landlords would exit the market than enter the market over the next year and only 12% predicted the reverse. Over the next 3 years 52% predicted there would be a net loss of landlords to the PRS and only 17% thought there would be a greater number (some may still not fully understand the consequences of Section 24).

Around The Branches

Gary Waller's News Update

Chairman of Brighton and Hove Branch

Improve Your Game Before You Are Forced To

Do it properly, before you are forced too. The last 20 years, since 1996 have been very good to landlords, we have received good rent and in many cases the property has tripled in price. But it is now decision time, are you going to stay in the business or take the money and move to pastures new.

"Great you have decided to remain, but from here on it is going to get tougher"

Some days it is very, very difficult to argue against the licensing of every landlord and of every landlord property in the UK. My recent experience dealing with landlords and tenant issues shows that as landlords and letting agents many are unprofessional. We are asking high to very high rents (as a percentage of tenants income) and in so many cases providing a pretty poor service. For many landlords and letting agents the tenants are not treated with the respect that high paying customers, yes our customers deserve.

End of tenancy still a problem. If you are going to charge tenants a penny for cleaning or damage then you must have a professional inventory drawn up at the start of the tenancy, you then have to be reasonable. Then if you have charged £25,000 for renting a 5 bedroom house to students for the year then you have made probably £8,000 more than you would have received renting to a family, but you are going to have higher wear and tear, be prepared for that. The deposit is not to be used as a way of making a little extra at the end of the year.

If you are going to make what tenants feel is an outrageous charge then you have to be prepared for some poor feedback from tenants. Secondly tenants can give an estate agent or landlord bad feedback. I am not saying that you should refrain from charging for damage or cleaning, but make sure that the charge is reasonable and proportional. When that bad review appears on the University landlord survey or one of the "rate your agent websites" ensure that you can support that review.

My youngest daughter has moved from her first student house in London. She found that 6 girls living in a house was noisy and draining. The estate agent was very fair and quick to return the deposit in full. But some of the property that she and my wife have been looking at is frankly appalling. Mound, disgusting carpets, windows that do not close and kitchens that were installed when the property was built (1960's). Furniture that is so old it cannot possibly meet the fire regulations. When the estate agent showing you the house tells you that "the house is disgusting", then you know there must be something wrong.

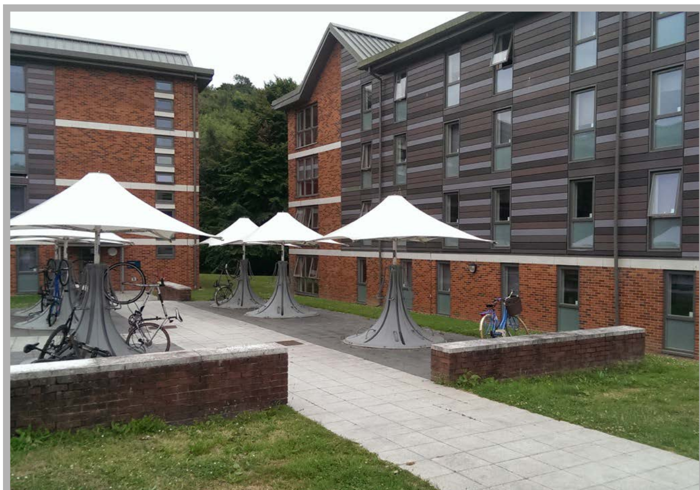
Then we have landlords and Estate agents that do not seem to know what to do, it is important to have a check list when signing up a new tenant, it is very easy to forget some vital step. Even though you employ an agent, you as a landlord are still legally responsible, make sure that you check your agent.

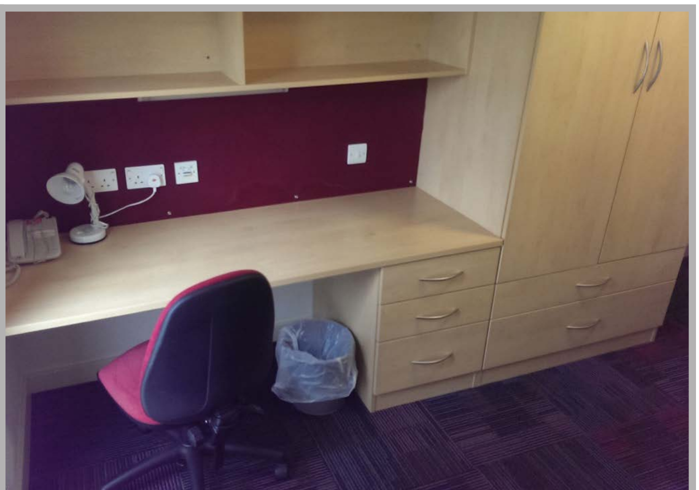
My daughter and two friends did find a new property, good price, and good location. They moved in gone 10pm at night due to "the man with a van" being delayed. Got to the property, no gas, no electric, turns out that both were on a key meter and both £15 in debt, so would not work. Then gone 10 pm at night there is nowhere to top them up (corner shops all closed). So they spent a night without gas, lights or power. What is annoying is that the letting agent had done the inventory and house check that afternoon, he obviously "missed" that there was no gas, electric or that 4 light bulbs were missing! He was obviously quite happy to let 3 young women move into a house with no gas or electric late at night.

We must improve our game; you must ensure that your tenants are safe and that all the paper work is in order. Ask yourself the question, would you be happy to live in the property that you are renting out. You have a choice either up your game or let the local Council or Mr Corbyn do it for you.

Sussex University has now reached capacity, at 18,000 students. They have no plans to extend the University further. In July as Part of the Strategic Housing Partnership, Charles Dudley, head of Housing at Sussex University hosted a tour of the student accommodation on the campus and explained the University's plans for housing redevelopment.

Over the last few years the University have undertaken a massive building programme adding purpose built student blocks to the top end / West side of the Falmer campus. Even before the new development is complete this year the University was able to house all of its first years plus 300 of its second year students. It is clear that things are going to get tougher for student landlords.





The new developments are purpose built student rooms with ensuite facilities and a shared kitchen. The bathroom comes as a complete unit molded out of white plastic. The photo (bottom left) is taken from the University housing office North, showing the old East Slope accommodation on the right and the new development on the left. Once the new development is completed East Slope will be demolished.

Small Projects Now Affected by Changes to the Law

For the last two years (since April 2015), Construction, Design and Management (CDM) regulations apply to all construction projects all of the time, regardless of their size or duration. This means that all domestic and non-domestic clients, i.e. someone who does not or will not live in the premises where the work is being carried out (such as buy-to-let landlords), are legally required to comply with CDM.

This is even the case with small projects such as porch extensions, garage conversions or complete property refurbishments. Even property maintenance falls under the umbrella of CDM. For this reason, the recent changes have strengthened the responsibility of the client – that's you as the landlord or homeowner. As set out in the new regulations, clients have a duty to:

- Make suitable arrangements for managing a project – This includes the allocation of sufficient time and other resources such as the assembly of your team
- Ensure the team has the demonstrable skills, knowledge, training and experience in the relevant area – Previously, you had to appoint 'competent' people, but this has been rephrased and is arguably easier to understand
- Appoint a principal designer (e.g. architect or structural engineer) – The principal designer has now taken on the responsibility of co-ordinating the design risks, whereas prior to the changes, a CDM coordinator would have done so. They must also prepare the Health and Safety File (HSF) which records the risks that may remain at the end of the project so that the client can inform workmen of the risks when undertaking maintenance for example
- Prepare the Pre Construction Information pack with support from the principal designer – This document brings together all of the information that is relevant to your project and its design that you can reasonably gather to inform the designers and contractors about the project. It will contain historic records (if available), asbestos reports, locations of utilities, hazards associated with the site and its surrounding environment, the client brief and the initial design and construction risks
- Appoint a principal contractor – This person is in charge of health and safety on site during construction. They manage the sub-contractors, electricians, plumbers and whoever else is on site, including any workmen appointed directly by the client. The client must also ensure that a Construction Phase Plan is drawn up by the principal contractor before the construction phase begins. This document lays out the management of the health and safety arrangements, the site rules and all the potential significant risks and how they are to be managed
- Ensure the principal contractor carries out their duties
- Appoint all parties in writing – This will ensure the right people are doing the right job and that the client only takes on those responsibilities for which they are competent

Overwhelmed? A lot of people are, which is why there are consultants available to help you comply with the regulations. Unless you have relevant background in the construction industry you should appoint professional advisors and contractors at all times. Failure to comply with CDM regulations can result in hefty fines.

Section 21: Getting It Right

Legal Update from our Solicitor, John Pettman LL.B (Hons)

With the cost of Court fees having risen well above the rate of inflation over recent years and the time it takes to get a possession order it is important that when issuing a Section 21 notice that we get it correct first time. The position used to be that when a fixed term A.S.T had expired and a Periodic tenancy arisen that one had to give a minimum of 2 months notice with the expiry date being the last day of the period involved. Thus as an example if the tenancy started on say the 9th of a month the date in the Section 21 notice would have to be at least 2 months ahead expiring on the 8th of a month. Thus depending on exactly when the notice was served it could be nearly 3 months ahead.

Now these provisions were often set out in many A.S.T agreements and as an example a previous Southern landlords tenancy stated, regarding terminating a tenancy "At least 2 months notice in writing and expiring at the end of a rental period" Now this provision was really advisory so that all parties knew what the requirements were.

However following the case of Spencer v Taylor the court of appeal decided that the expiry date did not have to be the end of a rental period" i.e. in the example above on the 8th of a month only a straight forward 2 months notice was required.

A friend and fellow Kent landlord issued a section 21 notice earlier this year just giving a minimum two months notice. The District Judge picked up the point that the tenancy agreement had the clause regarding termination at the end of a rental period and a hearing was held. Unfortunately the Landlord was abroad and the person attending did not understand the position so it was adjourned with the advise to get legal help so I went along to the Court, where a different district Judge was hearing the case, to try and persuade him that what was in the tenancy agreement was merely advisory, of what the requirements were and that following Spencer v Taylor this clause no longer applied.

It became clear within the first minute that he was not going to accept this line of argument and the application for possession was dismissed. He thought the Landlord was unlucky to have had this point raised by the original District Judge and questioned if even he would have got it right. Thus what is in the tenancy agreement constitutes a contractual provision notwithstanding Spencer v Taylor. Now this decision was anticipated and a fresh s 21 notice had been served but on the face of it a court fee of £355 had been wasted along with some 2 months however by a fortunate turn of events the Police shortly after that hearing removed the tenant for a drugs related offence which indeed was the original reason for terminating the tenancy.

So before you issue a section 21 notice just check your tenancy agreement to see if there are any provisions in it relating to terminating the tenancy and don't risk wasting time and money.

Equity Release From Buy To Let Properties

Members may be interested to know that as buy to let investors they will soon be able to release cash from any of their rented properties without being forced to sell.

Retirement Advantage

A pensions company has launched a range of equity release options aimed at landlords. Currently, property owners can take out equity release plans, sometimes known as 'lifetime mortgages', only on their own residence.

Equity release schemes which allow cash to be released from properties which is normally paid back from the sale of the property after the owner's death, have grown dramatically in popularity in recent years.

More than £2 billion was released from homes across Britain in 2016 and Legal and General, the biggest lender, has predicted that the total will pass £3 billion this year.

Buy to let investors have been increasingly targeted by a raft of reforms introduced by George Osborne, the former Chancellor.

The 3 percentage point stamp duty surcharge on second properties made it far more costly to expand buy to let portfolios. Changes to tax relief on mortgage interest from April this year are already forcing down profits and new 'stress tests' being applied by lenders may make it harder to secure new mortgages.

Retirement Advantage's 'Landlord options' range gives borrowers the choice to pay off the full amount by the end of the loan, pay the interest on the loan during their lifetime or pay off up to 10% a year without an early repayment charge. Interest rates range between 6.07% and 6.45% dependent on which option is chosen. Landlords will be able to take out loans on more than one property, as long as they are worth between £70,000 and £6 million. More expensive homes are reviewed on a case by case basis.

Equity release schemes for landlords have been offered by some lenders in the past but this new range is believed to be the only one currently available.

Retirement Advantage confirms that tenants would not be forced out of properties early when a property owner dies. The firm has also launched a similar range of plans for people with second homes that are not rented out. Its managing director, Tom Evans, said:

> **"With demand increasing, innovation of this kind is integral to meeting the needs of people across the country. We have listened to customers and to advisors and these new products will allow owners of buy to let properties greater ability to make the most of their property wealth to live the retirement they want."**

Homelessness

Homelessness Reduction Act

The Government brought forward the Homelessness Reduction Act earlier this year. The main thrust of this act is to force Local Authorities to deal with potential homeless people earlier.

Previously they didn't have to start the proceedings to re-house someone threatened with homelessness until 28 days before they were due to become homeless. Thus they were tending to suggest to tenants that they stay put until the bailiffs were summoned, and only then would they be re-housed.

The then Minister of Housing (we've had a lot recently!) Brandon Lewis sent a guidance note to all Local Authorities in early 2016 asking them not to persist in this practice. It is actually bad for everyone concerned; the tenant is liable to get a bad record; the landlord incurs unnecessary expense.

This new Act amended this period to 56 days, which is more or less the notice period of a Section 21. So the Local Authorities now have to start the process earlier, making it better for all concerned.

National Audit Office report on homelessness

However a recent (September 2017) report showed that the Government has not fully assessed the impact of its welfare reforms on homelessness, also Local authorities have increased their spending on homelessness while simultaneously reducing spending on preventing it.

The report's main recommendations are:

- The Department (DCLG) should develop and publish a strategy that sets out how it will achieve its objectives relating to homelessness. This should set out the reduction in homelessness it is aiming to achieve and the contribution it expects from different programmes across government.
- The Department should work with local authorities to establish how they are making use of measures to tackle homelessness, in order to gain a full understanding of effectiveness and share best practice.
- The Department should work with local authorities to ensure that they are making the most effective use of temporary accommodation. This work should include enabling local authorities to increase their use of the innovative short-term solutions that they are taking.
- The government, led by the Department and the Department for Work & Pensions, should develop a much better understanding of the interactions between local housing markets and welfare reform in order to evaluate fully the causes of homelessness.

Universal Credit

Members should be aware that Universal Credit is a new benefit for people of working age. It replaces most existing means tested benefits and replaces:

- Jobseekers Allowance (income based)
- Employment Support Allowance (income based)
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

How is Universal Credit different from current benefits?

- Most claims for Universal Credit will be made and maintained online.
- The amount paid for rent will normally be paid to the tenant, not the landlord.
- Universal Credit will normally be paid once a month to one person in the household.
- The first payment will normally take at least 6 weeks.
- In most cases, there will be no benefit payable for the first 7 days.
- The amount of some benefits will change. For example, most people who are under 22 will not be entitled to the housing cost element.

Applying for Universal Credit

- Claimants will usually have to apply for Universal Credit online. If they are unable to make a claim online, they can apply over the phone or in person.
- Once an online application has been made, claimants must phone the Universal Credit service centre (0345 600 0723) to book an interview at their local Jobcentre within 7 days.
- At the interview, the claimant will have to provide documentary evidence in support of their claim. This could include things like a tenancy agreement or photo identification. Not providing this information could mean the Universal Credit claim stops.
- The interview will take place at the local Jobcentre. If claimants don't attend this interview, it could mean the claim for Universal Credit will stop.

The extension of Universal Credit to include all claimants is being rolled out throughout the country, and members should take note of when it is to be introduced in their local areas.

As you will see from the above explanation, claims have to be made, in the main, online and the tenant must then make an appointment for an interview at the Jobcentre within 7 days, otherwise the claim is automatically cancelled, as it is likely to be if the claimant does not produce the necessary information at the Jobcentre interview.

Also of note is that the transfer of a claimant to Universal Credit means, in all probability, that the claimant will receive the benefit, including the housing element, and that the landlord will have to wait a minimum of 6 weeks before the first payment is made, and then the landlord will have to ensure that payment has been made, as the tenant may not pass on the housing element to the landlord.

Members should note that in many cases, the housing allowance element will not be paid to tenants under the age of 22 and members should make note of this particular point and take action as necessary to protect their position.

The transfer from Local Housing Allowance to Universal Credit is going to be very demanding on landlords to ensure that they receive their rent. It is important therefore for any member who finds his or her tenant getting into arrears following a change from Local Housing Allowance to Universal Credit to ensure that they take action by issuing an eviction notice if the rent gets significantly into arrears and not simply wait and hope that things will turn out all right.

To date, many landlords have found the Universal Credit system to be both unhelpful and that there is a tendency for tenants to keep their Universal Credit payment and not pass on their rent element to the landlord.
It is possible to have the housing element paid directly to the landlord but only in circumstances where the tenant is already 8 weeks in arrears.

Winter Is Coming!!

A Little Advice from MTM Regarding the Cold Months Ahead

Hi all,

With winter fast approaching, we are now speaking to our current clients and tenants offering advice on how to best to avoid some of the nasty surprises and costly repairs we often experience during the colder months of the year.

Agents and Landlords have a duty of care to ensure tenants are looked after and we hope you find the points listed below useful.

- Keep in touch with your tenants – Communication is key so make sure you inform each other of holidays you have planned well in advance, potential work that will need to be done and who to contact in an emergency.
- Check pipes regularly – Frozen pipes can burst and cause flooding and leaks, so keeping the heating on low is vital, particularly if your property is empty or your tenants are away. Most boiler systems and thermostats will have a winter setting where they will only come on when the temperature drops so there should be no expensive bills.
- The heating system – Make sure the system is working fully. Radiators may need bleeding combi-boilers may need re-pressurising and its always wise to have your boiler services every year. A visit to the property and showing the tenants how to do this is always a nice touch, ensures the heating is operated correctly and builds landlord tenant relations.
- Maintenance – Ensure the brickwork, drains, guttering and roof tiles are all in good condition with no cracks or holes for any rain or cold to get through.
- Insulation – Ensure draft excluders are fitted to doors and windows and make sure the lofts and walls are fully insulated, this will all help to reduce the effect of condensation and mould which occurs over the colder months.
- Check fire alarms – ensure your property has a working fire alarm on each floor or follows HMO guidelines if you're renting an HMO. There should be heat alarms rather than fire alarms in every kitchen and we always put carbon monoxide alarms in rooms with boilers. Its law to ensure you have a carbon monoxide alarm in any room with a solid fuel burning appliance such as a log burner. All alarms should be tested in front of the tenants at the start of each tenancy.
- Check the chimney – Make sure it is safe to use by having it swept annually, the tenants should be reminded of this!

We believe these points are essential to ensure that tenants enjoy a safe and cosy winter. Should you like any further advice regarding your property or how we can help with the management of your property or portfolio, please feel free to give us a call on 01273 645797 to speak to one of the MTM team!

The Importance of Insurance

A Message from Alan Boswell

Although the UK might not be on the path of major hurricanes, it is by no means exempt from severe weather. As if to prove the point, Storm Aileen recently swept across parts of Wales, the Midlands and northern England.

And while it may not have caused the irrevocable damage of Hurricanes Maria and Irma in the Caribbean, Aileen brought 75mph winds, cut power to more than 60,000 homes and left many buildings battered and bruised. As a result, insurance companies up and down the country are working overtime to deal with the claims, helping to restore normality for those affected.

The levels of destruction highlight the importance of having high-quality insurance. This is especially true for landlords, as a fallen tree, for example, could leave you not only facing a substantial repair bill but also a loss of rental income.

Unfortunately, landlords underinsuring a property to save money is one of the most common problems we see. To avoid this, you should insure your rental property for the total rebuild value, i.e. the amount it would cost to rebuild your property from scratch (including demolition). If you insure it for anything less, you may end up with a large, unexpected bill.

Loss of rent insurance is usually standard with a quality buildings and contents policy and reimburses you if your property becomes uninhabitable due to a material damage claim (such as that fallen tree). However, you should always check the levels included in your policy. The amount you can claim per calendar month will usually be a percentage of your sums insured and the period of indemnity (the length of time an insurance company will pay the rent) can vary between policies.

It's worth shopping around, but Alan Boswell Group can currently guarantee to beat your existing premium for their five-star-rated landlord insurance.

Visit www.alanboswell.com/sla-16 to find out more.

ALAN BOSWELL GROUP

Kitchen Deal from Howdens

The Lewes branch of Howdens are doing an extra special deal on kitchens until October 27th. In addition to the normal SLA discount, they will also pay the VAT.
Just quote the account number 1101177436 to take advantage.

HOWDENS JOINERY CO.

Social Meetings

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

Thanet Social
First Thursday of every month. 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. Commencing 7.00 pm If using Sat Nav put CT10 3LH

Brighton & Hove
Meetings are held at The Ralli Hall, 6:30pm for 7pm start
81 Denmark Villas, Hove, BN3 3HT (Easy Parking in Hove Station)

Southampton
Meetings are at Highfield House Hotel, 6pm for 6:30pm start
Highfield Lane (corner of Shaftesbury Avenue), Portswood, Southampton, SO17 1AQ

Meetings/Exhibitions 2017

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

- Wednesday 19th October - Medway Landlords Forum
- Tuesday 24th October - Swale Landlords Forum
- Thursday 2nd November - Thanet Social
- Monday 6th November - London Social
- Tuesday 7th November - Landlord and Investor Show (Olympia)
- Monday 13th November - Brighton branch meeting
- Monday 27th November - Southampton branch meeting
- Monday 4th December - London Social
- Thursday 7th December - Thanet Social

Note that a full schedule for 2018 will be in the December issue of the newsletter.

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