



# The Professional Association for Landlords

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## Section 21

***Everyone should participate in the section 21 consultation.***

The (previous) Government announced their intention of scrapping the Section 21 (S21), and to substantially improve the Section 8 (S8).

Whilst I wouldn't say that new (Johnson) Government has a different view on this, they appear to have a softer view.

Prior to the re-shuffle Theresa Villiers MP (DEFRA Secretary) speaking during BEIS oral questions on 30th April 2019: *"What discussions has the Minister had with landlords running small businesses about the proposed abolition of section 21 notices? We all want to help renters, but we need to take care that we do not pass new laws that might actually make it harder for vulnerable people to get rented accommodation."*

Also, on 3<sup>rd</sup> May 2016, speaking during a debate initiated by Maria Caulfield MP on letting agent fees and deposits, the new HCLG Secretary, Robert Jenrick MP, said: *"Does she appreciate...that estate agents are making around 40% of their income from lettings fees, so if we abolish or cap them, those costs will only be passed on to the tenant in a different way, principally through higher rents from the landlord? There are perhaps two answers. She has already alighted on one, which is to try to **encourage—not mandate, but encourage—longer tenancies**. Secondly, this House should be much more cautious in future about increasing the regulatory burden on landlords, so that letting agents do not have so many items to check off before they can get tenants into properties; I am thinking, for example, of the right to rent changes brought in recently, which put extra costs and burdens on landlords and letting agents."*

Finally, on 11<sup>th</sup> June 2014 the new PM used Mayor's Question Time in London to say of the PRS: *"I do not want to get into the business of trying to over-regulate a market that needs to develop. We need to expand the supply of private rented accommodation in London and we need to encourage investors to help us build hundreds of thousands more homes in London, many of them for private rent as well as for affordable rent."*

The obvious question is will this view prevail? **We urge you to participate in the consultation before it closes on October 12<sup>th</sup>**. Google 'A new deal for renting'. This tends to concentrate on improving the Section 8, and you need to make time

available to complete it. iHowz have concentrated on the difficulty of evicting Anti-Social tenants without the S21 procedure, additionally many landlords will be hesitant about taking on a tenant unless they are very secure – the end result will be that the socially disadvantaged tenants will find it very difficult to find tenancies in the future.

We at iHowz are pressing the Government to introduce an Accelerated Procedure for a S8 as currently used for the S21, especially when a S8 is uncontested by the tenant. Having to always go to court is a waste of courts time as well as the landlords.

As many of the recent legislation aimed at bad landlords, it is the tenant who suffers.

It will help if you write to your MP with any concerns about the potential loss of the Section 21. Note however that The Conservative Party has prepared a standard response for its MPs to send to landlords contacting them about the Section 21 proposals:-

- It notes that they (MPs): *“very much appreciate the vital role that landlords play in the housing market by providing homes for 4.5 million households in the private rented sector”*.
- That said, notes that they: *“believe it is right to acknowledge the concerns of renters”* and as such are: *“encouraged that the Government will consult on new legislation to abolish Section 21 evictions.”* It goes on to say that: *“Section 21 evictions are one of the largest causes of family homelessness and its abolition would provide greater certainty for tenants by establishing a practice of open-ended tenancies.”*
- The reply concludes: *“I recognise that landlords have concerns about the effectiveness of the Section 8 process for evictions. The Government has expressed plans to amend Section 8 to ensure that landlords may end tenancies with confidence where there are legitimate grounds for doing so. Court processes will also be expedited to ensure that disputes are resolved quickly and smoothly. I would also note that only 6.6 per cent of tenancies ended in 2018 were due to a tenant eviction, and that over half of all landlords responding to the Government’s consultation reported no difficulties repossessing a property through the courts.”*

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## **The UK PRS is now larger than the GDP of some countries**

It is worth remembering that the Private Rented Sector (PRS) is now very large.

Research commissioned by PropTech firm Bunk - which markets a rental app handling advertising, tenant referencing and management of properties to let - estimates that there are now just over 5.2m private tenants in the UK.

When multiplying the number of tenants

in each county of the UK by the average annual rental cost, the estimated annual value of rental payments in the private sector is a huge £51.9 billion.

Tenants' financial contribution to the UK economy is larger than the GDP of Myanmar (£51.8 billion) and even affluent Luxembourg (£48.1 billion) as well as countries as varied as Panama, Uruguay, Costa Rica, Bulgaria and Croatia.

The UK rental sector's contribution to the national economy also surpasses the commercial might of a number of FTSE 100 companies.

So hopefully this should remind ministers they are dealing with a very important part of the economy.

## Property Purchase

Yet another hidden regulation. Members may not know that regulations have been introduced that when you purchase a property for personal occupation but do not sell your existing home at the same time you will be required to pay an additional 3% stamp duty which is recoverable when you sell your existing home within a three-year period. However, if you fail to sell your existing home within nine months of purchasing your new home you will be required to pay capital gains tax on your old home. This used to be 18 months in which to sell your old home, but today it's nine months and the effect could well be that if a potential sale of your old home fell through you could well fall foul of the nine-month law and be caught for capital gains tax. Once again it seems government are treating property owners as cash cows by introducing such unreasonable legislation.

## Protecting Landlords Against the Fee Ban

The Tenant Fees Act came into force on Saturday 1<sup>st</sup> July 2019. It bans letting agents and landlords from charging fees to tenants. Below are details of such items included in the act:

- Charging for guarantor form
- Credit checks
- Inventories
- Cleaning services
- Referencing
- Professional cleaning

- Having the property de-flea'd as a condition of allowing pets in the property
- Admin charges
- Requirements to have specific insurance providers
- Gardening services

Members should ensure that the rental charged reflects any costs in respect of the above bullet points but must not add on fees otherwise it will be a breach of the Act. Members who fail to comply with the regulations will not be able to use the Section 21 procedure and in addition could lead to an initial fine of up to £5,000, with any further breach being treated as a criminal offence with unlimited fines.

“ As is typical with government when dealing with landlords fines are totally disproportionate to the situation and in banning the use of the Section 21 together with a fine of up to £5,000 for a first offence is a double penalty and it seems that government considers that landlords should be penalised more than once if they commit a breach of this Act, whilst tenants can literally do as they wish with no penalties applied. Members need to be extremely careful in this area of legislation for legal aid solicitors will look for every opportunity to prosecute even for the most minor error. ”

## Affordable Housing - What Does it Really Represent?

Providing affordable housing as part of a new build/redevelopment is set by government at 80% of the rental market value. In the opinion of iHowz this does not represent affordable accommodation but is simply market rents less 20%, and certainly not affordable by people on low wages or

in receipt of benefits. It is about time that government stopped using words such as 'affordable' when it knows perfectly well that such an expression is misleading and does not include a very significant number of working people and certainly mostly of those who are in receipt of either Local Housing Allowance or Universal Credit. If government is serious about affordable housing it should be setting the rents that are chargeable on build to rent properties at a far more realistic figure otherwise the only people able to rent in such properties will be professionals, and a significant number of lower paid workers and all in receipt of Universal Credit or Housing Allowance will be excluded from such properties and their choice will either be social housing or, if government has their way, private landlords.

To disguise the reality of market rents less 20% as affordable rents does no credit to government and misleads people in thinking that such rents are really affordable to the majority when they are not.

## Gas Certificate (CP12)

You may be aware that an appeal case last year (*Caridon Property Ltd v Monty Schooltz*) held that the landlords' failure to provide the gas safety certificate before the tenant occupied the property was a breach that could not be rectified later. It meant that the section 21 procedure was not available to the landlord at all.

There has now been a new case (*Trecarrell House Limited v Rouncefield* (B5/2019/0499) which is slightly more complicated than the landlord contested they did not need to serve a CP12 as there was 'there was no gas appliance in the demised property'. The original Judge (Deputy District Judge Rutherford) granted the eviction order 'provided

*the gas safety certificate was given to the tenant before service of the section 21 notice then the notice was valid. The judge took the view that the relevant legislation and regulations did not prevent a landlord from remedying a breach before serving a valid notice.'*

The tenant appealed citing the above ruling.

This latest case has now been granted time for an appeal on the basis that so long as the gas safety certificate is provided before the Section 21 notice is served, then it is valid. It argues that the case could breach a landlord's rights under the European Convention on Human Rights on the basis that it deprives them of their possession.

The landlord has launched a crowd funding appeal to allow this case to go ahead. If you want to make a contribution you can see the appeal at [www.crowdjustice.com/case/protectingsection21rights](http://www.crowdjustice.com/case/protectingsection21rights) note that you have until September 20th to make a contribution.

## New How to Rent Guide

The Government have made some minor amendments to the How to Rent Guide. The new version can be seen in the members section of the web, and should be used for all new AST's from August 7th. Confusingly it is marked as updated May 2019 – but it is the correct version.

Note that it is not considered necessary to re-issue to any existing tenancy, unless a Section 21 is being served, in which case we recommend re-issuing all the required documents, including the latest version of the How to Rent guide.

Please note that the How to guide to be issued is the one entitled How to rent: the checklist for renting in England. Do not get it confused with How to rent a safe home which confusingly is a similar colour.

# Around

## The Branches



### Brighton and Hove Branch: Gary Waller

I am recovering after a busy summer with five student houses vacating. We have the process running pretty smoothly, the tenants vacate, the inventory company goes in and carries out the check out inventory, we then have the cleaners go and clean the property, oven, bathroom etc. I have then started using a gardening company who then tidy the garden. I then ask the tenants if they want to pay the service companies direct or want to pay from their deposits. In all cases they want to pay from their deposits. I make no charges for my time.

Once we have the house back and cleaned we then go in and do any decorating and repairs and then any improvements. With the very competitive market for the third year running I have spent considerable money on improvements, new bathroom in one house, new fridges, sofa, some new beds, plenty of rooms had new carpets and two houses got new hall and stair carpet.

I have been rewarded by the inventory company saying my properties are in the top 10% of the properties they see, but this all comes at a considerable financial cost that has taken a big hit on my profits for the last few years, could I get a better return elsewhere?

The student market in Brighton has been a real struggle this year, there is massive oversupply of property with one agent saying that there were over 560 properties on Rightmove available at the start of September. Next year when the bulk of the additional 4,500 beds start coming online from developments like Circus Street, Preston Barracks, Hollingdean Road it could be a real struggle.

What students want has changed over the year, they now go and view at least half a dozen properties, and are careful on what they are paying for the rent. The message is clear if you are letting property outside of the central zone or if your properties are filled with tatty carpets and old furniture you are going to struggle to fill them.

Student numbers have not been helped by Brexit, the uncertainty is keeping European students away and even the Chinese students seem to be here in reduced numbers. Sussex University has capped student numbers at 18,000 but is actually struggling to fill many of its courses. Many youngsters are starting to question what they are getting for their £9,250 in tuition fees, and are not sure that it is offering good value for money.

So where do we go from here, the rental market in Brighton and Hove is flooded with



property. Well, consider making improvements to your property, think carefully about the rent you are charging, think very long and hard before you spent £50K plus adding those extra rooms in the roof, are you going to be able to fill them. Then as with any business what is your exit strategy.

From a non representative sample of calls to the helpline we do have a pretty reasonable number of landlords exiting the market, many have seen good capital returns over the last 20 years and are now banking that profit. There is fear that a Labour government will implement a right to buy scheme for tenants.

Still it is not all doom and gloom, people will always want good quality, reasonably priced property to rent, no one is going to build enough new property to solve the housing crisis in the South East any time soon. You just need to be extra careful in choosing your new tenants and ensure that your property offering is competitive. But it seems clear that you are not going to match the return achieved over previous years.

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## **Local Brighton news**

### **Licensing**

Members will be well aware that your association, on its own and without the assistance either financially or otherwise of any other association, successfully stopped the implementation of selective licensing in the city of Brighton and Hove, saving members over £12 million in licensing fees alone.

We are informed that the current situation is that the council is examining ways in which it might be again prepared to consult on selective licensing and in doing so ensure that it would be successful if a legal challenge was again brought against it.

In the opinion of iHowz, Brighton and Hove Council have no grounds for introducing selective licensing throughout the city, and should they again propose to do so it will be vigorously opposed. iHowz is always prepared to work with Brighton and Hove City Council to improve our centre but must always stand up against unreasonable/unfair proposals affecting our members.

### **Mike Stimpson Comments:**

Having successfully stopped the implementation of selective licensing to the financial benefit of all residential

landlords in the city, iHowz is surprised that more landlords have not joined our association and are prepared as a result to pay towards the cost of running an association which does its absolute best to promote their interests. It seems that many landlords expect iHowz to represent them, pay the costs of doing so without their either joining or contributing to ensure success.

## **Checking the Planning Status of Large Houses in Multiple Occupation**

Over the last 12 months or so Brighton and Hove City Council have been sending formal notices for breach of planning regulations concerning significant numbers of large HMOs (those with six or more occupants) which require planning permission.

No consultation has taken place with iHowz who have sought information from the local authority as to why and for what purpose such an exercise is being undertaken. The planning department is already under great pressure to meet its legal obligations in respect of requests for planning permission yet it seems that properties that have been operated as large HMOs for decades, those landlords

are now being told or at least inferred they do not having planning permission for the use. Brighton and Hove City Council will be aware that when licensing those properties, all of which have required to be licensed for over 10 years, automatically have established use, and to spend time and effort chasing landlords asking what could be described as ridiculous questions in many cases is not only a waste of time for landlords, it is also wasted public money that could well be used in a much better way. Once again this demonstrates the attitude of the local authority towards private landlords and does not bode well for a good relationship.

## Brighton and Hove Social Housing

It has been reported that some 11 one-bedroom houses and one two-bedroom house have been built on what was otherwise car parking in central Brighton. It is reported that all of those properties have now been let, but what has not been mentioned is whether those properties have been let to homeless people, people on the housing list and at what rent. Were they let at market rents less 20% or really affordable rents at Local Housing Allowance level? IHowz are asking the council to provide information as to whether those properties have really been let at social rents.

### Mike Stimpson Comments:

Most members will be aware that I have been a residential landlord since the late 1950s. During that time I have seen massive changes in the way in which private landlords have been regulated by various governments.

It was only with the introduction of the 1988 Housing Act that the industry began once again to grow directly as a result of assured/assured shorthold tenancies being introduced and with landlords at

last being able to charge proper market rents for their properties. Successive governments have since that date assured landlords that they would not:

(a) remove the right of landlords to end tenancies with two months' notice following the fixed term without having to give good reason for so doing;

(b) governments have also assured landlords that market rents will apply and return to controlled/regulated rents would not happen.

It is with dismay that I find this government in particular reneging on their assertions that it would never take away the right of landlords to obtain possession of their properties without having to give good reason for so doing, in other words making all future tenancies, if its proposals become law, assured tenancies whereby a tenant will have the right, provided he/she complies with the tenancy agreement, to stay in the property as long as they wish.

Government in its consultation paper gives the impression that all tenants comply with the terms of the agreement and which many members will know is completely untrue. Organisations like Shelter promote tenants as being all good and often landlords as untrustworthy and many as bad landlords. Shelter, it appears, has the ear of government and its top priority, it seems, is to ensure that tenants cannot easily be evicted from their accommodation.

On the other hand, landlords by regulation are forced to comply with the law with penalties if they fail to do so. It should be said that many landlords never have any problems with their tenants and that most tenants have no problems with their landlords. Tenancies run on for years on a trust basis and government itself recommends that once a fixed

term has expired landlords should allow tenancies to roll on as periodic tenancies and not incur costs of renewing tenancy agreements (which at that time would be a cost to the tenant).

What government have overlooked is the tenant who wishes to seek accommodation in the private sector but has no money for a deposit, rent in advance, no history, no references, and often finds it difficult to give a next of kin. Many members house such people knowing that if they become a problem they can be evicted under the Section 21 procedure. Those landlords, if the Section 21 procedure is removed, will be well advised not to take a chance on such tenants and leave it to government to deal with the accommodation needs of such people.

It seems that if the Section 21 procedure is removed then the only way to get rid of an unsatisfactory tenant will be through the courts and that means court hearings and evidence which in many cases of such tenants will be difficult to provide for the following reasons:

(a) If it be antisocial behaviour experiences show that other tenants are not prepared to attend court or give statements in fear of repercussions if the tenant is allowed to remain in the property.

(b) That often such tenants do not themselves act irresponsibly but bring in others who cause significant antisocial behaviour which would be difficult if not impossible to prove in a court of law and in any event should not be necessary.

(c) A good number of such tenants have problems, either mental or related to drugs/alcohol, which in themselves do not amount to such that a court would grant possession but are significant enough for a landlord not to wish to retain such tenants.

(d) Many organisations such as YMCA and charities that provide accommodation for people with drink/drug/mental problems trust that private landlords will take on those clients one they have passed through their accommodation however, if landlords cannot get possession easily in the event of problems that source of moving tenants on will cease to exist.

(e) Charities such as St Mungo's have been paid significant sums by government to get private landlords to house people who are homeless. Those landlords who take a chance have no recompense either financially or socially and would be well advised if Section 21 is removed not to accept any tenants from such charities.

(f) Government has removed funding either to local authorities or directly to charities giving them no opportunity to give assistance to those in need of housing and landlords, if taking tenants from such charities can only be given information about the potential tenants from what that charity can gain by interview, the result being that the charity cannot even give a sort of guarantee that the tenant will act responsibly. Again, landlords will be well advised not to accept such tenants in the event of the removal of the Section 21 procedure.

With a new name, the National Residential Landlords' Association, the questions that then come up are whether we should be part of that organisation or affiliated to it on national matters or go it alone. Your views will be welcome.





# Labour Reveals Five Point Plan to Organise Tenants Against Landlords

Party leader Jeremy Corbyn recently tweeted about “five ways to take on rogue landlords” - and the video he links to pulls no punches about what he and Labour appear to think about those who operate the private rental sector.

The video then outlines Labour's five steps to tackling rogue buy to let operators.

1. **Build Relationships** - it encourages tenants to knock on the doors of other tenants to see if they have similar problems.;
2. **Tell Stories** - one male figure in the video says that by telling personal stories it “gets people emotionally involved”;
3. **Know Your Rights** - this talks of finding sympathetic lawyers or the local Citizens Advice Bureau or others who can be “mobilised” to help tenants;
4. **Find Your Labour Party Community Organisers** - one of these is quoted that people have come together “to fight for their futures”;
5. **Escalate Your Actions** - this section talks of meetings, social media activity and petitions to “win this campaign”.

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## Tenants are Happy with Their Current Homes

The recent English House survey has concluded most of private renting tenants are more than happy with their current ‘homes’.

In summary:

- 84% of tenants stated that they were satisfied with their accommodation.
- The majority of renters (71%) stated that they found it very easy, or easy, to pay their rent.
- Private tenants on average spent 33% of their total income, which in some cases includes housing benefit, on rent, whereas the average for social renters was 28% with owner occupiers' average of 17% of household income.
- London's renters average spend of household income was unsurprisingly the highest at 42%, with the rest of the country averaging 30%.
- It shows that renters are spending less of their income on housing, at 33%, down from 34% the previous year and 36% in 2014/15, and are staying in their homes for over four years on average.

## Report on Letting and Managing Agents

Lord Best has been chairing a working group looking at the way Property Agents should be working in the future.

Its main recommendations are:-

- all carrying out property agency work be regulated, but the current exemptions would be (but to be extended in the future if required):
  1. property portals (e.g. Rightmove) – which do not perform agent functions,
  2. the short-let sector (e.g. AirBnB), and local authorities acting as letting or managing agents (though they expect
  3. their staff to be appropriately qualified).
- The Government should establish a new regulator to oversee, and run these changes. It should not be one of the existing bodies, but should be fully funded by the industry.
- All Property Agents should be licensed by this new regulator before they can trade.

- All agents must agree to adhere to a (new) code of practice.
- Agents must be qualified to a minimum of level 3 of Ofqual's Regulated Qualification Framework (equivalent to A Level); company directors and managing agents should be qualified to a minimum of level 4 (equivalent to BTEC Professional Diploma level) in most cases.

The next move is whether the Government (i.e. MHCLG) accept and or all of them, and what time can be found to implement them. As already mentioned, an election at the end of the year could cause this kind of legislation to be held up.

The ministry have also said that they would be looking at more legislation for landlords next year. I can't see a change of Government altering that, merely accelerating it.

## Scheme for England

Sadiq Khan is calling for powers to establish a universal register of landlords and rents, which a new London Private Rent Commission would use to:

- Design an effective system of rent control, including its own role in implementing, monitoring, and enforcing the new approach;
- Set out how existing rents should be gradually reduced and their subsequent levels limited within and between tenancies; and
- Recommend incentives to encourage investment in new and existing rental housing supply.

The report (Reforming private renting: The Mayor of London's blueprint) also outlines recommendations as to how the law on tenancies should be overhauled, including:

- Introducing open-ended tenancies;
- Ending 'no fault' evictions by removing section 21 of the Housing Act 1988;

- Scrapping break clauses in tenancy agreements;
- Giving all renters and landlords access to better support and dispute resolution services; and
- Increasing landlord-to-tenant notice periods to four months.

Some of these are already going through, but the threat of rent control is a worry.

## National Landlord Registration Scheme for England

The CIEH is demanding a national landlord registration scheme for England. Tamara Sandoul, Housing Policy Spokesperson at CIEH, said:

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*"This new national landlord register is absolutely necessary if we are going to properly get a grip on poor housing conditions in the private rented sector.*

*CIEH has been analysing the schemes already operating in Scotland, Wales, and Northern Ireland, and believe the time is right for England to follow suit. Not only would a register give local authorities a much stronger picture of housing in their areas, but it will leave rogue landlords with nowhere to hide; all while empowering renters to make informed choices about their housing options.*

*The Government's own commissioned review into selective licensing schemes, published last month, included a recommendation for a new register, and cited widespread support across local authorities and tenant groups.*

*We want to see all UK-wide political parties commit to implementing this register and shining a light on poor housing in England."*

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The Chartered Institute of Housing (CIH) is supporting CIEH's new campaign.

# Tenant Fees Act 2019 – Student lettings

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Howz is aware that many of our members let properties to students. It is most important therefore for members to understand how the Tenant Fees Act affects them in respect of students in particular.

The Tenant Fees Act stipulates that a landlord or agent can request a refundable deposit which is capped at one week's rent. The following is taken from government guidance: A landlord or agent can ask a tenant to pay a holding deposit to demonstrate their commitment to rent the property whilst they undertake relevant reference checks. They cannot ask for a holding deposit which is more than one week's rent. If they do, any amount above one week's rent will be a prohibited payment. (This cap is based on the total agreed rent for the property).

For example, if there are three tenants who are jointly liable for the agreed total weekly rent of £240 the landlord or agent cannot charge each tenant a £240 holding deposit. The maximum this group of tenants could be asked to pay as a holding deposit between them would be £240; they may then choose to split this equally so that each person would pay £80.

A landlord or agent must refund the holding deposit if the tenants sign a tenancy agreement with them or if they decide to pull out of the arrangement with the tenant or fail to enter a tenancy agreement before the agreed deadline. A landlord or agent can retain the holding deposit if the tenant fails a Right to Rent Check, withdraws from the application process or if the landlord and agent take all reasonable steps to enter the tenancy but the tenant does not.

ND the deadline for agreement is the date by which the agent/landlord and tenant should enter into a tenancy agreement after payment of the holding deposit. The default deadline for agreement is 15 days following the receipt of the holding deposit, but the landlord or agent may agree in writing a longer deadline with the tenant. All members who offer accommodation to students and are in the habit of taking a deposit need to check their practices.

Holding deposits do not have to be protected in a tenancy deposit protection scheme. On receipt of the deposit make sure you put in writing that the holding deposit is being held until the beginning of the tenancy and give the date.

Where the holding deposit is paid by more than one person ensure you have noted exactly how much has been paid by each person and bank the money received in a dedicated account.

State whether the money will be returned to the tenant or used towards the deposit for the property and note that that deposit is capped at five weeks' rent and again you cannot check too carefully to make sure there is no extra amount received. The deposit of course must be protected in the usual way.

As with the holding deposit, where the deposit has been paid by more than one person ensure you have a record of exactly how much has been paid by each tenant.

# Leasehold Reforms

On 3 July 2019 the MHCLG published its response to the HCLG Select Committee's report on leasehold reform published on 20 March 2019. The Government agrees with the following measures recommended in that report:

- give clearer information to consumers on how to buy and sell leasehold properties;
- consider the Committee's views on common hold in light of the Law Commission's report
- work with developers on a standardised 'key features' document so consumers have clear details on the lease before they buy
- remove any financial value from future ground rent
- ensure the Law Commission is able to fully consider the application of unfair terms;
- update planning guidance to state there should be clear and transparent agreement between developers and local authorities on public areas and utilities to be adopted
- consider the Committee's recommendations on permission fees, major works (including a code of practice) and other charges in light of Lord Best's report (due later this summer)
- explore further the best means to challenge unjustifiable legal costs, including what changes to legislation are needed
- explore legal changes to forfeiture by asking the Law Commission to update their work on forfeiture
- extend mandatory membership of a redress scheme to all freeholders of leasehold properties
- implement improvements to enfranchisement as soon as possible.

Clive Betts, chair of the HCLG Select Committee, welcomed the Government's response but said: *"We believe that the Government need to do more to intervene on behalf of leaseholders who continue to be trapped in leasehold properties they cannot re-mortgage or sell."*

Note there has also been a new 'How to Lease' booklet released.

## Outcome of Review into HHSRS

Earlier this year the Government carried out a brief review of HHSRS which iHowz participated in.

- The Government have just published their comments on the review, and have announced they are to:-
- Review and update the current HHSRS Operating Guidance.
- Develop a comprehensive set of Worked Examples which encompass the range of hazards, illustrate the utilisation of standards and provide a spectrum of risks.
- Review the current HHSRS assessor training, the training needs of assessors

and other stakeholders and establish a HHSRS competency framework.

- Identify a simpler means of banding the results of HHSRS assessments so that they are clearer to understand and better engage landlords and tenants.
- Extend current and develop new standards that could be incorporated into the HHSRS assessment process.
- Amalgamation and/or remove of some of the existing hazard profiles.
- Investigate the use of digital technology to support HHSRS assessments and improve understanding and consistency for all stakeholders.
- Review existing guidance for landlords and property-related professionals and



consider the introduction of a separate guide for tenants.

- Review and update the current HHSRS Enforcement Guidance: Housing Conditions and Part 1 of the Housing Act 2004.

## It's Changing of the Guard Time!

We have a new Prime Minister and a complete change at the housing ministry. Robert Jenrick replaces James Brokenshire as overall head (Secretary of State); Esther McVey replaces Kit Malthouse as the housing minister; and Luke Hall replaces Heather Wheeler as the under-secretary.



It's a shame that Heather Wheeler has moved as she had a good grasp on homelessness; Kit Malthouse was spending most of his time making his name on Brexit, rather than housing matters; James Brokenshire was starting to have an impact.

So we are now on the 9th housing minister in the last 9 years; how can we expect to get a cohesive strategy for housing when a minister lasts an average of 1 year? The only good news is that the housing minister actually has a seat at the cabinet, as well as the Secretary of State, so possibly the new Prime Minister believes housing to be an important issue.

Hopefully the Minister will be there long enough for her to realise how important the PRS is, and how landlords are providing a good service at their own risk. Yes there are poor landlords; either they have insufficient knowledge to carry out their duties correctly – mandatory

accreditation/training for all managing landlords will help that. And there are a very small number of criminal landlords (not rogues!) – prosecute them and remove them from the industry if necessary.

iHowz also hopes that the Minister will also seriously consider the impact of indiscriminate licensing of landlords brought in by local authorities purely to boost their dwindling budgets, not to control poorly managed properties – as the legislation was originally intended.

We have written to her seeking a meeting, as I suspect have many organisations.

## RICS Residential Market Survey

RICS has published the *July 2019 RICS Residential Market Survey* which showed that landlord instructions had fallen once again, extending a run of continuous decline stretching back over the past thirteen quarters.

The survey stated that “given the current imbalance between supply and demand, near term rental growth expectations were driven higher ... representing the most elevated reading in twelve quarters.”

## Landlord Possession Statistics - England and Wales

The Ministry of Justice has published quarterly national statistics on possession claim actions in county courts by mortgage lenders and social and private landlords. The statistics cover the period from April to June 2019. Landlord possession claims (26,695) and orders for possession (21,384) decreased by 9 and 6 per cent respectively, compared to the same quarter last year. Warrants of possession (13,685) also decreased (by 4 per cent) and repossessions by county court bailiffs (7,428) were down 10 per cent compared to the same quarter last year.

Mortgage possession claims (6,179) and orders for possession (4,007) have both increased by 39 and 40 per cent respectively compared to the same quarter last year. Warrants issued (4,692) and repossessions (1,245) have also increased by 34 and 30 per cent respectively.

## Housing and Public Attitude Survey

The Chartered Institute of Housing has just reported the results of a survey conducted for it by Ipsos MORI. According to the survey:

- 73 per cent believe there is a housing crisis in Britain and 67 per cent think that the government can do something about the country's housing problems.
- 57 per cent think that the rising cost of housing will impact on them personally a great deal or a fair amount in the next five years.
- Overall 55 per cent of the public, and 68 per cent of renters, think housing has been discussed too little in Britain over the last few years.
- 52 per cent of people support the building of new homes locally, up from 40 per cent five years ago.
- 45 per cent of private renters and 43 per cent of social renters are concerned about their ability to pay rent at present (29 per cent of mortgage holders are concerned about repayment).
- Of those renting or living at home with their parents, 61 per cent think they will never be able to afford to buy a home.
- More than a third of private renters (38 per cent) worry that they will have to leave their local area because of the unaffordable cost of housing.
- 36 per cent of people in London, whether renting or buying, are concerned that they may have to move because of the cost of housing; nationally the figure is 22 per cent.

## Mandatory Electrical Safety Checks

At the beginning of August MHCLG made the following announcement:

*It will soon be the law for private landlords to have their properties' electrical installations inspected every five years, fix any serious problems and give tenants and the council a copy of the report. This is part of our work to improve safety in all buildings, and councils will be able to issue large fines to landlords who do not comply.*

*Our intention is to introduce legislation as soon as parliamentary time allows, so it's sensible for landlords to book in inspections and carry out any necessary remedial work as early as possible.*

*Electrical safety in rented properties is hugely important to tenants' health and safety. It's not just the risk of shocks, although there have been recent cases of private tenants dying due to electrocution. Problems with electrical installations can also start fires and the Grenfell tragedy has shown the devastation that fire can cause. Most landlords will of course be very mindful of this and this new legislation will underpin the checks which many will already be undertaking as they endeavour to keep the properties that they let safe.*

## Leasehold and Commonhold Reform

The House of Commons Library published a briefing paper considering trends in leasehold ownership and on-going problems associated with the sector. The Government has committed to legislate in this area "as soon as Parliamentary time allows".

See the briefing paper at:

**[researchbriefings.parliament.uk/](https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8047)**  
**Research Briefing/Summary/CBP-8047**

# Practical Energy Efficiency

The UK government has committed to making the UK Carbon neutral by 2050. What does this mean for UK Landlords. iHOWZ was recently invited to attend a planning workshop by Department of Business, Energy & Industrial Strategy. The estimates are that 3.4m Private Rented Sector properties have an EPC of D or below and this leads to 19.4% of PRS households being in fuel poverty.

Since the EPC rating was introduced 11 years ago all PRS properties have had to be rated and that rating clearly displayed when selling or renting a property, then recently the lowest performing properties with an F or G rating cannot be let (listed building possible exemptions).

An EPC graded A/B property is estimated to cost £410 to heat while a D rated property £970 and an E rated property £1,425 per annum. So for a country that has to import its gas and oil to heat properties there is a double bonus of saving the householder and the UK balance of payments money. The table below shows the breakdown of property ratings.

The UK government would like all landlords to get to an EPC C rating by 2030, this is only 10 years away.

So we know it's a good thing but what

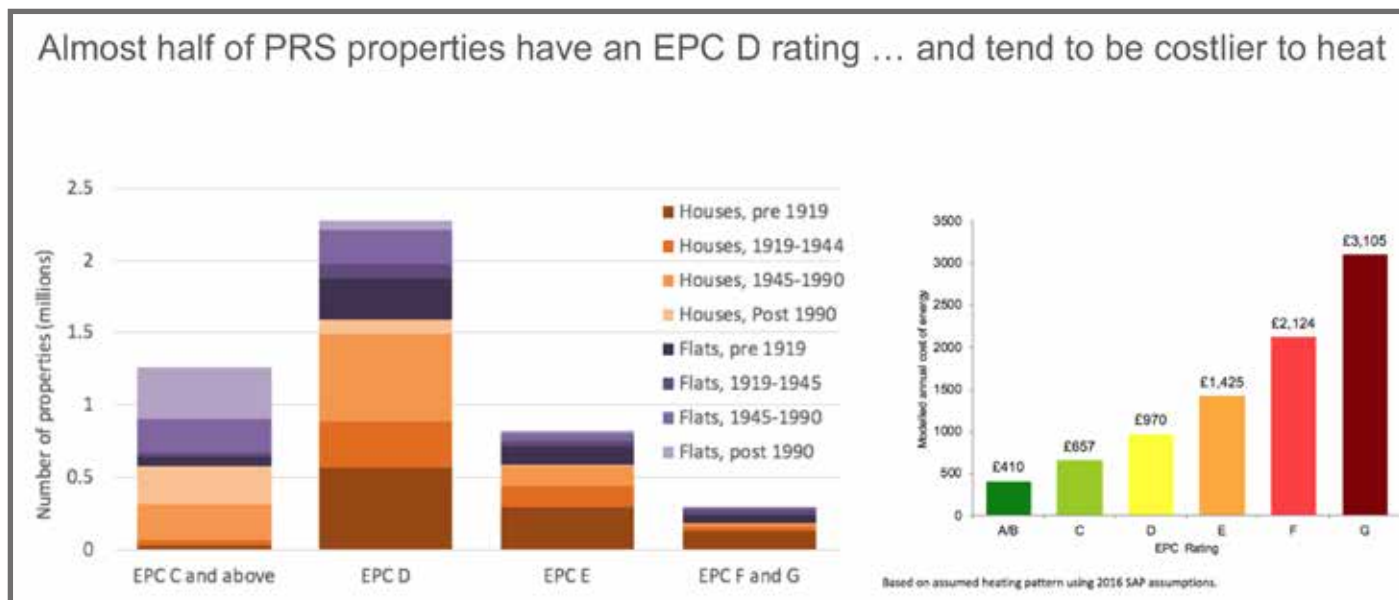
does this mean practically. I own pre 1914 terraced houses and over the years have installed double glazing, uPVC front and back doors, combination gas boilers, LED light bulbs and 270mm of loft insulation, I have got my properties up to a D rating.

## How Do I Get to a C Rating?

This is where it starts to get expensive, some of the options are fit better, newer double glazing, insulate the walls either internally or externally e.g. Thermal plaster board or thermal cladding. Insulate the wooden floor, generally under the floor. Then we get into heat recovery systems and solar heating. A very rough cost of taking a D rated terraced house and getting to C could be in the region of £10K, so a significant investment.

The government also consulting if the EPC standard, as a measure is the best way forwards, one option is to move to an environmental impact rating or a rating based on energy used.

So in summary the government is considering the best way forward, practically if you are planning any house improvements you must consider the environmental impact of that improvement and try to ensure that you are getting the maximum improvement for your investment.



# Meetings/Exhibitions 2019

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

- |                                |   |                                            |
|--------------------------------|---|--------------------------------------------|
| • Monday Sept 30 <sup>th</sup> | – | Brighton branch meeting – day time meeting |
| • Tuesday Oct 1 <sup>st</sup>  | – | London meetup                              |
| • Thursday Oct 3 <sup>rd</sup> | – | Thanet meetup                              |
| • Tuesday Nov 5 <sup>th</sup>  | – | Landlord Investor Show : Olympia           |
| • Tuesday Nov 5 <sup>th</sup>  | – | London meetup                              |
| • Thursday Nov 7 <sup>th</sup> | – | Thanet meetup                              |
| • Monday Nov 18 <sup>th</sup>  | – | South Hants day meeting                    |
| • Monday Dec 2 <sup>nd</sup>   | – | Brighton branch meeting – day time meeting |
| • Tuesday Dec 3 <sup>rd</sup>  | – | London meetup                              |
| • Thursday Dec 5 <sup>th</sup> | – | Thanet meetup                              |

## Meeting Venues

### London Meetup

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.

### Thanet Meetup

First Thursday of every month. Held in the 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 Sussex County Cricket Ground, The 1<sup>st</sup> Central County Ground, Eaton Rd, Hove BN3 3AN.

### Southampton

Meetings are at Eastleigh Rooms, The Concorde, The Old Schoolhouse, Stoneham Lane, Eastleigh, Hampshire, SO50 9HQ.

#### **iHOWZ LANDLORDS' ASSOCIATION**

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