

Huntingdonshire Landlords Forum Newsletter

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Welcome to the latest edition of Huntingdonshire Landlords Forum Newsletter

You have received a copy because you elected to join the landlords forum. I would encourage you to make use of the services by attending meetings, advertising properties on our web pages and communicating with us regarding issues you would like to be discussed. There is no charge for this all we ask in return is that you work with us to improve the quality and management of private rented accommodation in the district. Please note that we cannot take on the management of your property however, what we can do is give you accurate and timely information and offer advice and support to prevent problems arising. And help you to deal with any problems or situations as they occur in connection

to your rented property.

For more information go to our website or even better come along to our next landlords forum to be held in Huntingdon on 14th September 2016. There you will meet other landlords to discuss issues and listen to presentations. We will always do our best to answer any questions and research information for you which can then be shared with all landlords registered with the forum.

www.huntingdonshire.gov.uk/housing/advice-for-landlords

I look forward to seeing you on the 14th September 2016

The next Landlords Forum will be on **14 September 2016**

Housing & Planning Bill

Following agreement by both Houses on the text of the Bill it received Royal Assent on 12 May. The Bill is now an Act of Parliament (law).

The Bill is intended to support the delivery of the Government's commitments as put forward in the Conservative Party manifesto and the productivity plan Fixing the foundations: Creating a more prosperous nation. Through this Bill, the Government aims to take forward proposals to build more homes that people can afford, give more people the chance to own their own home, and ensure the way housing is managed is improved.

This Bill seeks to achieve this, in part, by implementing reforms that will make sure that the planning system does not add any unnecessary obstacles to the delivery of new homes.

This Bill is made up of eight parts. A summary of these parts and their contents is provided below. Parts **2,3 & 5** will be of particular interest to landlords.

Part 1: New Homes in England

Starter Homes – providing a statutory framework for the delivery of starter homes.

Self-build and custom housebuilding – requiring local authorities to meet demand for custom-built and self-built homes by granting permissions for suitable sites.

Part 2: Rogue landlords and letting agents in England

Private rented sector – providing greater powers for local authorities to identify and tackle rogue landlords. Landlords and others found guilty of certain housing related offences will be placed on a private register which enforcement agencies will be able to apply for access to, to monitor for re-offending. This will be time limited but for a minimum of 12 months.

For aggravated crimes, a Local Authority can apply for an order to ban landlords and property agents for a fixed period from engaging in letting or related activity (minimum 12 months). Breach of a banning order is an offence and could result in imprisonment or a fine.

Part 3: Recovering abandoned premises in England

Private rented sector – reforming abandonment to more effectively recycle rented property. A private landlord may give a tenant notice which brings the assured shorthold

tenancy to an end on that day, if the tenancy relates to premises in England and certain conditions are met.

These conditions are:

- o that a certain amount of rent is unpaid (i.e. the 'unpaid rent condition');
- o that the landlord has given a series of warning notices; &
- o that neither the tenant or a named occupier has responded in writing to those warning notices before the date specified in the notices.

Part 4: Social housing in England

Right to acquire – extending Right to Buy discount levels to housing association tenants.

Vacant high value local authority housing – requiring local authorities to manage their housing assets more efficiently, with the most expensive vacant properties sold and replaced with new affordable housing in the area.

Reducing regulation – allows the Secretary of State to reduce regulations on Housing Associations.

High income social tenants – requiring tenants in social housing on higher incomes (over £40,000 in London and over £30,000 outside London) to pay market rate, or near market rate, rents.

Part 5: Housing, estate agents and rent charges: other changes

Housing needs in England – simplifying the legislation governing the assessment of housing and accommodation needs of the community, whilst ensuring that the needs of all members of the community are assessed on an equal basis.

Regulation and enforcement – a more stringent 'fit and proper' person test for landlords letting out licensed properties, such as Houses in Multiple Occupation, to help ensure that they have the appropriate skills to manage such properties and do not pose a risk to the health and safety of their tenants; allowing financial penalties to be imposed as an alternative to prosecution for certain offences; requiring Tenancy Deposit Scheme data to be shared with local authorities; and amending the Estate Agents Act 1977 to allow the Secretary of State to appoint the regulating authority.

Enfranchisement and extension of long leaseholds – makes provision for the valuation of minor intermediate leasehold interests in leasehold enfranchisement and

lease extension cases to continue to be possible when using the legislation.

Rent charges – allowing the formula for calculating the amount needed to redeem a rent charge to be amended by secondary legislation.

Part 6: Planning in England

Neighbourhood planning – simplifying and speeding up the neighbourhood planning process to support communities that seek to meet local housing and other development needs through neighbourhood planning

Local planning – giving the Secretary of State further powers to intervene if Local Plans are not effectively delivered.

Planning in Greater London – devolving further powers to the Mayor of London.

Local registers of land and permission in principle – creating a duty for local authorities to hold a register of various types of land, with the intention of creating a register of brownfield land to facilitate unlocking land to build new homes; and giving housing sites identified in the brownfield register, local and neighbourhood plans planning permission in principle, and providing an opportunity for applicants to obtain permission in principle for small scale housing sites.

Planning permission etc. – levelling up the power which enables conditions to be attached to development orders for physical works so that they are consistent with those for change of use; extending the planning performance regime to apply to smaller applications; and putting the economic benefits of proposals for development before local authority planning committees.

Nationally significant infrastructure projects – allowing developers who wish to include housing within major infrastructure projects to apply for consent under the nationally significant infrastructure planning regime

Urban development corporations – creating a faster and more efficient process for creating Urban Development Areas and Corporations whilst ensuring that those with an interest locally are properly consulted at an early stage.

Part 7: Compulsory purchase etc.

Improving the compulsory purchase regime, so it is clearer, fairer and faster.

Part 8: General

Landlords Forum held 16 March 2016

Presentations included:

- **Universal Credit** - Update for landlords from John Ingmire, Benefits Manager.
- **Building an Eco Home** - Presentation by Belinda Betham, Environmental Health Officer.
- **Retaliatory Evictions** - Sue Questier, Environmental Health Officer.
- **Section 21 Notices** - Update from Keith Tayler
- **Green Deal** - Latest information on available funding to help private landlords.

Right to Rent checks summary for Landlords

The Home Office has provided a summary checklist to help landlords, agents and people sub-letting property ensure that property is only let to people with a right to rent. It can be used with the more detailed guidance on each section of the checklist, found on the Government website www.gov.uk/

Search for '**landlords immigration right to rent checks**'. Please also see the '**landlords codes of practice**'.

What is a right to rent?

Only people with permission or a right to be in the UK have a right to rent property. You should not let to people who do not have the right to be in the UK.

Why do a right to rent check?

If you are found letting to someone who does not have the right to be in the UK, and you cannot show that you have made right to rent checks, then you could face a penalty.

What is a right to rent check?

If your property falls under the Scheme which will include most private rented properties (see Section 1) and you are letting to adults, you must undertake the following checks:

1. Before allowing an adult to live in your property, check that they have document(s) that show they have the right to be in the UK.
2. Where a person's right to be in the UK will expire during the tenancy, make follow-up checks either when the right expires or after 12 months, whichever is later.
3. If a follow-up check shows that a person no longer has the right to be in the UK, make an official report to the Home Office.

NLA Rent on Time

NLA Rent on Time is designed to provide landlords with continuous flow of rent. The service safeguards rental income and managing the whole rent collection process. You can find more information about the service on the website listed below but feel free to call them if you want to discuss it in person!

NLA Rent on Time Customer Service
Tel: 0203 819 8900 (Mon-Fri 9am – 5.30pm)
Email: info@nlarentontime.org.uk

How does it work?



Your money is protected in a number of ways:

- NLA Rent on Time is registered with the Property Ombudsman Scheme a government approved independent redress scheme.
- All deposits are held with mydeposits, a government approved tenancy deposit scheme.
- NLA Rent on Time is underwritten by DAS, the second largest insurer in Europe.
- Client Money Protection Insurance is in place for up to £25,000 per tenancy.

View NLA webpage to find out more:
www.nlarentontime.org.uk/

Restricting Tax Relief on Mortgage Interest & Stamp Duty increase

In our last Newsletter (June 2015) we advised landlords about Chancellor George Osborne's announcement that tax relief on buy-to-let mortgage interest payments would be reduced (phased in from April 2017) and that buy-to-let properties (and second homes) would incur an extra 3 per cent stamp duty. Anyone buying a home in England, Wales and Northern Ireland that is not their main residence has faced a 3% stamp duty surcharge since April 1. In Scotland, the equivalent tax - the Land and Buildings Transaction Tax (LBTT) - was also raised.

What does the loss of tax relief mean?

If you're new to buy-to-let, you might not appreciate the full consequences of this change. Up to now, people buying to let have been able to claim tax relief on their mortgage interest payments at their marginal rate of tax. This means that a basic rate taxpayer would get 20 per cent tax relief, but those at a higher rate would receive 40 per cent relief, while top-rate taxpayers could claim 45 per cent.

What's changing?

When the changes come in, tax relief will be a flat rate of 20 per cent. Relief will be given as a reduction in tax liability instead of a reduction to taxable rental income. This means taxable income will be derived from rental income (less allowable costs, not including mortgage costs) instead of gross profit.

The changes will be phased in from April 2017, as the table below shows:

Tax relief on finance cost	2016/17	2017/18	2018/19	2019/20	2020/21
Existing system	100%	75%	50%	25%	-
New system	-	25%	50%	75%	100%

Potential impacts:

Higher rate and additional higher rate tax payers will pay more in tax, as tax relief on mortgage interest will be

limited to the equivalent level of a basic rate (currently 20%).

With tax effectively being calculated from turnover (less allowable costs, not including mortgage costs) as opposed to gross profit, some landlords will experience an upward movement in tax bands.

It could be possible that some landlords currently making a small net profit will experience negative cash flow after tax.

What's the answer?

What probably won't work is simply increasing your rents to compensate, as most tenants are already paying as much as they can afford. If you think you might be affected, there are a few other things you can try:

1. You could switch to shorter-term fixed rate deals to get lower rates of interest, although these mortgages carry more risk.
2. You could place your property portfolio in a limited company structure. You would then pay corporation tax (which is lower) rather than income tax on your profits. A drawback is that your mortgage options will narrow as fewer providers will lend to a company.
3. If your spouse pays a lower rate of tax, you could transfer ownership of one or more properties to them (taking care this does not lift them into a higher tax band).

As with most clouds, there is a silver lining. If you're a landlord with a lower income, you're no longer at such a disadvantage to those in the big league. This level playing field may in fact help the new wave of landlords hoping to use their pension pots to buy rental property. Also, if you're a homebuyer, you may find prices becoming more affordable as the competition from buy-to-let decreases.

Notice seeking possession of a property let on an Assured Shorthold Tenancy

We covered the Deregulation Act 2015 in detail in our last newsletter but here recap the changes to Section 21 notices. There are certain circumstances in which the law says that you cannot seek possession against your tenant using section 21 of the Housing Act 1988, these are:

-
- (a)** During the first four months of the tenancy (but where the tenancy is a replacement tenancy, the four month period is calculated by reference to the start of the original tenancy and not the start of the replacement tenancy – see section 21(4B) of the Housing Act 1988);
-
- (b)** Where the landlord is prevented from retaliatory eviction under section 33 of the Deregulation Act 2015;
-
- (c)** Where the landlord has not provided the tenant with:
- Energy performance certificate
 - Gas safety certificate
 - The Department for Communities and Local Government's publication "How to rent: the checklist for renting in England" (see the Assured Shorthold Tenancy Notices and Prescribed Requirements (England) Regulations 2015);
-
- (d)** Where the landlord has not complied with the tenancy deposit protection legislation; or
-
- (e)** Where a property requires a licence but is unlicensed.
-

Tenants are entitled to at least two months' notice before being required to give up possession of the property. However, if their tenancy started on a periodic basis without any initial fixed term a longer notice period may be required depending on how often they are required to pay rent (for example, if they pay rent quarterly, they must be given at least three months' notice, or, if they have a periodic tenancy which is half yearly or annual, they must be given at least six months' notice (which is the maximum).

Where the tenancy is terminated before the end of a period of their tenancy (e.g. where they pay rent in advance on the first of each month and they are required to give up possession in the middle of the month), they may be entitled to repayment of rent from the landlord under section 21C of the Housing Act 1988.

Advertising properties for rent on the Huntingdonshire District Council (HDC) Website

The Energy Act 2011

Includes provisions to ensure that from April 2016, private residential landlords will be unable to refuse a tenants' reasonable request for consent to energy efficiency improvements, where a finance package, such as the Green Deal and/or the Energy Company Obligation (ECO), is available.

Provisions in the Act also provide for powers to ensure that from April 2018, it will be unlawful to rent out a residential or business premise that does not reach a minimum energy efficiency standard (the intention is for this to be set at EPC rating "E"). These requirements will be subject to there being no upfront financial cost to landlords; therefore, landlords will have fulfilled the requirement if they have reached "E" or carried out the maximum package of measures funded under the Green Deal and/or ECO.

Huntingdonshire District Council has over the years listed many properties that Landlords have available to rent on their website. Some of these properties have been let directly via our Private Sector and Housing Need Teams with tenants coming from our Housing register. In addition, many of the landlords who did not find their tenant via the website reported that the advert generated a lot of interest and they would definitely use the service again. These landlords tended to also have their property listed with a lettings agent as well as using other advertising methods such as local newspapers and shop window cards.

There is a constant demand for private rented properties and by using this service your property details are seen by many prospective tenants in the district. HDC can assist some tenants with the deposit and first month's rent, under our Rental Deposit Scheme.

To use this service, go to:

www.huntingdonshire.gov.uk/advertiseyourproperty

On receipt of the information your property will be listed on the website under "private property to rent". An email confirming your property has been listed and the reference number allocated to it will be sent to you from the Private Sector Team.

Useful Links

www.gov.uk/government/publications/how-to-rent
www.depositprotection.com/
www.mydeposits.co.uk/
www.tenancydepositscheme.com/
www.huntingdonshire.gov.uk/housing/advice-for-landlords
www.energysavingtrust.org.uk/?gclid=COXO1ZC3uc0CFdYV0wodk0MNVg
www.landlords.org.uk/
www.easternlandlords.org.uk/

Useful Contact Numbers

Keith Tayler, Private Sector Housing, HDC	01480 388 237
Sue Questier, Housing Environmental Health Officer, HDC	01480 388 286
Julia Blackwell, Energy & Efficiency Officer, HDC	01480 388 288
Association of Residential Letting Agents (ARLA)	0845 345 5752
National Landlords Association (NLA)	020 7840 8937
Eastern Landlords Association (ELA)	01603 767 101
Tenancy Deposit Protection Team	0207 944 4400
Energy Saving Advice Service	0300 123 1234
Valuation Office Agency Ground Floor Ferrers House, Castle Meadow Road, Nottingham, NG2 1AB	03000 501501

The Next Landlords Forum will be held
14 September 2016
at Pathfinder House, Huntingdon
6.30pm - 8pm

If you wish to have an item included onto the agenda please contact me on the number above. The opinions and views expressed in the landlord's newsletter are not necessarily those of the Huntingdonshire District Council. All information is accepted in good faith at the time of going to press.

The Landlords Forum is organised and delivered by the Council's Private Housing Section which is a division of Planning and Strategic Housing Services. The section may be contacted by private landlords and tenants seeking general advice on landlord and tenant law. Advice is also available online at;

www.huntingdonshire.gov.uk/housing/advice-for-landlords/

The Huntingdonshire Landlords' Forum is a central part of the housing service the Council provides to private sector landlords. The Forum exists so that landlords can meet Officers and other landlords to share their experiences. The Council is there to arrange the meetings, invite along guest speakers, listen to what landlords have to say and, where it is needed, offer support and advice.

What do we get in return? We get good feedback about what landlords think of the services the Council provides and landlords use: Housing Benefits; Environmental Health Services, Landlord and Tenant Advice and Housing Grants. We also get good information about how an important group of local housing providers run their businesses. All this helps us to plan services to the private sector that are rooted in an understanding of what the key issues are for landlords, their tenants and prospective private tenants. Hopefully this will help us to raise our standards and in so doing help raise

standards across the local lettings industry.

The Forum is not a Council-sponsored talking shop. Landlords' views are canvassed and considered when we came to reviewing and producing our policies and we can sometimes introduce suggested changes.

If you are a landlord or a prospective landlord the Forum is for you. Join our mailing list by phoning 01480 388237 or email keith.tayler@huntingdonshire.gov.uk. We will let you know about our programme of meetings and send you a copy of our free newsletter. If you are new to the industry we will also send you a copy of our landlord pack which is full of the information you will need to help you make a success of your business. This section may also be contacted for information about;

- Landlord and Tenant Law
- Tenancy Agreements
- Finding a suitable tenant for your accommodation
- Advertising available property for rent
- Registered Rents and Local Housing Allowance
- Tenancy Deposit scheme
- How to end a tenancy

For information or advice please contact;

Keith Tayler
Private Sector Housing Officer
Telephone: 01480 388237