

Newham Landlords Forum

Richard Blanco – NRLA Representative



Today's Agenda 2-4pm

- **Welcome**
 - From Cllr Carleene Lee-Phakoe, LB Newham Cabinet Member for Housing & Julie Cannard, Team Leader, Private Sector Housing Standards, LB Newham
 - Housing Supply team available to answer questions
- **Regulatory & Housing Market Briefing**
 - With Richard Blanco, NRLA Representative
- **Licensing Update & Housing Standards**
 - With Paul Mishkin, Private Sector Housing Operations Manager & Helen Masterson, Head of Private Sector Housing Standards, LB Newham
- **Consultation On Damp & Mould**
 - With Emma Brunskill-Powell, Housing Strategy Manager, LB Newham
- **Regulation Of Short Term Lets**
 - Discussion with Ben Edgar-Spier, Regulatory Solicitor, Sykes Cottages



Newham Landlords Forum
Regulatory Briefing & Market Update
Richard Blanco – NRLA Representative



In this presentation, brief updates on...

- Raising Rents Fairly & Legally
- Govt consultation on short term lets
- Renters Reform White Paper
- Updated How To Rent Booklet
- Minimum Energy Efficiency Standards
- Making Tax Digital
- New Fire Safety Measures
- Smoke & Carbon Monoxide Alarms
- Right To Rent changes
- Housing Market update



Raising Rents Fairly & Legally

- UK Rents up by 10.4% (new lets), 4.8% (all lets)
 - Available properties fallen by third in last 18months
- Why are rents rising?
 - Short supply, high demand – up more than 50%
 - 11% of homes for sale on Zoopla were previously rented
 - 33% of landlords told NRLA they are thinking of selling
 - Increased mortgage costs – BBR 5%, may peak at 6%
 - 64% of landlords don't put up their rents whilst tenants in situ



Raising Rents – The Law

- AST Assured Shorthold tenancies (fixed period)
 - Minimum of six months
 - Cannot raise the rent during fixed term
 - Longer ASTs could have a rent review clause
 - Better to end the tenancy and re-negotiate
- SPT Statutory Periodic Tenancies (when AST rolls on)
 - S13 one month's notice
 - Tenant accepts or go to tribunal (or ends tenancy)
 - Tribunal could decide rent should be higher or lower than landlord proposal
- Contractual Periodic Tenancies (no fixed period)
 - If they have a rent review clause, use s13 notice as laid down in the clause.
 - When the rent increase takes effect, the contract will become an SPT



About section 13 notices

- Prescribed form available on government website
 - Provides details on notice periods etc
- Normally one month's notice – but length of rental period
- Can be served on rent due date....
 - At end of fixed period
 - Minimum of 12 months into contractual periodic tenancy
 - 12 months after last s13 was served
- Rent rise goes ahead unless tenant disputes it
 - Tenant can dispute rent by applying to tribunal using form 6
 - Tribunal will make a judgment based on market rents
- Call NRLA advice line for help on 0300 131 6400

FORM 4

Landlord's Notice proposing a new rent under an Assured Periodic Tenancy of premises situated in England.

Housing Act 1988 section 13(2), as amended by the Regulatory Reform (Assured Periodic Tenancies) (Rent Increases) Order 2003

The notes over the page give guidance to both landlords and tenants about this notice.

To: [Tenant(s)]
 of: [Address of the premises subject to the tenancy]
 From: [Landlord(s)]/[Landlord's Agent]*
 *delete as appropriate
 [Address for correspondence]
 [Contact telephone number]

- 1 This notice affects the amount of rent you pay. Please read it carefully.
- 2 The landlord is proposing a new rent of £ per[week][month][year]*, in place of the existing one of £ per [week][month][year]*
 * delete as appropriate
- 3 The first rent increase date after 11th February 2003 is
 (see note 11 over the page)
- 4 The starting date for the new rent will be
 (see notes 14 to 18 over the page)
- 5 Certain charges may be included and separately identified in your rent. (See note 12 over the page.) The amounts of the charges (if any) are:

Charges	Amount included and separately identified (enter "nil" if appropriate)	
	In the existing rent	In the proposed new rent
Council tax	£	£
Water charges	£	£
Fixed service charges	£	£

6 If you accept the proposed new rent, you should make arrangements to pay it. If you do not accept it, there are steps you should take before the starting date in paragraph 4 above. Please see the notes over the page for what to do next.

Signed: [Landlord(s)]/[Landlord's Agent]* (see note 13 over the page)

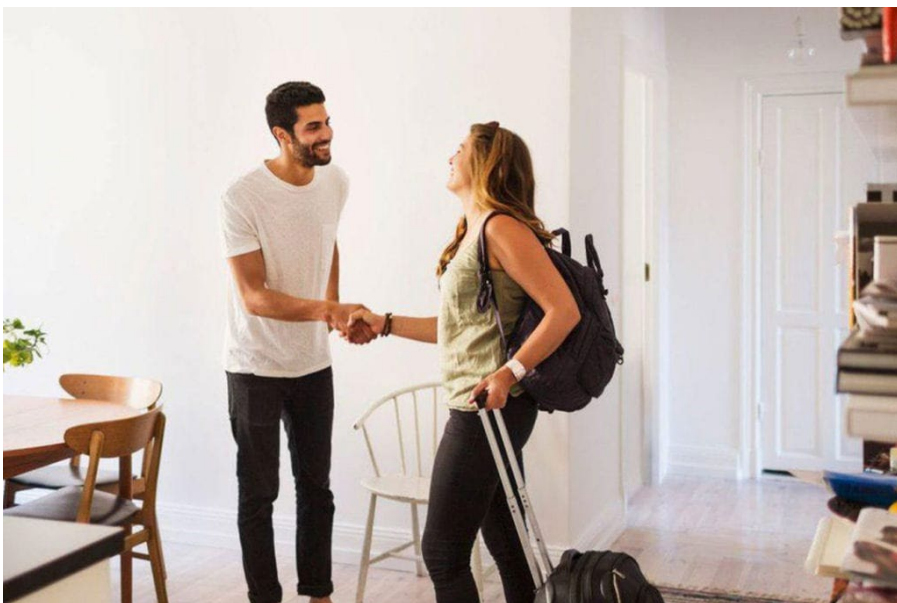
 *delete as appropriate
 Date:

Raising Rents – Best Practice

- Use a 12 month Assured Shorthold Tenancy
 - 3 months before end of the tenancy, discuss tenants plan
 - Explain your plans regarding the rent
- Do You Have A Rent Policy?
 - For example - review rents every two years, use market comparables
 - Give tenants 6 or 12 months notice of proposed increases
- Rents Falling Below Market Rent
 - Consider cost of void and possible redecoration etc
 - Weigh this up against keeping the same tenant at below market rent
 - Increase rent by a reasonable amount and explain
 - Best time to reset to market rent is when tenant moves out



Govt Consultation On Short Term Lets



- Ran from 12 April to 7 June 2023
 - Proposed definition
 - Register person or property and who with
 - Level of fees
 - Inspections and minimum standards
- Scotland has a licensing scheme and Wales is considering one
 - Wales local authorities can charge 300% council tax
 - 200% in England Apr 2024
- Proposed Use Class of C5
 - Permitted development rights – but could be removed with Article 4
 - Could be granted with conditions eg max 90 days

Renters Reform Bill – Key Points

- Assured Shorthold Tenancies (ASTs) replaced by Periodic Tenancies
 - Ended by tenant giving 2 months notice
 - Landlord can end tenancy using Section 8 – Section 21 abolished
 - New grounds for selling up & moving in – 2 months notice
 - Existing ASTs will last max 12 months into new system
 - Max one rent increase per annum – can be challenged at tribunal
- Court Modernisation – “digitisation by 2023”
 - Compulsory redress scheme membership/Ombudsman, possible mediation
- No longer advertise ‘no families’ and ‘no DSS’
 - Pets cannot be unreasonably refused
- Decent Homes Standards for Private Rented Sector
- Property Portal – upload compliance documents, provide advice
 - Support Local Authority enforcement



Renters Reform Bill – Key Issues

- Timescale
 - Bill published 17 May 2023
 - Six months notice before new system comes in
 - Earliest could be Spring 2024, 2025 is more feasible
 - Consultation on Decent Homes Standard complete
- Anti Social Behaviour provisions – working group set up
- Concern In Student Sector (Purpose built exempt)
 - Ministers had said they would look at this



Renters Reform Bill – Latest Developments

- DLUHC Committee Report
 - Exempt Student tenancies
 - Amend sale or move in grounds – 6 months and 1 year
 - Specialist housing court
 - Review tax changes
 - Increase house building
- What The NRLA is calling for
 - End anti-landlord rhetoric and back quality landlords
 - Address issues in the student market re indefinite tenancies
 - Establish firm principles on tackling anti-social tenants quickly and effectively
 - Reform the courts BEFORE Section 21 powers are removed
 - Abolish local licensing once the property portal is introduced



Updated: How To Rent Guide

- March 2023 version **must** be served at the start of any new tenancy or on renewal, for tenancies in England.

What's been added?

- The requirement for carbon monoxide alarms to be fitted in every room with a fixed fuel-burning appliance.
- The requirement for Electrical Installation Conditions Reports to be provided to the tenants.
- Information on fitting smart meters and requests for reasonable adjustments for tenants with accessibility needs.



Minimum Energy Efficiency Standards

- Consultation ended in January 2021
 - Graham Stuart minister says they will respond “by the end of this year”
 - Don’t be confused by Minimum Energy Performance of Buildings Bill – it is a private members bill that will not be enacted
- Proposed EPC C by 2025 (2028 existing tenancies)
 - Max contribution of £10,000 by landlord, option of exemption register
 - Average cost is £8,300 per property
- NRLA is asking government for
 - Clear timetable for response
 - Extend deadline to 2028 for all properties
 - Tax allowance for works & Building Renovation Passports
 - Tapering cost cap depending on rent
- Delay is causing uncertainty & “planning blight”

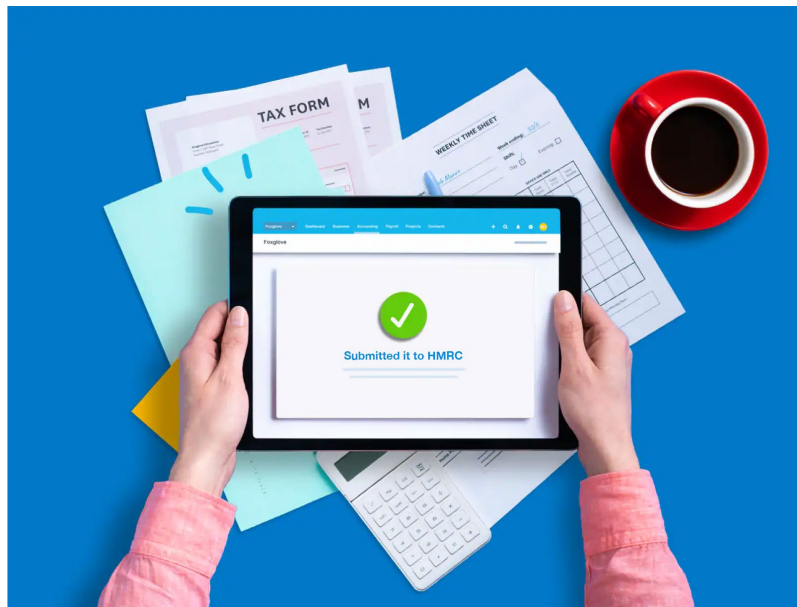


Some stats on MEEES

- A third of properties in PRS are pre-1919 (10% H/O and 5% social)
 - 13 points between D and C – challenging for older properties to get to C
- 44.5% of PRS properties have EPC of C or higher
 - Was 18% ten years ago
- 27% of landlords say they would sell rather than carry out works
 - But 1 in 6 said they would carry out works with grants or their own savings
 - Motivated to reduce tenants bills and make home more comfortable
- 60% said would only buy property which is C or above
- 50% are thinking of selling properties that are D or below



Making Tax Digital



- Quarterly digitised tax returns to HMRC
- Plan was for landlords with gross rental income over £10,000 to start in 2024 – NRLA requested change to timing and limits
- Changed to 2026 for landlords with gross rental income over £50,000
- 2027 for landlords with gross rental income over £30,000
- Consultation on Council Tax Disaggregation ended 31 March 2023



Changes to Fire Safety Regulations

- From 23 January 2023 and affects:
 - Freeholders of blocks of flats
 - Mixed use dwellings such as shops with a flat above
 - HMO landlords who let properties by the room (not shared house HMOs)
- Applies to common parts, exterior doors and walls and those that separate flats (or HMO bedsit rooms) from common parts
- Requirements
 - Fire safety instructions displayed in conspicuous part of building
 - Evacuation strategy, how to report a fire (address), any other instruction
 - Provide information on fire doors to occupants (keep shut, no tamper with self closers)
 - Given to new tenants as soon as practicable and re-issued every 12 months



Changes to Fire Safety Regulations

- Extra requirements for higher buildings
 - Discount the basement when calculating height
- Buildings over 11 metres, responsible person must....
 - Check fire doors every 3 months
 - Check flat entrance doors every 12 months
- Buildings over 18 metres (high rise), responsible person also provides
 - Wayfinding signage for firefighters
 - A secure information box containing relevant info for fire fighters
 - Lifts and essential fire fighting equipment for fire fighting crew
 - Floor plans and building plans
 - Information on external wall construction



Non-Qualifying Leaseholders

- To qualify for funds towards remedial work under Building Safety Act
 - Own a property in a relevant building higher than 11m (or 5 storeys) with at least 2 dwellings
 - Your lease existed before 14 Feb 2022
 - Your property was your primary residence or you owned no more than 3 properties in the UK
- Non Qualifying Leaseholders
 - Estimated 1.3m in blocks 11m or lower
 - 400,000 in taller blocks (many own more than 3 properties)
 - Includes share of freehold
 - Bought or extended the lease after 14 Feb 2022



Smoke & Carbon Monoxide Regulations

- CO detector in every room with combustible fuel appliance (except gas cookers) from 1 Oct 2022
- Smoke alarms requirement extended to Social Housing
 - One on each floor, different requirements for HMOs
- Test CO and smoke alarms at start of tenancy
- New requirement for landlord to repair alarms if informed by tenant – but tenant responsible for testing during AST
- LAs can issue improvement or hazard awareness notice: mains inter-connected smoke alarms under HHSRS
 - Can also serve remedial notice penalty of £5,000



Right To Rent changes from 1 July 2022

- Unlimited Right to Rent
 - UK & Irish Nationals and anyone with no time limit on their stay
 - EU nationals - provide residence card or evidence of settled status
- Time Limited Right To Rent for new tenancies (12 months)
 - EEA/Swiss nationals & USA, Canada, Australia, NZ, Singapore, South Korea
 - Provide passport and proof of entry in last 6 months
 - Applies to pre settled status and people with time limited visas
- From 1 Oct 2022, Covid adjusted checks no longer permitted, instead:
 - Meet the applicant in person and check original document(s)
 - Use online checking system with share code and date of birth
 - Use certified provider to perform a digital check (They use Identity Document Validation Technology)
- Government's Landlord Checking Service



Renting Homes (Wales) Act 2016

- Came into force on 1 Dec 2022
- Fundamentally changes renting in Wales. All PRS tenancies replaced by 'occupation contracts' with new required terms, and rules around possession – including a replacement for Section 21 which will require six months' notice and can only be served after the first six months of the occupation contract
- Will also bring in new fitness for human habitation requirements (EICR, smoke alarms, CO alarms) and restrict notice where mandatory requirements are not met including issuing specified documents
- For full details: [nrla.org.uk/resources/pre-tenancy/preparing-for-renting-homes-wales](https://www.nrla.org.uk/resources/pre-tenancy/preparing-for-renting-homes-wales)

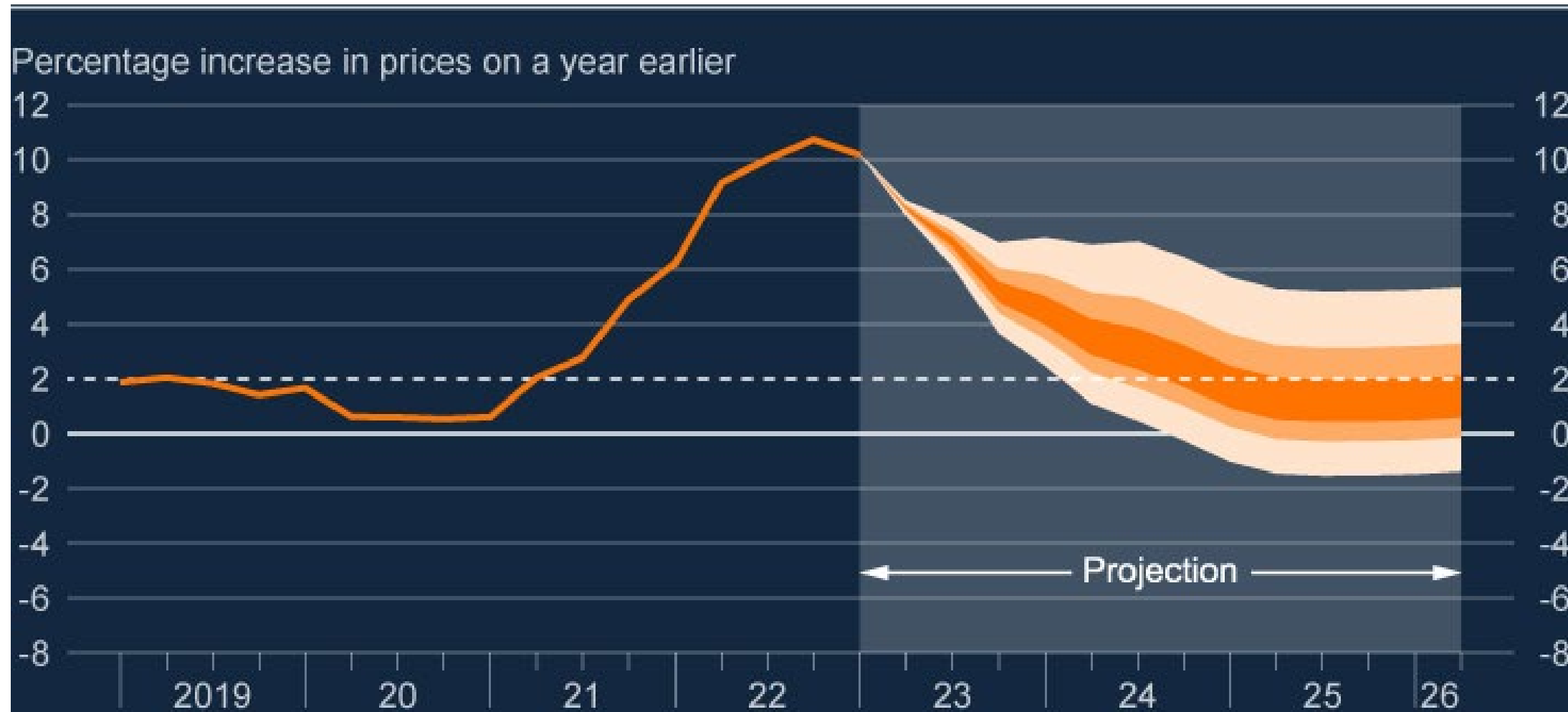


Is Now A Good Time To Invest In Property?

- Current challenges
 - Construction costs and shortage of Labour
 - Increased finance costs due to rising Bank Base Rate
 - Lender caution & high stress tests
 - Falling house prices
 - Unfavourable taxation: section 24, additional SDLT, worsening CGT, rising Corporation tax
 - Costs, restraints & bureaucracy of licensing & HMO Article 4 Directions
 - Impending regulation: Renters Reform Bill and MEES
- 33% of landlords plan to sell in next 12 months
- 10% plan to buy....

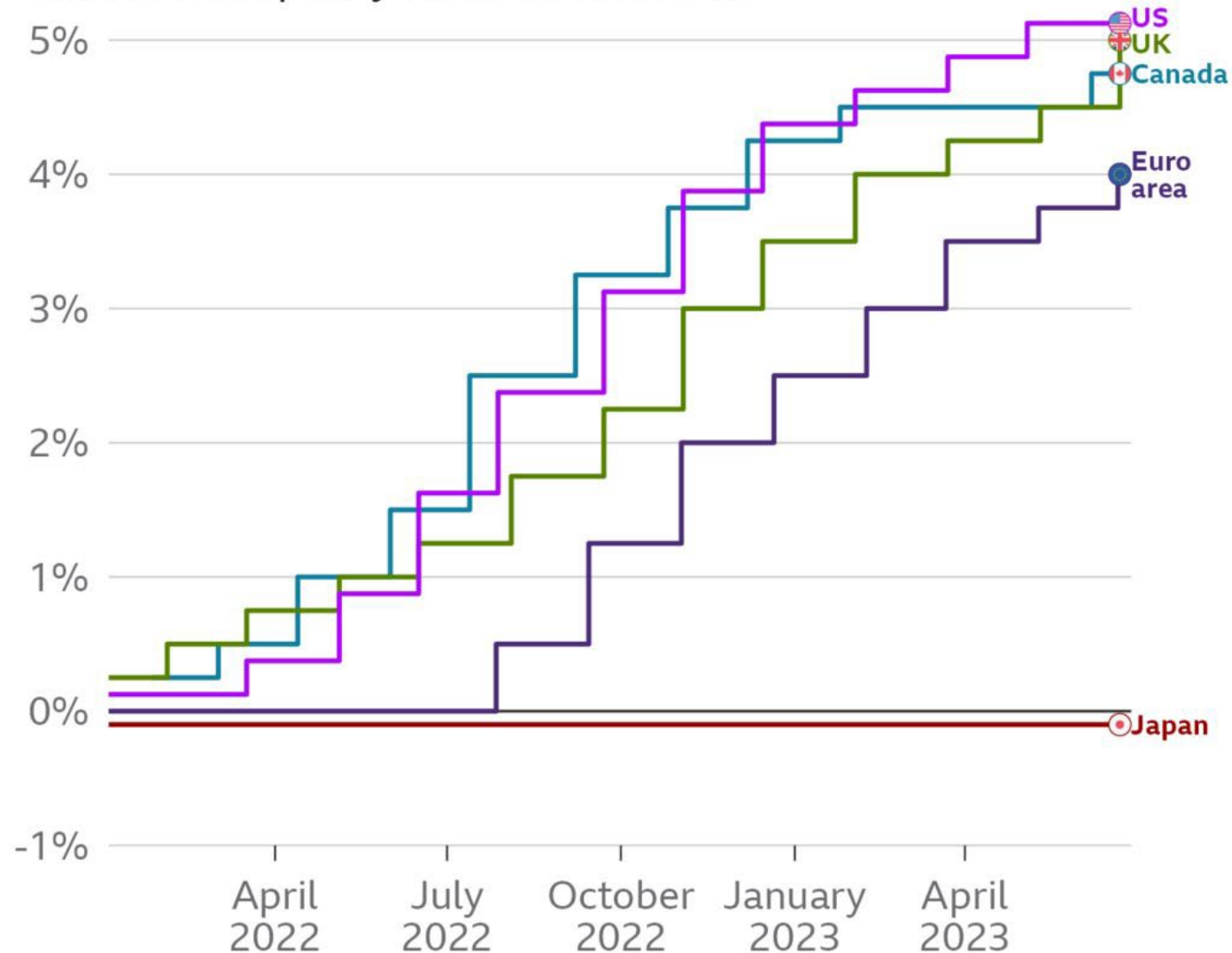


The Economy: Inflation Projection



Interest rates on the rise

Central bank policy rates as of 22 Jun

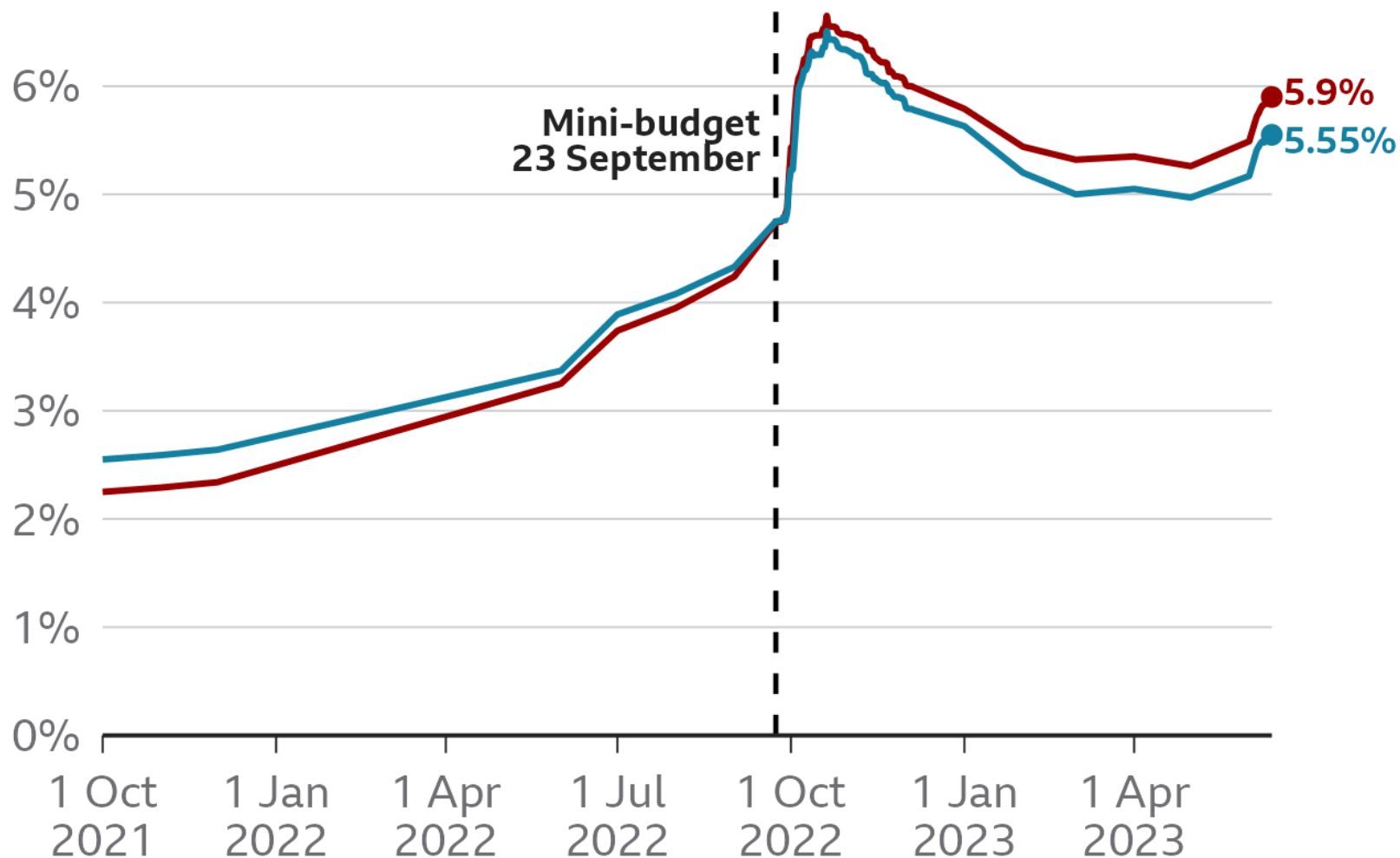


Sources: National central banks.



Mortgage rates are rising again

Average interest on **two-year** and **five-year** fixed deals



Swap Rates now

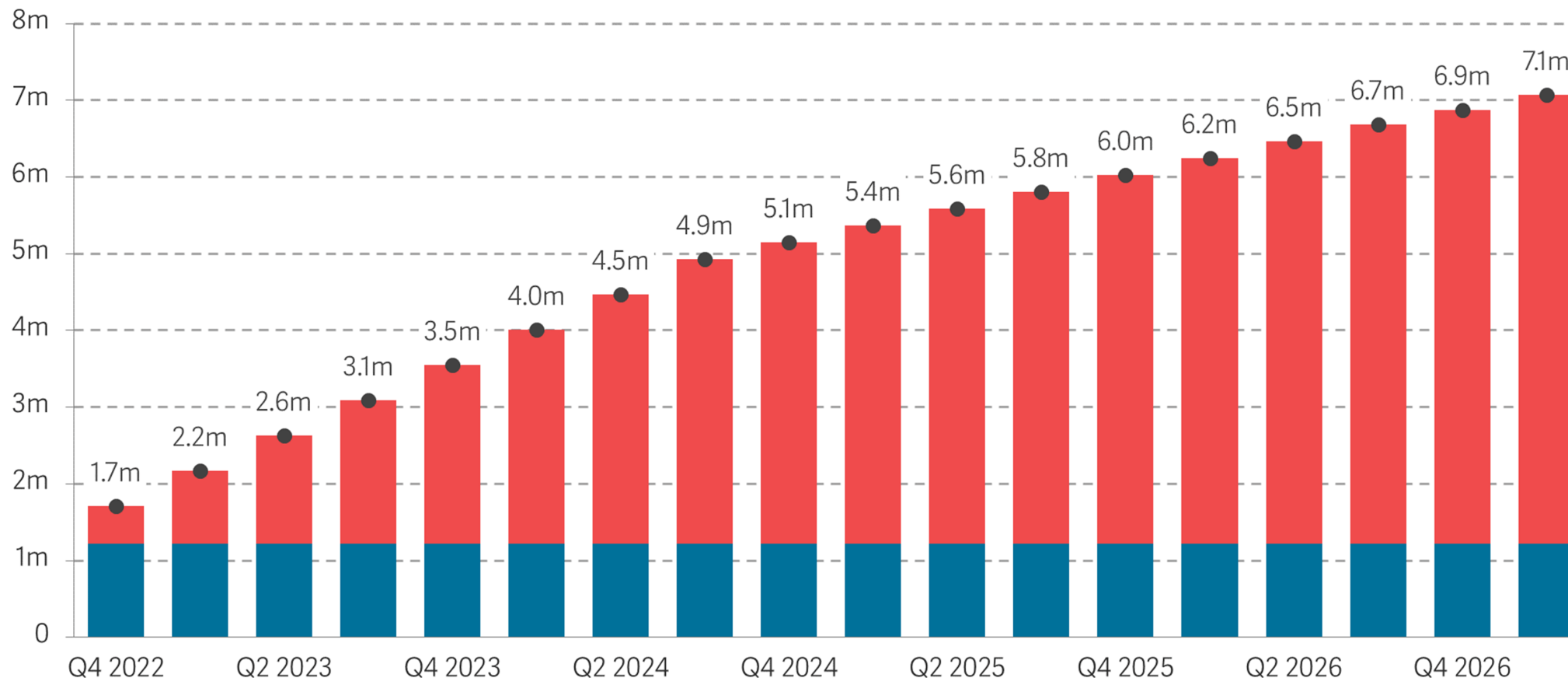
- 2yr 5.81%
- 5yr 4.97%

On 6 May 2023

- 2yr 4.40%
- 5yr 3.93%

Source: Moneyfacts. Last update: 13 Jun 2023.

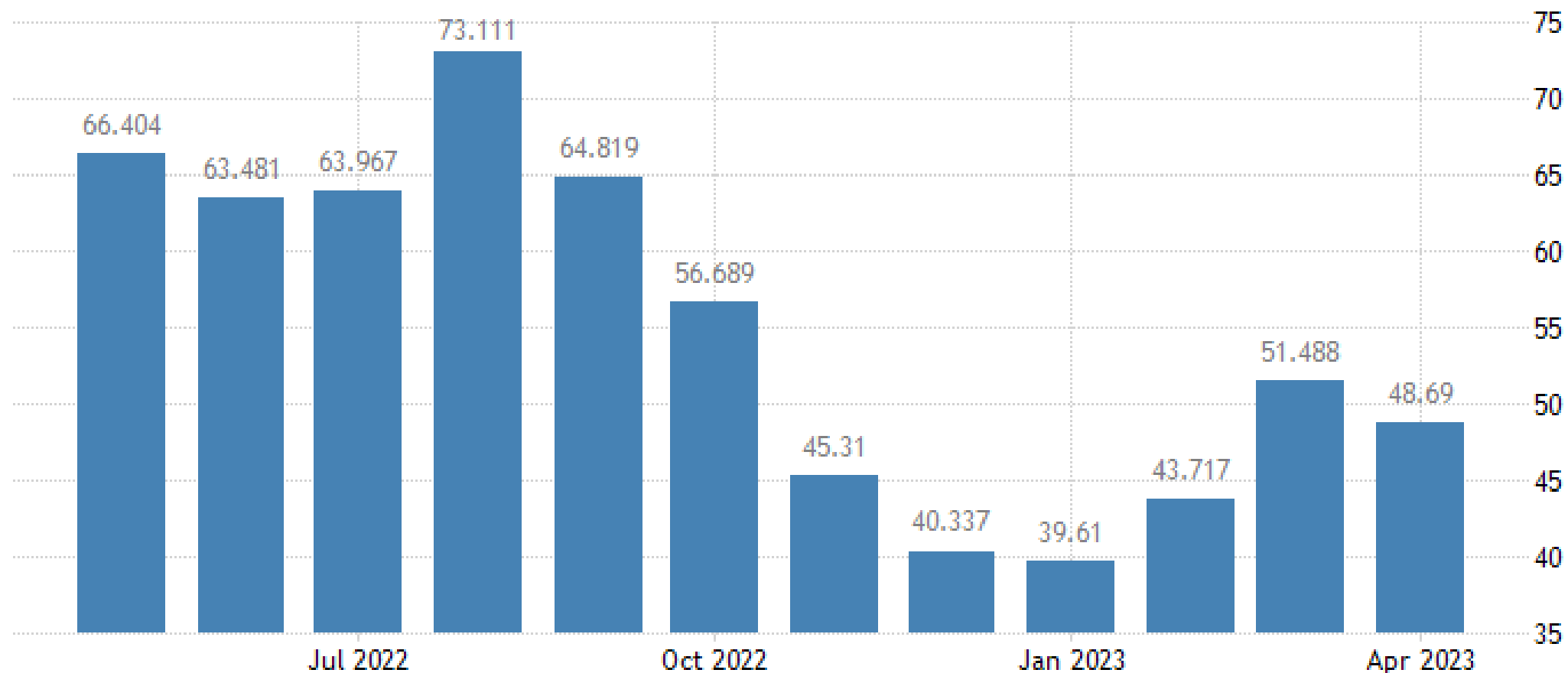
Estimated number of households facing rising mortgage payments, relative to Q3 2022: GB



Notes: Only includes one owner occupier mortgage per household, additional mortgages (where applicable) are excluded.. See endnotes for details of the estimation method.
 Source: RF analysis of ONS, Wealth and Assets survey;; Bank of England , Bankstats and Yield Curve.

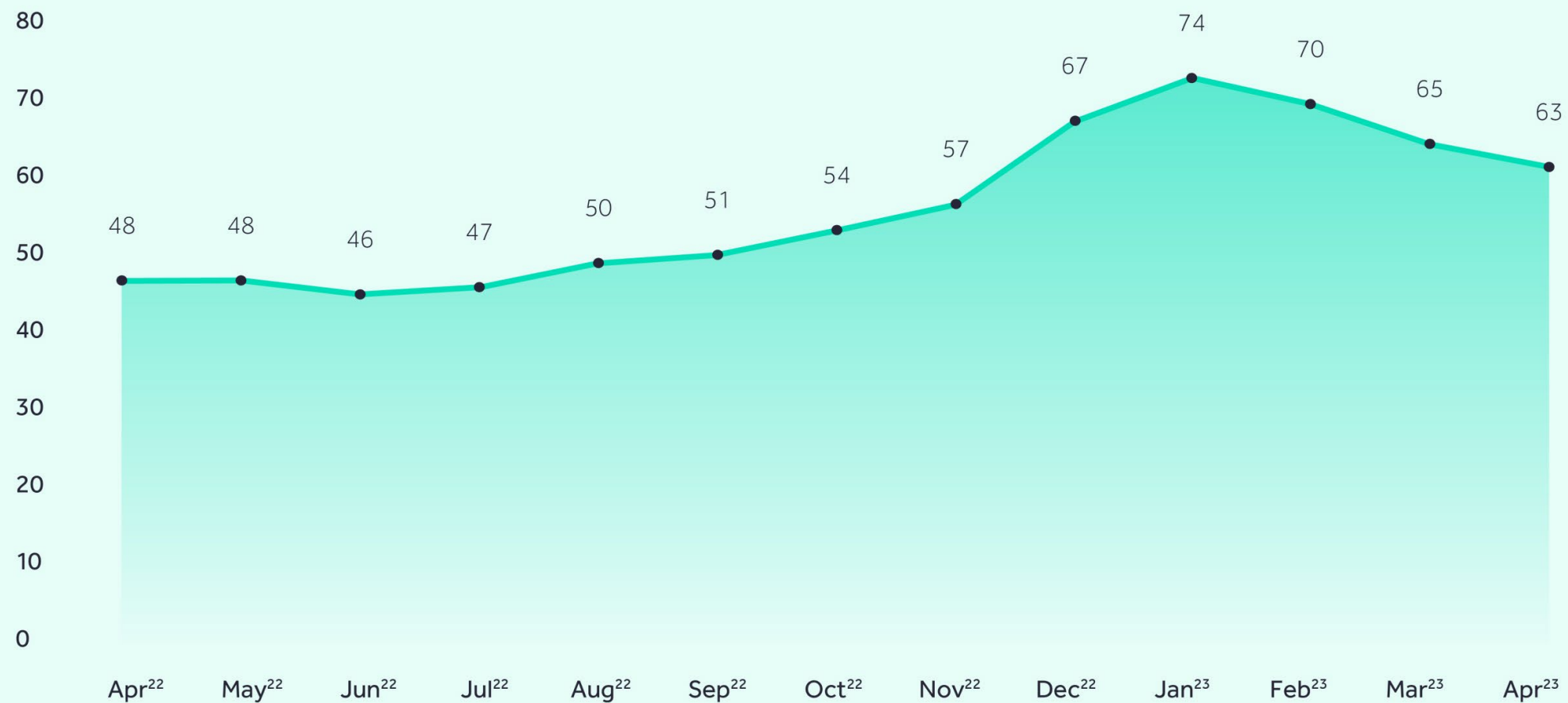


UK Mortgage Approvals



Average time to secure a buyer (no. days) London

rightmove 



The Economy: Housing Market

- Start of 2023 - Predictions that prices would fall 5-12% in 2023
- Nationwide index shows UK fall of 3.4% in 12 months to May 2023
 - Was 2.7% last month - largest annual drop since July 2009
- Other Key indicators
 - Several previous monthly falls according to Nationwide & Halifax data (peak was in August 2022 – prices now 4% lower than the peak)
 - Mortgage approvals have been at their weakest since January 2009
 - Fall in buyer interest – fewer FTB and BTL purchases



Podcast, Webinars & NRLA Membership

Listen to NRLA Podcast & Watch Webinars

- Google 'Listen Up Landlords'
- Google 'Inside Property' for legacy editions
- Webinar recordings at www.nrla.org.uk

Join The NRLA

- Google 'Join the NRLA'
- £85 per year by direct debit
 - Discount code – 59



Landlord Meetings coming up

Go to www.nrla.org.uk/events

- National Landlord Investment Show
 - 10am-5pm on Tue 4 July at Old Billingsgate (Monument tube)
- Barking & Dagenham Landlord Forum
 - 7-9pm on Tue 5 September at Barking Town Hall



NRLA Advice Line 0300 131 6400

Your NRLA London Reps

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