



**National Landlords Association**

# **Issues for the Private Rented Sector**

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# Overview

- **European Union**
  
- **UK Government Departments**
  - **Ministry of Justice**
  - **HM Treasury**
  - **Department for Energy and Climate Change (DECC)**
  - **Department for Work and Pensions (DWP)**
  - **Department for Communities and Local Government (DCLG)**
  
- **Local Authority Regulation**



## European Union

- **Key:** More legislation that impacts on a landlord's business is coming out of Brussels than ever before
- **Mortgage Directive**
  - Buy-to-Let mortgages hopefully excluded from the scope of the Directive
- **Consumer Rights Directive**
  - Proposals for a "Cooling Off" period in tenancy agreements were scrapped
- **Equal Treatment Directive**
  - Concept of "Anticipatory Adjustments" removed from final Directive
  - Landlords will be required to make "Reasonable Adjustments"
- **Energy Performance in Buildings Directive**
  - EPC Chart will need to be displayed on all marketing literature from April 2013

# Ministry of Justice

- **Squatting has now been criminalised**
  - Penalty = up to 12 months imprisonment and/or £5,000 fine
  - Legal definition of a “squatter” created
  - A tenant who stays in your property at the end of their tenancy and stops paying rent is not a squatter!
- **Impact of changes**
  - Will property owners get possession immediately?
  - Criminal cases have to be dealt with before civil cases
- **Court Case: Human Rights and Section 21**
  - Will the Courts need to consider human rights in possession proceedings?



# Department for Work and Pensions

- **Changes to Local Housing Allowance (LHA)**
  - April 2011 – rates reduced, based on 30<sup>th</sup> rather than 50<sup>th</sup> percentile
  - LHA caps came into force
  - Direct payment available if rents reduced to new LHA levels
- **Shared accommodation rate age change**
  - Single people under 35 years old only eligible for the shared accommodation rate
  - Came into force on 1 January 2012
- **LHA rates frozen from April 2012 and linked to CPI from April 2013**
  - At present LHA increases are linked to local market rents
  - Housing costs generally rise much faster than CPI
- **Universal Credit**
  - Certain benefits (including Housing) to be grouped together into a single payment
  - Annual benefit entitlement will be capped at £26,000 per household
  - Will it work in the private rented sector?

## HM Treasury

- **Stamp Duty (SDLT) Changes**
  - SDLT on portfolio purchases based on average purchase price
  - Raised to 7% on £2million+ purchases as individuals
  - Raised to 15% on £2million+ purchases through companies
- **Landlords Energy Savings Allowance (LESA)**
  - £1,500 per property, per year offset against Income Tax
  - Only for energy efficiency improvements
  - Available until April 2015
  - **ACTION:** NLA calling for LESA to be increased and extended



# Department for Energy and Climate Change

- **The Green Deal**
  - Energy efficiency improvements at **NO** up-front cost
  - Costs are repaid by energy bill payer
  - Golden Rule means that both landlord and tenant benefits
  - £200m Early Uptake Fund available from 28 January 2013
- **Consequences**
  - 2016 – Tenants will be able to demand Green Deal improvements
  - 2018 – Ban on renting 'F' and 'G' rated properties
- **Opportunity to demonstrate landlords ability to self-regulate**
  - Proper financial incentives will improve the private rented sector
  - More regulation is bound to follow if Green Deal take-up is poor



# Communities and Local Government

- **Energy Performances Certificates (EPCs)**
  - Must be commissioned within 7 days
  - Have be attached to written particulars
  - Brought into force 6 April 2012
- **Localism agenda**
  - Decisions should be taken at the most local level
  - Likely increase in local authority regulation
  - Discharge of local authority homeless duty into private rented sector
- **Changes to Tenancy Deposit Protection (TDP)**
  - Landlords have 30 days to protect deposits
  - If you do not protect the deposit, you cannot use Section 21 at all
  - Courts are able to award up to 3x deposit in a fine for non-protection
  - **Best Practice:** Act in the spirit of the law and protect immediately



# Local Authority Regulation

- **Re-Licensing of HMOs**
  - 5-year Mandatory HMO Licenses are expiring
  - Local authorities had to start the licensing process again.
  - They now have the option of issuing a Renewal License
- **Additional Licensing**
  - Only applies to HMOs where properties are not being managed effectively
- **Selective Licensing**
  - Every Private rented property in a given geographical area
  - To deal with anti-social behaviour or low housing demand
- **Article 4 Directions**
  - New HMOs will need to gain planning permission before letting
  - **Warwick:** Direction in force on 1 April 2012 covering Leamington's 6 Wards



# Questions

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