

Landlord Forum 11th June 2012

Victoria House, 59 Willes Road, Leamington Spa

Minutes of Meeting

Attendance

The Landlord forum took place on the evening of Monday 11th June at Victoria House, 59 Willes Road, Leamington Spa. There was a tremendous response from local landlords and letting agents in booking places at this event, such that all 70 seats were pre-booked.

Exhibitors

Landlords were able to discuss any issues with representatives from the following exhibitors before the presentations took place: -

- Building Control, Warwick District Council
- Private Sector Housing, Warwick District Council
- Waste Management, Warwick District Council
- Act on Energy
- The Lettings People

Introduction

Andre Davis, Chair of the Landlord Forum welcomed landlords and letting agents to the meeting and thanked them for their attendance. It was noted that there was a healthy attendance, and delegates were encouraged to ask questions after each presentation and at the end, time permitting.

Buy to Let Presentation – Accord Lets

Katie Martin and Thomas Lumby gave an informative presentation on the Buy to Let market, demonstrating that despite the general economic situation, there continues to be huge demand for rental properties in the Warwick & Leamington areas. The trend suggests that rents have continued to increase and tenants are remaining longer in properties. Before letting, landlords need to consider a host

of issues ranging from choosing an agent, the tenancy agreement, ensuring the property meets legal requirements, arranging insurance, registering deposits etc.

Q: How many properties are there which are privately rented in the area, and what proportion of the housing stock does that represent?

A: There are 59,880 dwellings within the Warwick district area. Of these, 9,690 are privately rented, representing 16% of the housing stock. This has increased from approximately 7.4% since 2001.

Private Sector Leasing Scheme – Chapter 21

Lee Barrett, Scheme Manager at Chapter 21, a Registered Provider (Housing Association) introduced a new leasing scheme which would enable landlords to effectively pass their properties on to be managed by Chapter 21 for a defined period.

Chapter 21 is a Registered Charity whose aim is to assist people in obtaining housing to meet their needs.

The scheme is due to commence from July 2012 and Chapter 21 undertake to take full management of the property and provide 12 month's worth of rent in advance. Similar leasing schemes are established in the South West and have resulted in over 200 units of accommodation being let.

Q: How will rent levels be set?

A: The rent level will be set at less than a market rent but will be negotiated with the landlord and will provide a guaranteed rent in advance.

Q: How will tenants be selected?

A: There will be a range of tenants (singles, couples and families) depending on the size of the accommodation. All those nominated for the property will be in housing need.

Q: Who pays the rent?

A: It could either be paid by the Council (through Housing Benefit) or by the individual. The landlord does not need to concern themselves with this since Chapter 1 effectively guarantee the rent when the lease is commenced and fully manage the tenant.

Q: Who carries out repairs when the tenant moves out?

A: The emphasis is on working with the tenants whilst they are at the property so as to identify works as they arise. The only expense to landlords is in undertaking works to bring the property to standard before the lease is taken out or if works are needed to ensure the property is kept to a fit standard e.g. roofing.

Q: Does the property need to be furnished?

A: Not necessarily, it is up to the landlord if he/she wishes to let the property furnished however Chapter 1 will not take responsibility for furniture left in the property.

Q: Is the level of rent modelled on Local Housing Allowance (LHA) rates?

A: Yes, typically based upon 90% of LHA levels - it was noted that elsewhere other organisations base their models on 75-80%.

Q: How long is the lease?

A: This is negotiable, typically anything from 12 months to 10 years

Q: Will the property be returned in the same condition at the end of the lease?

A: Yes, Chapter 1 will ensure that the property is returned in the same condition.

Q: What are the Chapter 1 fees for operating the lease?

There are no fees and any income earned is only there to cover the costs of providing the service because we are a registered charity.

Q: How many properties in Warwickshire are subjected to leasing with Chapter 1?

A: We have only recently been working in Warwickshire and have about 30 properties coming on board. There is no maximum that we will deal with.

Q: How do you handle nuisance and anti social behaviour?

A: One of our main strengths is our experience in dealing with tenants and managing effectively such situations as they arise

Q: Which are the most popular types of properties?

A: We are keen to take on all types of properties and households and will consider house sharing between individuals.

Q: Do you operate with Assured Shorthold Tenancies or Licences?

A: Most properties are let on Assured Shorthold Tenancies.

Current Issues & Legislative Changes Affecting Landlords – National Landlords Association

Mary Latham, Regional representative from the NLA gave some very comprehensive and topical information on a range of issues including changes to the Rent Deposit Scheme, Energy Performance Certificates, obtaining free and discounted insulation measures and Universal Credit.

Tenancy Deposit Scheme

Tenancy deposit schemes ensure that money paid by tenants as deposits is kept safe for the duration of the tenancy, and guarantee that tenants will get their deposits returned at the end of the tenancy if they meet the terms of the tenancy agreement and do not damage the property.

Mary pointed out that disputes often arise because tenants have unrealistic expectations at the start of the tenancy. It is important to make tenants aware

of their obligations at the beginning by giving clear instructions and a detailed inventory.

Mary advised that the time period in between taking a deposit and serving prescribed information on the tenant has increased from 14 to 30 days. This change took effect from 6th April 2012. Landlords who fail to meet this timescale are potentially liable to a penalty of up to 3 times the amount of deposit, and a Section 21 notice (notice requiring possession) cannot legally be issued, unless the deposit is returned or the landlord negotiates with the tenant to leave the property.

In addition to giving prescribed information to the tenant, the landlord is also required to give the information to any third party, i.e. someone who has paid the deposit on behalf of the tenant.

Referring to a recent court case, Mary stressed the importance of establishing whether a third party had paid a deposit by requiring the tenant to declare such information in writing using a standard form at the earliest opportunity, before the tenancy is signed.

Q: Does the serving of prescribed information only apply to students?

A: No, it applies to any deposit registered since April 2007 when the scheme came into effect.

Q: When a tenant signs a tenancy and pays a deposit, isn't it reasonable to assume that person has provided the deposit themselves?

A: No, case law has made it clear that the landlord needs to establish whether a third party is involved, and by requiring the tenant to sign a declaration, that is the only way to be sure.

Q: What if it is the agent who acts on behalf of the landlord?

A: It is wise to check that the agent has asked about third parties as you cannot devolve your responsibilities as a landlord. It is important to choose a reliable letting agent who will follow the correct procedures.

Q: Is it still possible to serve a Section 8 notice (accelerated possession proceedings) if the landlord has not served the prescribed information?

A: Yes, it is still possible to use the claim for possession before the fixed term has come to an end using Section 8, for example due to non payment of rent

Q: Can notices be served by e mail?

A: There are examples where the courts have accepted notices being served by e mail. However, it is strongly recommended that any notices are served by post and proof of delivery obtained.

Energy Performance Certificates (EPCs)

Mary advised that since 6th April 2012, there have been changes to landlord's obligations regarding EPCs when marketing properties: -

- Before marketing any property for rent, an EPC must be available or at least be commissioned.
- Where an EPC is commissioned but not yet available, there is an obligation to use all reasonable efforts to ensure that an EPC is obtained within 7 days of marketing the property. However, there will be an additional 21 day period during which the EPC can be obtained, if it has not been obtained within the initial 7 day period.
- EPCs are now required to be attached to the particulars of all properties marketed for rent.

The Energy Act 2011 will impose further requirements: -

- From 2016, landlords will not be able to unreasonably refuse requests from their tenants for consent to energy efficiency improvements, where financial support is available under the Government's proposed 'Green Deal' and 'Energy Company Obligation' schemes.
- From 2018, privately rented properties must be brought up to a minimum energy efficiency rating ('E' rating), thus it will be illegal to rent out a property which does not reach the minimum standard.

Mary pointed to free external cladding (in addition to loft insulation and cavity wall insulation) currently being offered to privately rented properties by energy suppliers such as British Gas and N power for hard to heat homes. Grants will only be available up until the end of 2012, after which, the Governments' Green Deal scheme will come into effect which will provide loans rather than grants.

For the latest information regarding grants, call Act on Energy on 0800 988 2881.

Q: Do the new rules on EPC's apply to student halls of residence?

A: Yes, they apply to any property being offered for rent, including holiday homes.

Q: Will double glazing be a requirement?

A: No. It will be up to the landlord to decide which measures to implement to achieve the minimum energy rating. Double glazing could assist in meeting the minimum rating, but there are other more cost effective measures which can be put in place.

Q: How long does an EPC remain valid for?

A: An EPC will be valid for 10 years from the date of issue.

Q: How do I obtain an EPC?

A: EPC's can only be provided by an accredited domestic energy assessor. An assessor can be found using the website www.epcregister.com. Further information can be obtained from Act on Energy, call free phone 0800 988 2881.

Universal Credit

Universal Credit is set to replace the current benefit structure from 2013. It is intended to simplify the benefits system by bringing together a range of working-age benefits into a single streamlined payment for people who are looking for work or on a low income.

Mary advised that Universal Credit will be paid to the tenant, and there will be no direct payments to landlords. Landlords should beware that tenants circumstances can change at any time and a tenant in full employment at the start of a tenancy can become a benefit recipient at any time. It is important for landlords to understand how Universal Credit may impact on them, and if there are any queries to contact the Department for Work & Pensions or the local authority benefits office.

Student Accommodation & Council Tax – Warwick District Council

Q: I let a house to students. The tenancy ends and the house is void for one month. Is council tax payable for the void month and if so how soon will I get the account?

A: There are over 1000 student properties in Warwick District Council area and we have to update our records every year so it is always helpful if we are supplied with full letting and student details at the time of the tenancy. If we have all the details, you should receive an account within weeks. If we are not provided with the full details and have to contact the university, college, or school then this will cause a delay in an account being sent, but you will normally receive an account within a month of us receiving the full details.

Q: I let a house to a group of full time students, who want to take the property for another year; are they exempt?

A: After confirming occupiers are all full time students and will be for next year, the lease (tenancy) is already signed and starts as soon as current lease ends (next day). Students will hold keys and continue to have full use of the property. The student exemption will continue.

The meeting closed at 8.00pm.