The Professional Association for Landlords

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New Name - A Broader Focus

Members will be well aware of the new name of the Southern Landlords Association (SLA). The purpose of the change is to give the message that as an association, we represent landlords throughout the United Kingdom and not just in the southern region. iHowz intends to make clear that we are a trade association, offering benefits to members but pursuing action where either Government or local authorities do not act in the interests of our members. The evidence of this is the number of judicial reviews brought by our association over the last decade. We are the one association who believes that in representing our members, we should also take legal action where negotiation is not possible. In making this statement, our members should understand that in supporting such action, the cost is not insignificant and that if members wish to achieve fairness for private landlords, when Government and local authorities in the main are intent on imposing unfair regulation, then the only way to defend our members is through legal action, the cost of which has to be paid for and members must understand that if we are to be an effective trade association, our members should be prepared to assist in the cost of pursuing justified legal action.

It is clear from recent events that Government has little time for private landlords and sees it currently as a cash cow, rather than essential provider of reasonably priced accommodation. There is little doubt that the actions of both local authorities and Government are making buy to let far less an attractive investment than in the recent past and this is reflected in the massive reduction in buy to let loans and the absence of residential investors at the main residential auctions.

It appears that Government considers with the event of build to rent properties that those landlords will let properties to not only professionals but also to homeless and economically poor individuals. If it thinks that will happen, it should think again. Those companies will seek to provide housing to professionals and not to the poorer members of society. Government also uses the expression 'affordable rents' in the context of build to rent and attempts to ensure that developments which would normally be for sale will have significant proportions of the accommodation available at affordable rents or available to first time purchasers who do not have substantial deposits.

Affordable rents are set at 80% of market rent levels and Government must be aware that at 80% of market rent levels they are still unaffordable to significant numbers of people seeking rented accommodation, in other words they are not affordable at all especially in London and the South East of England. Government, it appears, nevertheless is intent on subduing the buy to let investor market. Judging by the decline in mortgages and the anticipated reduction in portfolios, through the unfair tax relief changes being introduced in stages, many of the tenants who currently live in the PRS will find themselves homeless but Government appears to ignore the consequences of its actions. It is time for landlords' associations to spell out the real picture and the future prospects for the economically poor, who have no choice but to use the private rented sector as their only housing option.

Charities Take The Money, Landlords Take The Risks

A number of charities are paid by Government if they find accommodation in the private rented sector for the homeless. For example, they are paid a sum of money if they find a landlord who accepts the tenant and gives accommodation to that tenant. The charity is paid another sum if the tenant stays there for a certain period and yet more money if the tenant is still there for another period. However, if the tenant turns out to be unsocial, difficult or fails to pay the rent, then the landlord takes the responsibility. In other words, the charities get the money, the private landlords take the risks. Often the charities have only got the background of the tenant from the tenant. Government must realise that it is not for private landlords to be responsible for such people and should make proper regulation for the homeless to be housed in social accommodation.

How To Make Affordable Unaffordable

Most private landlords understand the market in which they operate.

They know their tenants and the type of accommodation that they need to provide for those tenants. When providing new or accommodation for conversion, landlords often make planning applications based on their knowledge of the particular aspect of the market in which they operate. Local planning departments on the other hand have no concern for how landlords operate their businesses and often refuse perfectly reasonable applications on the basis that the development should not contain as many units as the landlord wishes it to do. We are not talking about major blocks, we can be talking about a property to be converted into, say, nine units where the local authority says they will only recommend planning if it is reduced to six. What that in fact does is either make the development unviable or unaffordable to the tenants that the landlord wishes to attract. It appears that planning departments have no concern for the chronic shortage of affordable accommodation and have their own agendas, which do not tie in with those of, say, the housing department. Many planning departments are not fit for purpose, yet Government allows them to increase their fees by 20%; most have done it, few have improved the services. Things need to change and change quickly.

Flood Re-Review

Members will be aware that legislation currently excludes the leasehold and private rented sectors. This means that many private sector landlords in areas where there is flood risk find it difficult or extremely expensive to obtain insurance cover for their properties. Pressure is being placed on the relative Government department to ensure that Flood Re obligations are amended to include the 7 million homes and smaller landlords within the flood cover. The

Ministry of Housing Communities and Local Government (MHCLG) said that it requires evidence to propose such policy amendments and this is hopefully being provided.

Government Review Of Carbon Monoxide Alarms

Government has published a review into the rules that require CO alarms to be fitted in homes and whether the current regulations are fit for purpose and whether there should be a blanket requirement for all homes to be fitted with alarms for all methods of heating and the associated costs of installation.

Rough Sleeping In England

Annual statistics have now been produced that show the number of rough sleepers in London has increased by 18% and by 15% in the rest of England since autumn 2016.

Universal Credit - Where is the Money?

It has been brought to the attention of iHowz that in February 2018 a landlord was notified by Universal Credit that a tenant of his, who was previously on housing benefit which was paid directly to the landlord, was considered vulnerable and that from a date in February the housing element of that tenant's Universal Credit would be paid direct to the landlord. By April, no such monies had been paid into the landlord's account. The landlord followed up with a number of emails, seeking an explanation but to date has not received one penny, nor has Universal Credit department had the courtesy to reply to any of the reminder emails sent.

> "The Local Housing Allowance and other income benefits have been frozen over the past 5 years, yet costs for landlords have increased significantly over that time. It follows therefore that vulnerable tenants, subjected to the lack of reasonable increases in their income, find themselves on the streets. Government and local authorities must take some responsibility for that situation. It is not private landlords who put people on the streets without reason."

Comment by Mike Stimpson: The Universal Credit department, from what I gather from members, is not fit for purpose. In theory, the change to Universal Credit payments appears sensible and a responsible move. However, if the application of Universal Credit means that that department does not take responsibility for its actions and considers that it does not need to reply to emails, then that department is failing in its duties. If a landlord failed to declare knowledge regarding the tenant that could affect the Universal credit payment, that landlord could be made responsible for repaying any overpayment. In this case, the officer in DWP who made the decision to pay the landlord direct but failed to implement that decision should be held responsible for the loss and made to pay the landlord the outstanding rent and cost of Court action.

On another point, the tenant is being evicted for non-payment of rent, will be homeless and, as a vulnerable person, is very likely to find himself on the streets. We cannot ascertain whether the tenant himself has been paid the full Universal Credit, as he simply denies receiving any of it. The message - landlords should be extremely careful when taking any tenant in receipt of Universal Credit and to cover themselves it may well be sensible to charge two months rent in advance, to ensure that if problems arise at least a reasonable amount has been received.

New HMO Room Size Regulations to Come in This Autumn

From October, Councils will be able to set minimum bedroom size standards for HMOs and introduce limits on how many people can live in each bedroom. Councils will be able to use national minimum standards or apply even tougher requirements if they feel there is a specific problem in a local area.

Minimum Space Requirements

Rooms used for sleeping by one person over 10 years old will have to be no smaller than 6.51 square metres and those slept in by two people over 10 years old will have to be no smaller than 10.22 square metres. Rooms slept in by children of 10 years and younger will have to be no smaller than 4.64 square metres. The HMO licence will specify the maximum number of persons (if any) who may occupy any room and the total number across the different rooms must be the same as the number of people the house is to be home to.

Who do these new rules apply to?

The new standards will apply to all landlords seeking new licences. Landlords of existing properties will be given up to 18 months to make necessary changes when reapplying for a licence when it expires. The Government has already laid the draft licensing of houses in multiple occupation (mandatory conditions of licences) (England regulations 2018) before Parliament. It is said the regulation will give councils new powers to tackle the small minority of rogue landlords who rent out overcrowded properties. Local authorities will be able to impose fines of up to £30,000 for those landlords who do not comply.

In a move to stop rubbish piling up outside some shared rental homes, landlords will also be required to provide an adequate number of bins in line with their local authorities rules. If they fail to do so, they could face a fine. Announcing the new rules, minister for the PRS, Heather Wheeler MP, said everyone deserves a decent, safe place to live but some tenants are being exploited by a minority of unscrupulous landlords who profit from renting out cramped and sometimes squalid or dangerous properties. Today's measures will mean landlords must provide adequate space for their tenants or face a hefty fine.

Judicial review Southern Landlords Association (SLA)* -v- Brighton & Hove City Council

Members will be well aware that, with membership approval, the iHowz board has applied for permission to bring a judicial review against Brighton & Hove City Council in respect of its proposal to implement Selective Licensing over 12 wards in the city. To remind members, so that they can identify whether they have properties due to be licensed in those wards, they are St Peters and North Laine, Regency, Brunswick and Adelaide, Central Hove, Queens Park, Hanover and Elm Grove, Westbourne,

* Having brought the action when trading as the SLA the action will therefore continue under that name

Preston Park, Moulsecoomb and Bevendean, East Brighton, Hollingdean and Stanmer and South Portslade. It involves the licensing of self-contained houses and flats (not HMOs which are licensed under Additional Licensing) and it is considered that some 27,000 properties will be required to be licensed at the cost of £460.00 per property. Brighton & Hove City Council consider that a significant number of private landlords are not carrying out their duties, as private landlords, to deal with the problems caused by antisocial behaviour and that many of those properties are in poor condition. The local authority has never mentioned tenants but only bad landlords. If it infers that significant numbers of landlords who have properties within those 12 wards are not dealing with antisocial behaviour in an appropriate manner then it is also inferring that many thousands of tenants occupying the 27,000 properties are causing the antisocial behaviour in the first place. Your board considers this to be an unbelievable accusation and, as members who have properties in the 12 wards will know, it is not an area where there are significant numbers of tenants causing antisocial behaviour or for that matter properties in poor condition. What Brighton & Hove councillors intend to do is impose licensing on all landlords at cost to both landlords and the tenants who occupy those properties.

It is in this background that the judicial review has been applied for. Members will also be aware that it is a requirement that Brighton & Hove City Council prepare a submission for permission to implement Selective Licensing in those 12 wards and that submission has to be sent to the Ministry of Housing Community and Local Government (MHCLG). The local authority submitted its paper in January, but to date no reply has been received from Government. Your association also submitted a substantial paper to that department objecting to the granting of permission to implement Selective Licensing.

Your board also made the decision to make application for permission for a judicial review to the High Court, before the decision had been made by IHCLG because it was unable to ascertain whether the permission had to be made within 3 months following the local authority decision to implement or after the decision made by MHCLG.

Brighton & Hove City Council informed our association's board that we were making the application incorrectly, in that we were making it before the Government department had made the decision whether to grant or refuse the application by Brighton & Hove City Council. It then informed the High Court that our application was out of time. Members will see that Brighton & Hove City Council is doing all it can to object to permission being granted by the High Court.

At a cost of £460 per property, plus all the work involved in preparing the application and floor plans and then the requirements by the council after inspections have been made, this exercise, so far as members are concerned, will be extremely expensive in many cases. If a member owns five properties, the cost of the licence application alone will be £2,300, if a member owns ten properties, the cost will be £4,600 and one can see how high the cost can be if one owns multiple properties.

In the same way, the cost of preparing an application for permission to proceed with a judicial review in the High Court is not cheap. It is no good using the cheapest legal service available, as the local authority using Council Tax payers money can obtain the best legal advice available. Your board has chosen the use a specialist QC and the case has been prepared and submitted to the High Court. As mentioned, responses have also been made to Brighton & Hove City Council and the Government department responsible for making the initial decision on whether permission should be granted.

It would be negligent if the work carried out by board members of your association went without comment. Some board members have spent considerable time in preparing the evidence for the application, analysing reports and statements and then dealing with the legal advisors. For example, three members of the board spent a whole Sunday speaking on the telephone with the QC solicitor and our advising barrister. All of this work has been done voluntarily for the benefit of you, our members.

The Cost

Members will also be aware that we have been seeking donations to support the cost of bringing such action. To date, those costs have exceeded £25,000 and if our application is refused or if granted and we eventually lose the case, the cost could be between £50,000 and £75,000. Our association does not have the reserves to support such a financial commitment and if it was not for certain board members contributing themselves, this case could not go ahead. It is most important therefore for you, as a member, to understand that the only way to oppose such schemes that we consider unlawful is via a judicial review. There is no other option, if local authorities will not work with landlords associations, to find a mutually acceptable solution without reference to courts. If we succeed and we hope that we will, over £14 million in licensing fees alone will be saved by landlords who have properties in the 12 wards. It seems not unreasonable therefore for members to contribute sufficient money to our association, to be able to proceed without having to call on individual board members to make the difference up between donations and the true cost. It is therefore part of the duty of our board to request that members think about the benefits they will receive if we succeed and to contribute monies, to ensure that we can deal with this most serious case without incurring significant costs to the board.

Donations required now. They should be sent to:

iHOWZ, Riverside Centre, River Lawn Road, Tonbridge, TN9 1EP
any cheques should be clearly marked 'Fighting Fund - ' *your membership number*'

Alternatively donations can be paid direct into our account 55149480, sort code '60-21-28 again clearly marked with the reference. We will issue appropriate receipts.

Mike Stimpson's Column

As I sit here preparing my column for the newsletter, I wonder why both Government and local authorities are so opposed to me, as a private landlord. I have been letting properties since 1958 which, if I get it right, is some 60 years. Throughout that time, landlords have never been the flavour of the month, yet have provided essential accommodation in the main for economically poor.

In 1980 the Government at the time introduced a restricted form of an Assured Shorthold Tenancy and in 1988 the whole situation for private landlords changed, with the full implementation of the Assured Shorthold Tenancy (AST). There were flaws in the legislation but in 1996 the biggest flaw was removed, when Government made clear through regulation that any tenancy granted from 1996 was automatically an Assured Shorthold Tenancy and not an Assured Tenancy.

With the implementation of the Assured Shorthold Tenancy, the buy to let landlord appeared and has provided, in the main, good quality accommodation at affordable rents since that time. With the explosion of immigration and the lack of social housing, over the next 20 years there has become a crisis in the housing sector, in that with price increases, properties have become unaffordable to purchase and rents in many cases, because of this, have become unaffordable as well. During that time many social housing providers have been building quality accommodation, not to let but to sell and, in my opinion, have failed to fulfil their obligations and have simply become property companies not wishing to house the vulnerable or the economically poor.

On the other hand, local authorities have not been building properties and even if they have in completely insufficient to deal with the needs of the populations, especially in London and the South East and other pockets within the Country.

Moving forward to the present time, it seems that Government considers that buy to let landlords are not an acceptable face of private renting. It has imposed a 3% surcharge on stamp duty on all additional buy to let purchases and has reduced the ability over 4 years for landlords to claim legitimate interest against their rate of taxation and has altered the formula for which this can be claimed in a manner that will place landlords on a higher level of tax than they would have been, had the Government treated landlords as businesses and given proper relief as in all commercial operations. It has made well known its intention to subdue the 'buy to let' sector and judging by the reduction of residential investors at London auctions, coupled with the massive reduction in loans being granted (the Nationwide reports buy to let loans are down by one third in the past financial year). It is succeeded.

So, what is Government doing to ensure that the housing required is being built and is available not only to those with good incomes but also to the economically poor and in particular those on benefits which have been frozen over the past 5 years.

It seems build to rent is the answer, a special category of property which no doubt will carry many benefits whilst the private rented sector landlords will be penalised by Government/local authorities at every opportunity. One then asks the question, are these build to let rental properties going to be let to the homeless, the economically poor, those on benefits and who are vulnerable, or will those landlords providing that accommodation target the affluent workers? Even if certain properties have to be let at 80% of market value, that level of rent in London and the south east is completely unaffordable to the economically poor, those on benefits, those who are homeless and for many who have jobs being paid the minimum wage. So, as I experience more landlords seeking to sell their property portfolios or not expand, who does the Government expect will pick up that sector of the economy, not wanted by housing associations, social housing providers or the council itself. I am sure that it will expect the private sector landlord to do the job, but I can make it clear that in my case we are not accepting any tenants who cannot provide sufficient financial rent in advance to ensure that if they fail to pay the rent, we can evict them without massive loss.

So, I leave you at this part of my column with the thought. Is it worth being a private landlord and investing your money into property, would you recommend it to a friend or to your family or your children to become private landlords in the current climate?

Once again in my column, I cannot but refer to Brighton & Hove City Council. It has come to my attention that when landlords are renewing licences for houses in multiple occupation, the inspectors are ensuring that rooms meet the minimum size standards due to be introduced in October 2018. Rooms that the council itself had been perfectly happy to be let over the past 15 years are now being closed down, for no better reason that Brighton & Hove City Council wishes to impose, to the letter, a law that does not come in until October 2018. As mentioned in this newsletter already, local authorities do not like private landlords. Local authorities are closing perfectly good sleeping accommodation, when it knows that there is a crisis for accommodation. Every room closed is a loss of accommodation, every room closed normally means that the landlord will charge the other tenants the lost rent to ensure that there is no loss of income. Brighton & Hove City councillors will say, Mike Stimpson is quite happy to have people sleeping in unsuitable accommodation. That is not the case, what I expect a local authority to do is to use judgement and not simply apply regulations that have yet to be implemented. It seems that the local authority inspectors have been given the task of closing as many rooms on the edges of being acceptable when in the past 15 years they have been approved by the council for letting. It is as though it doesn't matter, but every single room closed is another piece of accommodation lost. It is as though Brighton & Hove City Council are in a dream world and think there is no crisis, but of course there is a crisis but to make the private landlords lot more difficult is their objective and not to house as many people in acceptable accommodation as possible.

My final comment is about rent increases. It seems that both Government and local authorities consider that if the private rented sector continues to exist then it should be a not for profit organisation. For example, the 3% surcharge on new purchases is in effect causing a rental increase on those properties purchased. The 12.5% tax on insurance causes rents to be increased, as does the Government's permission to give local authorities carte blanche to increase council tax by 6%. Government cannot have it all ways. If Government and local authorities impose increases in costs then landlords are perfectly entitled to pass those costs on to the tenants and receive an adequate return on their investment.

Finally, there seems to be a belief that if enough student accommodation is provided then landlords will be forced to let their previous small HMOs to families at affordable rents. Our association has informed Brighton & Hove City Council on numerous occasions that landlords who have small HMOs will never revert to letting them to families. They will either let to sharers who are working or alternatively dispose of that property to another landlord. The cost of the accommodation in some of these build to rent student blocks is astronomical and the private landlord offers a viable alternative at a reasonable rent. What is going to happen is that it will be the student blocks that have the vacancies and the private landlords that have the tenants.

May I wish you all success for the future.

Mike Stimpson

Client Money Protection

We have always warned members about the potential problems of allowing an agent to let your property if that agent doesn't belong to some form of Client Money Protection (CMP). For example all ARLA agents have automatic CMP, but many small independent agents don't. So if they are unfortunate enough to cease trading owing you money you would have to join the long list of creditors.

CPM means that in this event any landlord (or tenant) owed money would be paid from the CMP scheme.
The Government consulted on making membership of a CMP mandatory for all agents, and they have now legislated for this so that this will come into place April 1st 2019.

Note that this is in addition to all agents currently having to belong to a Property Redress Scheme.

Property Redress Scheme (PRS)

The requirement for all agents to be a member of one of the three PRS schemes came into place 3 years ago and is intended as a mechanism for a client (landlord or tenant) to make a legitimate complaint about an agent. And contrary to belief it does have teeth.

If a scheme rules against an agent they have the power to levy an award of up to £25,000, although lower awards are more likely. In addition an agent can be expelled from the scheme, and they are unlikely to get accepted by another scheme – all the schemes publish a list of expelled agents.

An agent has to belong to a scheme to continue trading, so expulsion sounds the death knell for them as if they continue trading they are likely to being fined £5,000 and ultimately being closed down by the Local Authority. Government is now strongly thinking of making it mandatory for all landlords to belong to a PRS; we will keep you advised.

Letting Fee Ban

The Tenants Fee Bill is currently making its way through Parliament. It is proposing two main things:

- Firstly, the bill introduces a ban on all upfront fees. Landlords and letting agents would be banned from charging any fees other than:
  - the rent
  - a refundable security deposit
  - a refundable holding deposit
  - default fees' if a tenant breaches a clause in their tenancy agreement (e.g. losing a key or missing a rent payment)

  In practice, this would mean that tenants can no longer be charged fees for setting up or renewing a tenancy.
- Secondly, the bill introduces a cap on deposits. Landlords and letting agents will only be allowed to charge a maximum of six weeks' rent for security deposits, and one week's rent for holding deposits. The bill also sets out guidance on when landlords and letting agents should return holding deposits to tenants.

Local authorities will be responsible for ensuring landlords and letting agents comply with the legislation. Anyone who breaches these laws could be fined up to £5,000 for a first offence – and there are more severe penalties, like the threat of criminal prosecution, for those who commit multiple offences.

There it is not known when this will come into place, but many agents are staring to prepare for this now. It is likely that the charges to landlords will increase.
Many agents would make increased fees by renewing tenancies when they

‘expire’. Please note that we need to dispel one commonly held thought. If you issue a Fixed Term agreement (as most people will do) there is no legal necessity to renew it when the term comes to an end. If left it will continue as a Periodic Tenancy, which is quite legal. Note that it could continue as a Contractual Periodic Tenancy (i.e. it is in the contract (the AST) that it will become a Periodic Tenancy). If the agreement is silent as to what happens at the end of a Fixed Term it will become a Statutory Periodic Tenancy (i.e. Periodic by Statute (by law)). If allowed to become a Statutory Periodic it is possible the landlord would become liable for the Council Tax in the event of the tenant defaulting – best to always have Fixed Term of 6 months or more, followed by a Contractual Periodic; that way the tenant is always responsible for the Council Tax.

Right to Rent

We need to remind you to make your best efforts to ensure anyone over the age of 18 living in your property is entitled to be in the country.

Note we said ‘living’. This applies to anyone occupying your property, not just anyone named on the AST. Since the beginning of 2016 landlords have been subject to 405 fines, at an average of £650 each. So ensure you don’t become a statistic.

Landlords Are Starting to Quit

A recent study by AXA insurance has been reported by ARLA. AXA’s research shows that more than 40 per cent of landlords believe they will be worse off as a result of the changes. This is despite the UK Government’s assurances that 82 per cent will not have any additional tax to pay.

The consequence is that many are planning to leave the industry, with up to half planning to leave by 2020. Twenty one per cent said they plan to sell all their rental properties, ten per cent will reduce their portfolio, and seven per cent will switch to commercial property ownership, which is perceived as a safer option. A further eight per cent say they will transfer ownership of their rental property to their spouse or other family member who is in a lower tax bracket as a way of avoiding extra tax.

And Evictions Are on the Increase

We have seen a frightening number of questions on the help line about evictions, which seems to back up the AXA research (above).The main advice we always give is to do it correctly, else the eviction might fail, leading to even more stress and debt for the landlord.

Don’t forget the new iHowz eviction service, discounted for members. If you need more information email us at **notices@ihowz.uk**

Charges At The End of a Tenancy

Whether you take a deposit or not, you can only charge for matters at the end of the tenancy that are stated in the AST. So ensure your AST is correct, else you might be out of pocket.
Also be careful how you deal with any property the tenant leaves behind. Use the correct protocol, ask us if unsure.

Be Careful When You Issue the Gas Certificate.

There is an anomaly in the law whereby you must ensure you issue the gas certificate (CP12) on a new tenant before they occupy the property. There was a recent court case in London where the landlord had issued the CP12 after occupation and the Judge refused to allow the Section 21.

So there is a danger if you can't prove you issued the CP12 prior to occupation you might never be able to use a Section 21. If you don't have gas it is advisable to prove it by adding a statement to the inventory that no gas is in the property and getting the tenant to sign for that.

Were You Late?

You're probably tired of hearing about GDPR, the new Data Protection law that came into place on May 25th. Even if you didn't do anything, it's still not too late. It is unclear if you have to register with the Information Commission Office (ICO) if you keep nothing electronically. If you take the short assessment on their web site it says that you are not affected; however elsewhere in the site it says that everyone must register.

Our advice is to take the short test and print off the screen that tells you not to register; then if anything happens in the future you can produce the screen shot as evidence of not registering.
Note that if you keep anything electronically, even if only letters to tenants, you will need to register.
Contact us to get the fact sheet.
iHowz are also affected by this. We keep members details on computer, so have contacted all previous members to seek their permission to retain this data. As an existing member we have a legitimate reason to retain the data, so have not contacted you in person. Note that a full copy of the iHowz Privacy Statement can be seen on the web site, or you can contact us to have one sent to you, but in brief:

- iHowz retain data electronically to allow them to carry out their business as a Landlord Association.
- The only third parties we share information with are:-
  - Alan Boswell Group, to confirm current membership to allow members to get their iHowz insurance discount;
  - To confirm current accreditation to any Local Authority willing to offer a discount to an iHowz accredited landlord.
- If demanded we would have to reveal details to HM Revenue and Customs.
- Any member stopping their iHowz membership can request to be removed from the mailing list; or even have their details removed completely.

Shadow Housing Minister Pushes For Maximum 3 Week Deposit

The Tenant Fees Bill is being debated in Parliament, in which it is proposed that a landlord will not be able to charge for more than 6 weeks rent as a deposit.

However, Shadow Housing Minister, Melanie Onn, wants this to be a 3 week maximum saying:

"Labour is fighting for a new three-week limit for rent deposits. The current deal for private renters is unacceptable. Labour in government would do more to protect them."

We urge members to look at insurance alternatives to taking a deposit.

Ring Boswells on 01732 56 56 04

And Finally, Some Good News

It has always been difficult getting the Gas Safety Inspection done, without wasting some of the old 12 month certificate.

It is now possible to get a certificate issued up to 2 months prior to the end of the old certificate, and to get it to run on consecutively. Exactly as you can for an MoT certificate.

Around

The Branches

Brighton and Hove Branch: Gary Waller

When Disaster Strikes

The housing stock in Brighton and Hove is mainly pre war, and that is not the second world war but the first world war. Most of my rental stock of terraced houses in the centre of Brighton was built before 1905. The shear age of the properties comes with its own set of problems in higher levels of maintenance. It requires care and thought when maintaining the house. A few examples are that if you replace a slate roof with a modern tiled roof then cement tiles are up to 10 times the weight of slate and you need to reinforce the roof trusses. If you replace a sash window with a uPVC window, then frequently the old sash window was both lintel (it supports the walls above) and well as window, a new uPVC window often does not have the strength of the old wooden sash window so you have to install a concrete lintel.

An all to frequent problem is that all older houses have ceilings made of lath and plaster. This is thin 2.5 cm strips of wood nailed to each ceiling joist that is then plastered over. The plaster seeps between the laths. This old way of making ceilings means that the ceiling is very heavy, as the plaster is generally put on, up to 2.5cm (1-inch) thick, as the house ages, and perhaps suffers from vibration these old ceilings can have a nasty habit of falling down. A group of my tenants phoned me at 9:15 am one Monday morning three weeks ago to say that a large piece of the lounge ceiling had fallen down. If the ceiling coming down is not bad enough then it brings down 120 year old black dust trapped in the floor void that can cover everything.

In this case we were able to get round to the house immediately, clear up the immediate mess, cover everything with dust sheets and then by the end of Monday bring down the rest of the ceiling and all the laths. By the end of a very long Monday the lounge was back into a reasonable state. The dust had also covered the kitchen, so despite a quick clean I gave the tenants money for Pizzas that night. By the end of Tuesday a couple of new sheets of plasterboard were up, the electricians had done first fix and the house and kitchen were in a reasonably clean state. The new plaster board was up by then end of Wednesday and the ceiling plastered on Thursday. New lights, smoke alarm, coving and a professional clean followed. I agreed money off the tenants rent and now hopefully everything is back to normal.

We all have to be prepared for the unexpected, problems happen in life, tenants and landlords need to be reasonable and maintain a dialogue when disaster strikes. No I did not claim on my insurance, I just have a large hole in my wallet!

Homelessness Reduction Act

Ruth Robertson, Early Intervention Coordinator, Brighton and Hove City Council

When does homelessness really start? Often we associate homelessness with living on the street or 'sofa surfing' which is when people are without a formal tenancy and live, day to day in different places, relying commonly on friends or family to 'put them up' for a few nights. However a few nights can lead to a few months leading to forced evictions and relationship breakdowns. Recent welfare reforms such as universal credit coupled with the high cost of accommodation can lead to a mixing pot of issues for the average person or family looking for accommodation in Brighton & Hove.

In response to the new Homelessness Reduction Act which came into effect on 3rd April 2018, Councils are getting involved earlier and looking at what is required to resolve the issues and or help someone to move to alternative accommodation when people are at risk of homelessness. When people are facing an issue such as losing their job, this might mean that they are later at risk of losing their home as well. We give advice at the earliest possible time and try to help people either stay in their current accommodation or make a planned move to a more suitable accommodation.

We have developed 'real world' tenancy training sessions to support people looking for private rented accommodation. These sessions are given by staff who have experience in managing property and estate agencies. They understand and communicate the reality of private renting and can advise people who are looking for a home on what local landlords are looking for.

We recommend tenants sign the tenancy pledge. This is a document which allows landlords to contact us at the first sign of issues with a tenancy. This contact will then enable the council to contact the tenant to check everything is ok and wherever possible to offer timely support. Early intervention in this sense allows us to intervene before anyone is at risk of eviction.

If you have got into arrears or have recently transitioned to universal credit, we may be able to help. We can set up direct payments to landlords via universal credit to prevent further arrears building up. We have a housing link worker based at the job centre dedicated to housing issues, and are forming positive relationships with the universal credit teams to quickly resolve payment issues which can affect landlords.

We recognise the value and contribution of private landlords and the private rented market. We are currently reaching out to estate agents and landlords in the city offering bespoke and creative solutions to save on the often unnecessary cost of crisis led evictions and support tenants.

To prevent homelessness at an early stage requires the support of various groups and the community, The council is often the last to hear when it is too late to resolve matters. If the city works together we can prevent homelessness.

For more information please contact **earlyintervention@brighton-hove.gov.uk**

Brighton & Hove City Council Direct Letting Scheme

We also offer The Direct Letting Scheme which is open to all landlords with properties to rent in and around Brighton & Hove. The scheme has been set up to help our pool of prospective tenants who are eager to access privately rented accommodation. All of these tenants have been assessed by our Housing Options Officers and have access to financial assistance to help them to start a tenancy. The number of tenants we have ready to move into your property means that you won't have to worry about costly void periods.

The benefits of this scheme; this is a free service for landlords, there is no commission and no fees, just a fast matching service to reduce your empty property costs. You are able to set the rent in line with the current local market. Once your property has been approved, viewings will be arranged immediately. Tenants can access our 'Deposit Guarantee Scheme' (DGS) in place of a normal cash deposit, meaning that you avoid the administration fee and other costs of the mandatory National Deposit Scheme. We provide a guarantee confirming that the cost of any damage or neglect to the property will be covered up to the value of six weeks rent. We will also provide a free, professional full photographic inventory. If you prefer, you can ask for a traditional cash deposit. Rent payments are made in advance.

All prospective tenants are people who have come to the council asking for help with their accommodation. By signing up to the Direct Lettings Scheme you will be helping people in housing need. Your tenants will be helped to set up the tenancy, to make sure that they can afford the rent, as well as being given support after they move if they need it. As landlord, you will have the final say over the tenants you accommodate.

For information on early intervention or to refer your self or tenant please contact **earlyintervention@brighton-hove.gov.uk**

To talk to someone regarding the direct lets scheme contact **Paul.lucas@brighton-hove.gov.uk** or **georgie.nye@brighton-hove.gov.uk**

We are also asking Landlords to feedback on their experiences with Universal credit please contact **ruth.robertson@brighton-hove.gov.uk** to discuss any concerns or feedback you may have.

Landlord Incorporation Out of the Frying Pan and into the Fire!

Since the introduction of the 3% Stamp Duty (SDLT) uplift and George Osborne's now infamous S24 landlord tax and everything that went with it, such as the removal of the wear & tear allowance, and the additional 10% Capital Gains Tax (CGT) surcharge for 'investment' assets, landlords have certainly been feeling the heat.

So, what should you do about being every politicians' whipping boy'? A simple Google search will reveal that landlords are being told that the only answer is to incorporate, i.e. move their property portfolio into a limited company. As limited companies can deduct 100% of their finance costs and the like, that would be the obvious thing to do. The trouble is that what landlords are not being told is that incorporation is a one-way street and will be the most expensive 'business' decision/ mistake they ever make. Talk about jumping out of the frying pan and into the fire!

Here's why. Apart from the transactional costs and the significantly higher tax regime that you'll eventually find yourself in, you'll have to qualify for what is known as S162 Incorporation Relief. In basic terms, that means the transfer of ownership of all your ‘investment’ properties at the same time from being in your name, to that of your limited company without having to pay CGT or SDLT in the process. By the way, you can’t transfer properties one at time, incorporation and S162 is an all or nothing one-way street.

Pretty much up until the end of 2017 HMRC was happy to give non-statutory clearance for S162 applications, meaning that you had the certainty that there wouldn’t be a massive and wholly unexpected tax bill upon completion. Sadly, that’s no longer the case, which means that you won’t know whether you have a tax bill or how much it’s likely to be until it’s too late to stop. BTW, there’s no way back once you incorporate and, as you’ll see later, the tax position gets progressively worse.

If, perchance, you’re being told that by using a Beneficial Interest Company Trust (BICT) you can avoid the need to remortgage, then think again. BICTs constitute a breach of your mortgage terms and conditions, and some lenders have powers to call in the debt if any others do so even if your account with them is otherwise in good order.

The value of your time to one side, moving from being a private landlord to a corporate one will incur you in transactional costs e.g. lenders fees, legal fees, CGT and SDLT.

The Tax Position

Limited Companies and the individuals within them are taxed up to seven different taxes including Corporation tax, Income tax, CGT and National Insurance.

Thankfully though, there are alternatives to outright incorporation. You could simply stay as you are; not every landlord will suffer, and those on basic-rate tax with small loan to values should be ok, albeit IHT and CGT will most likely remain a problem.

If, however, your goal is to maximise the commercial benefits of building, running, and growing a recognised professional property business that’s fully in line with stated Government policy, and to pass it on as intact as possible to the next generation without suffering the huge disadvantages associated with Incorporation, then a ‘hybrid’ approach could work for you.

When properly arranged and managed, hybrid tax and property ownership delivers a recognised business arrangement that means: -compliant with both the letter and spirit of the lawTo see if Less Tax 4 Landlords can help you, visit our website and complete our Free Assessment.

Less Tax for Landlords Limited
Switchboard : - 0203 735 2940

Email: - info@lesstaxforlandlords.co.uk
Web: - www. lesstaxforlandlords.co.uk

Less Tax 4 Landlords®

Meeting Venues

London Social
First Tuesday of every month, commencing 6.30 pm. To be held upstairs at the Constitution
42 Churton Street, SW1V 2LP. Tel: 020 7834 365.
Note the change from the first Monday of the month – the venue remains the same.

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, see web site for times.
81 Denmark Villas, Hove, BN3 3HT (Easy Parking in Hove Station)

Southampton
Meetings are at Highfield House Hotel, see web site for times.
Eastleigh Rooms, The Concorde, The Old Schoolhouse, Stoneham Lane, Eastleigh, Hampshire, SO50 9HQ.

Meetings/Exhibitions 2018

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

- Thursday June 14th – Landlord and Investor Show (Olympia)
- Monday June 18th – Ashford Landlords Forum, many speakers
- Tuesday July 3rd – London Social
- Thursday July 5th – Thanet Social
- Friday July 6th – Llas BBQ and Social
- Thursday August 2nd – Thanet Social
- Tuesday August 7th – London Social
- Tuesday September 4th – London Social
- Thursday September 6th – Thanet Social
- Monday September 17th – Southampton Branch Meeting
- Thursday September 20th – Brighton & Hove Social
- Tuesday October 2nd – London Social
- Thursday October 4th – Thanet Social
- Fri/Sat Oct 5/6th – Property Investor Show, Excel
- Wednesday October 10th – Shepway Landlords Forum
- Thursday November 1st – Thanet Social
- Tuesday November 6th – London Social
- Tuesday November 6th – Landlord and Investor Show (Olympia)
- Monday November 12th – Brighton Branch Meeting
- Monday November 19th – Southampton Branch Meeting
- Tuesday December 4th – London Social
- Thursday December 5th – Thanet Social