



Top 4 Challenges for Essex Landlords



Birketts



SOUTH ESSEX
HOUSING GROUP



Top 4 Challenges for Essex Landlords



WELCOME

Louisa Moss - Assistant Director People & Communities,
Rochford District Council



SOUTH ESSEX
HOUSING GROUP

AGENDA

1. Challenge 1 – Legal requirements – have you got it right?

Alice Harris, Birketts LLP

2. Challenge 2 – Brexit and Mortgage Finance

Michael O'Brien, Home of Mortgages

3. Challenge 3 - Keeping up to date

Joanne Dron, National Landlords Association

4. Challenge 4 – Ready To Rent

Tara Miller, Rochford District Council

5. Q & A Panel



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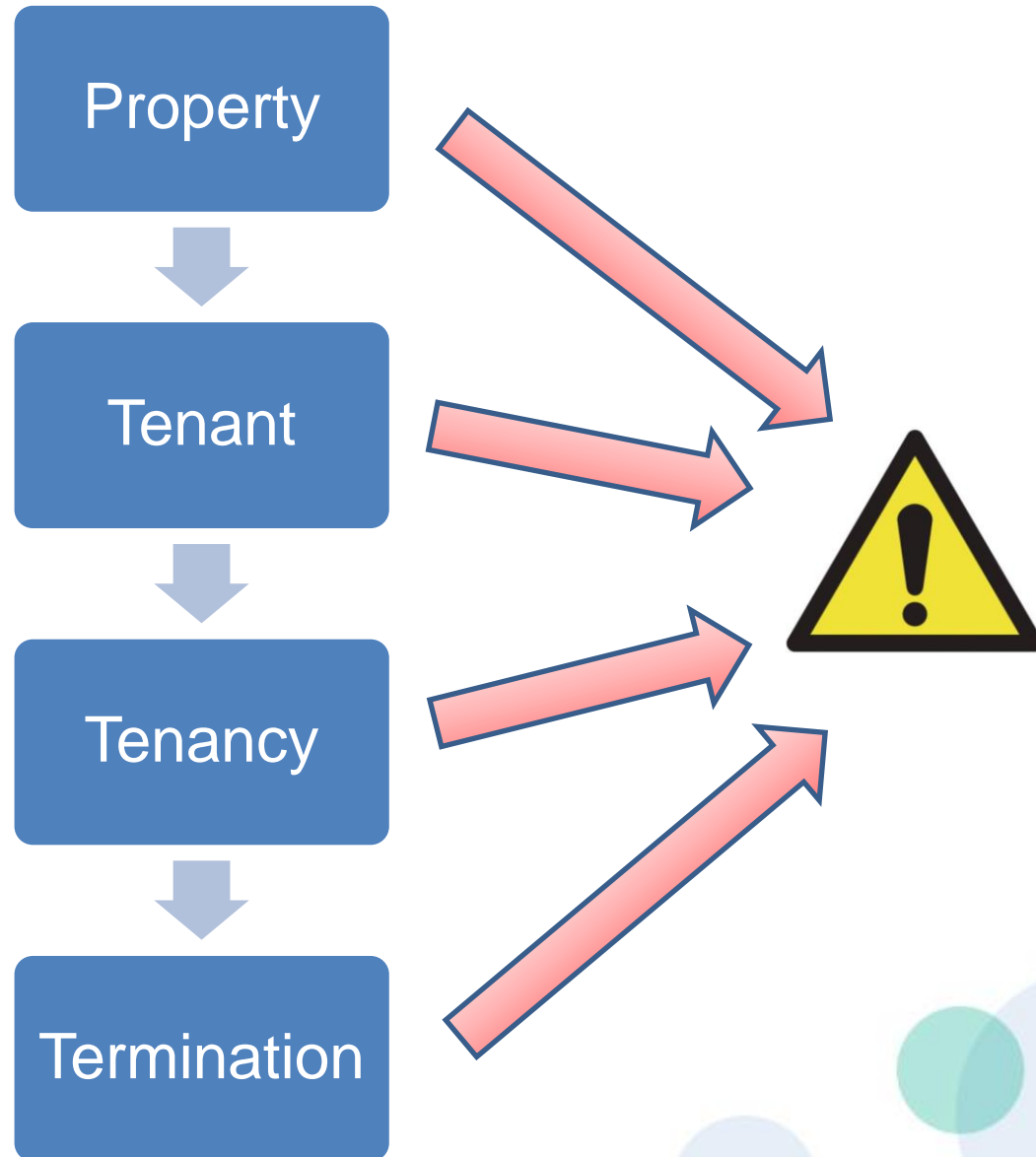
*An unrivalled reputation for
providing high quality legal
advice and client service*

Assured Shorthold Tenancies Getting It Right!

Alice Harris

Senior Associate

Property Litigation



The Property

Consider....

- HMO Licence
- Minimum Energy Efficiency Standards
- Housing Health and Safety Rating System
- Inventory/Schedule of Condition
- Furniture and Furnishings
- Smoke and Carbon Monoxide Alarms
- Electrical appliance testing
- Water Supply Testing



Energy Performance Certificate

Gas Safety Certificate



The Tenant

Consider...

- Equality Act 2010



Right to Rent Checks



Equality Act 2010

The Tenancy

Assured Shorthold Tenancy Agreement



Tenant Fees Act 2019

- The Act prohibits landlords and agents from charging privately renting tenants and licensees any other fees in connection with a tenancy except those that are 'permitted payments' under the Act.

The Tenancy - Tenant Fees Act 2019

Permitted Payments:

- Rent;
- A refundable tenancy deposit (capped at 5 weeks' rent where the annual rent is less than £50,000);
- A refundable holding deposit (capped at 1 week's rent);
- Payments to change the tenancy (capped at £50);
- Payments associated with early termination of the tenancy;
- Payments in respect of utilities, telephone/broadband costs, TV licence and council tax (so far as the landlord pays any of these costs and then charges them back to the tenant); and
- A default fee for late payment of rent or replacement of a lost key.

The Tenancy

Documentation



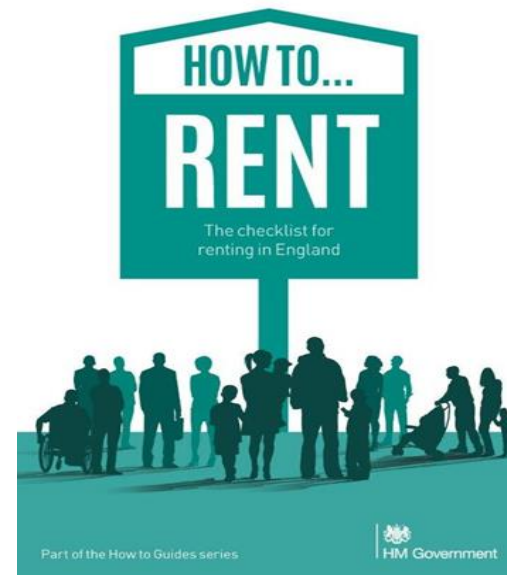
Energy Performance Certificate



Gas Safety Certificate



Government Booklet: How to Rent



The Tenancy – Dealing with the deposit

Within **30 days** of receipt of deposit



Register deposit with a government-approved tenancy deposit scheme

AND



Provide 'Prescribed Information' to the tenant



Termination

- Tenant vacates
- Landlord serves...
 - Section 8 Notice
 -  Section 21 Notice



What happens if.....



Landlord fails to carry out Right to Rent checks?

- Criminal Offence
- Liable for fine up to £3,000 per tenant



What happens if.....



Landlord charges a prohibited payment?

- Civil offence- liable for a fine of up to £5,000
- Second offence within 5 years – Criminal offence – liable for unlimited fine
- Unable to serve a s.21 notice until the prohibited payment is returned to the tenant.

What happens if.....



Landlord fails to deal with the deposit correctly?

1. Compensation claim by tenant

- Return the deposit to the tenant

AND

- Liable to pay compensation to tenant between one and three times the deposit

2. Unable to serve a S.21 Notice

- Remedy?
 - Failure to register
 - » 'Repayment' of deposit to tenant
 - Failure to serve 'Prescribed Information'
 - » Re-serve 'prescribed information' on tenant

What happens if.....



Landlord fails to comply with ‘Prescribed Requirements’?

- Fail to provide tenant with EPC
 - Unable to serve a S.21 Notice, until EPC has been served on tenant
- Fail to provide tenant with Gas Safety Certificate
 - Unable to serve a S.21 Notice
 - No option to remedy – *Caridon Property Ltd v Monty Shooltz* (Feb 2018)



Landlord fails to provide the ‘Prescribed Information’?

- Fail to provide tenant with ‘How to Rent’ Booklet
 - Unable to serve s.21 Notice, until booklet has been served on tenant

Property

- Property Safety Checks- Smoke Alarms/Furniture/Electrical
- EPC
- Gas Safety Certificate

Tenant

- Right to Rent Checks

Tenancy

- No Prohibited Payments
- Deposit
- Documentation - EPC/ Gas Safety Certificate/ How to Rent Booklet

Termination

- Valid S.21 Notice



Alice Harris

Senior Associate

Birketts LLP

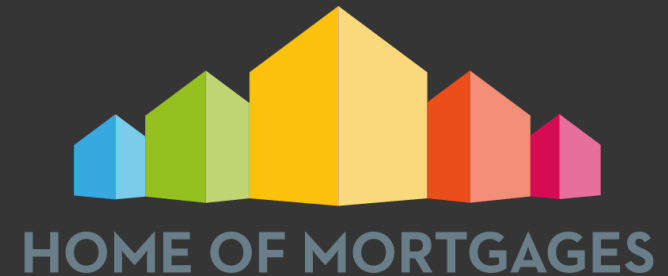
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Michael O'Brien
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Specialist Mortgage Brokerage
Mtg Hub - Based in Romford, Essex

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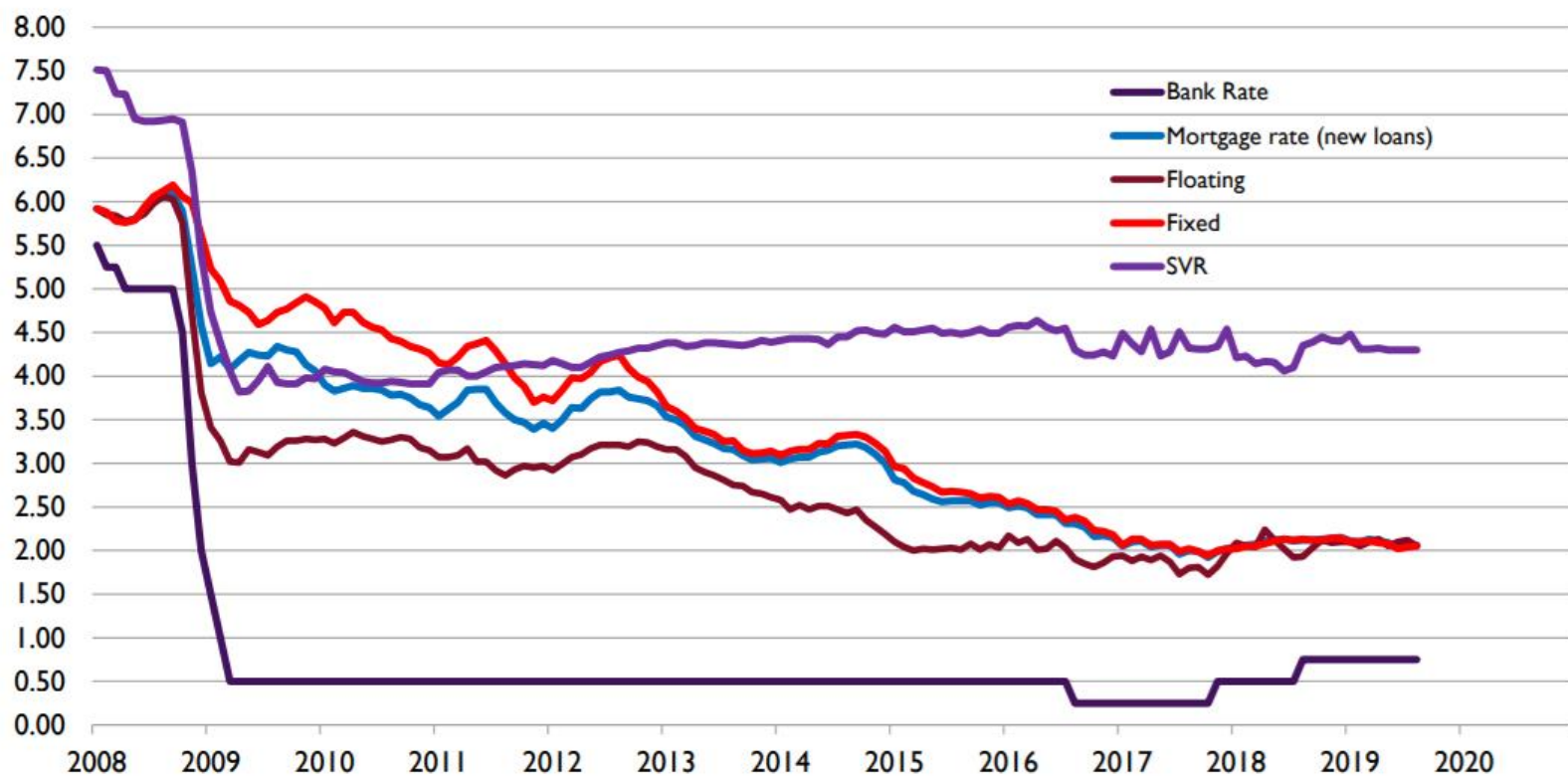




Brexit

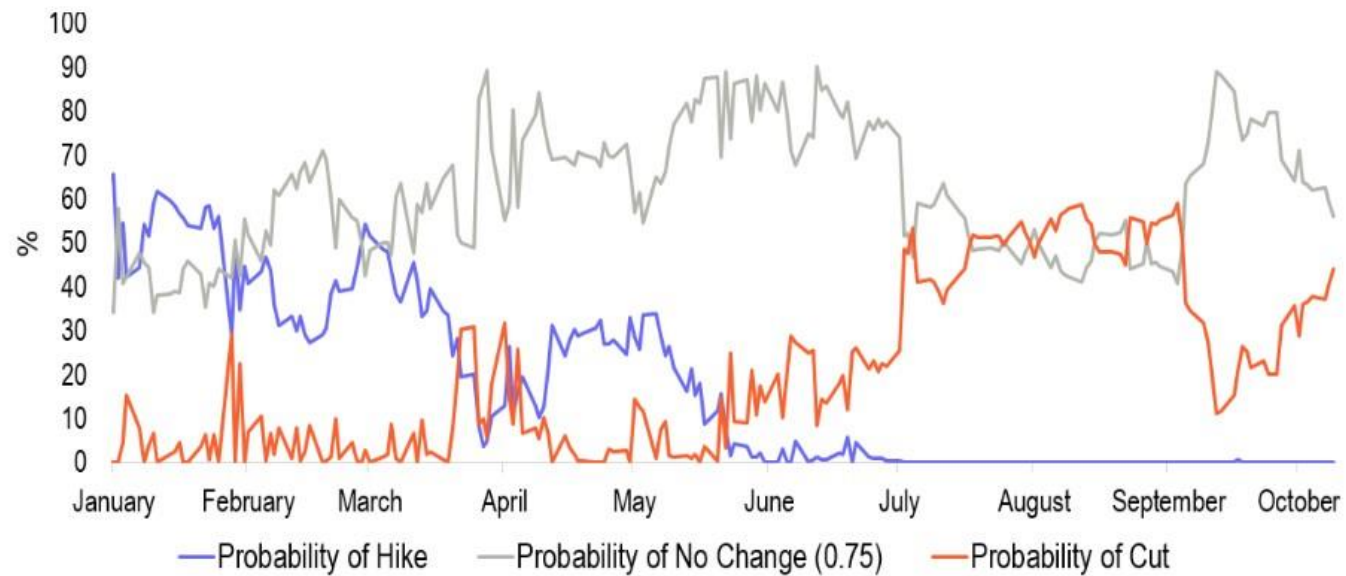
Impact on Mortgage Finance?

Mortgage interest rates



Source: Lazarus Economics & Strategy, Bank of England


The market is pointing towards a 'no chance' of a rate rise this year



Source: Bloomberg WIRP function



House Prices

A photograph of three tents pitched on a rocky shore at night. The tents are illuminated from within, casting a warm glow. The tent on the left is blue and green. The middle tent is white with a red interior. The tent on the right is blue and green with a yellow interior. The background shows a dark forest and a body of water.

Which camp are you in?

Reduce

Grow

Increase yield
with current
portfolio

2020





Shift to higher yielding investments

HMO's, Short term lets, Airbnb

Multi-unit Blocks - MUB

Commercial investment units

Type of secured finance	Likely interest rate	Factors that determine rate
Residential mortgage	Rates start from 1.24%	Most likely to pay own mortgage before other investments
Buy to let	Rates start from 1.64%	Low loan to value – letting on a standard AST
Buy to let – portfolio landlord	Rates start from 1.99%	Low loan to value – letting on a standard AST – More than 3 properties
Buy to let – HMO	Rates start from 3.24%	5 year fixed rate – higher fees, increased risk for lender due to number of tenancies to make repayments
Second charge lending	Rates start from 4.5%	Secured loans against residential property
Commercial loans	Rates start from 4.5%	Commercial investment property
Bridging Finance	Rates start from 5.76%	Short term borrowing, high fees, high risk

Houses of Multiple Occupations





HOUSES OF MULTIPLE OCCUPATION (HMO)

- Small HMO's typically up to 6 bedrooms
- Large HMO's 6 bedrooms PLUS
- No minimum income
- Maximum of 85% loan to value
- 40 year terms offered
- HMO License will be required by most but not all
- First time landlords accepted
- Up to 20 units are considered
- Student accommodation accepted
- Ex-Pat's accepted



**Likely we are in for a long period of
low interest rates**

Consider your investment strategy

Identify what you are investing for

**Build a network of professionals to
help you achieve your goals**



Buy to Let Properties and Tax

Buy to let Property and Tax Guide

- Obtain your FREE E-Guide to Properties and Tax
- Collect your free goodie bag from Kerri

Michael O'Brien

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News & Legislative Update November 2019



Contents

- 1. NLA & RLA Merger**
- 2. Government consult on abolishing Section 21**
- 3. Tenant Fees Act**
- 4. Rogue Landlords Database Consultation Announced**
- 5. Landlords to be required to join redress scheme**
- 6. Five Year Electrical Safety Checks to be Compulsory**
- 7. English Housing Survey 2018**

The logo for the National Landlords Association (NLA) is displayed within a dark grey rectangular box. It features the letters 'NLA' in a large, white, bold, sans-serif font. A thin teal horizontal line is positioned directly beneath the 'NLA' text. To the right of this line, the words 'National Landlords Association' are written in a smaller, white, sans-serif font, stacked in three lines: 'National', 'Landlords', and 'Association'.

NLA
National
Landlords
Association

The logo for the Irish Residential Landlords Association (IRLA) is shown in a bold, red, sans-serif font. The letters 'IRLA' are followed by a stylized red icon of a house, which is composed of geometric shapes forming a roof and a base.

IRLA

Two Associations

– One Vision

S21 – What has been proposed ?

- Abolish Section 21
- Section 8 grounds used for an eviction
- Removal of AST's from the Housing Act 1988
- Reform of the court system
- Various improvements to the Section 8 process

S21 – Why has this been proposed ?

- This has been enacted due to concerns about security of tenure in the PRS.
- Response to the recent consultation on ‘Overcoming the barriers to longer tenancies in the private rented sector’

S21 – What would it mean for landlords ?

- An assured tenancy would be the only type of tenancy open to landlords
- Tenant and landlord agree either a fixed term tenancy assured tenancy or a periodic assured tenancy
- To end a tenancy you would have to cite a reason under the grounds specified in Schedule 2 of the Housing Act 1988 and follow the Section 8 possession process

S21 – When would it come into effect and what about existing tenancies ?

- Consultation has closed
- Once passed by parliament and the Queen there is a proposal of a 6 month 'transition' period
- Assuming nothing else changes politically and the government prioritises this it will come in to force late 2020/early 2021
- Changes will NOT be retrospective, existing ASTs will still have use of S21.

S21 – What can we, as landlords, do about it?

- The consultation was open on the MHCLG website until 12th October - a number of submissions received
- Lobby your MP about proposed changes
- Vital we speak with a single voice to Govt and have strong evidence of the impact – send case studies to contact@landlords.org.uk
- There is a guide on the NLA website to help you navigate the process.

Tenant Fees Act Transition

- For all tenancies signed before 1 June 2019, there is a transition period to the 1 June 2020
- Fees can still be charged for existing tenancies until 1 June 2020
- Afterwards, even if tenancy agreement includes fees, you will not be able to charge them
- All tenancies after 1 June 2020 will need to comply with new Fees Ban.

Tenant Fees Act - Deposits

- For existing tenancies signed before 1 June 2019, landlords not obliged to refund part of security deposit in excess of new cap
- Landlord or Agent will be required to refund the deposit in the usual way at the end of the tenancy
- If tenant signed agreement before 1 June 2019 then tenant will be bound by terms until contract is renewed to new fixed term or terminated.

Rogue Landlords Database Consultation

- Currently includes Landlords with **two or more** civil penalties within a 12 month period.
- Govt proposes reducing entry threshold (e.g. one civil penalty) & allowing tenants access.
- Consultation asks which offences to include, how long LLs should be on database, and who can access it.
- NLA warn changes pointless if local authorities don't use existing enforcement powers.

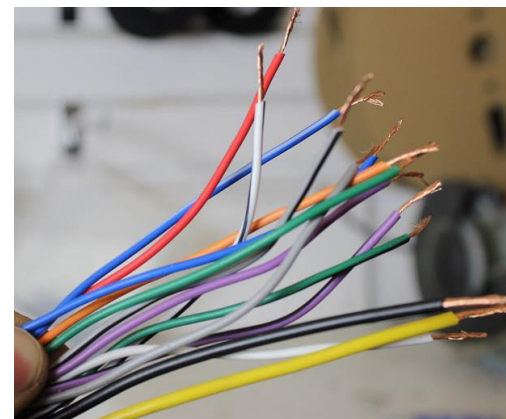
Landlords to be Legally Required to Join Redress Scheme

- New Housing Complaints Resolution Service will make it easier to claim compensation
- Landlords fined **up to £5,000** if they do not join.
- **Needs legislation – new Government will need to take forward**
- Looking at ways to include Redress in NLA as part of membership



Five Year Electrical Safety Checks to be Compulsory

- Banning orders for repeated or serious offences
- Landlords fined **up to £30,000** if found to be in breach
- **NO DATE** has been announced for the implementation
- Landlords need to ensure inspectors have necessary skills and competence



Why join the NLA?

Join now and get £14 off using my rep code R101



- ✓ Advice line
- ✓ Online library
- ✓ Online members register
- ✓ NLA Forms
- ✓ UK Landlord Magazine
- ✓ NLA Licensing 365
- ✓ Free tax investigation insurance
- ✓ NLA Accreditation and CPD
- ✓ Discounts on Courses
- ✓ NLA Membership card
- ✓ NLA Membership logo

✓ Discounts on commercial services:

- NLA Property Insurance
- NLA Property Repossession
- NLA Rent Recovery
- NLA Tenant Check
- NLA Rent Protect
- NLA Inventories
- NLA Landlord Vision
- NLA Rent on Time
- NLA Mortgages
- myDeposits
- NLA e-newsletter



Thank You

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READY^{to}
RENT

Basildon Council
BASILDON • BILLERICAY • WICKFORD

 **Rochford**
District Council


castlepoint
benfleet | canvey | hadleigh | thundersley

 thurrock.gov.uk



What is Ready to Rent (RTR)?

- ▶ Initiative put together by four local authorities
- ▶ Helps landlords comply with various pieces of legislation
- ▶ Ensures your property is safe for tenants





What do we offer?

- ▶ An inspection of your property (HHSRS)
- ▶ A Ready to Rent Certificate valid for three years
- ▶ A standard recognised across all partner authorities





Why use this scheme?

Housing Hazards

- Experienced Officers
- Trained in HHSRS
- Schedule of works agreed

Legislation

- Smoke and Carbon Monoxide Alarm (England) Regulations 2015
- Minimum Energy Efficiency Standards

“Fit” at the start of the tenancy

- Reassures tenants that the property is free from category 1 hazards

Peace of mind

- Certificate issued
- Property let in accordance with Ready to Rent COP and Property Standards



Does it apply to me?

- ▶ Landlords in the PRS ✓
- ▶ Vacant properties ✓





What do I need to do?

- ▶ Property empty? Get in touch, don't delay
- ▶ Complete an application form
 - ▶ Current electrical certificate
 - ▶ EPC
 - ▶ Gas certificate
- ▶ Pay the Ready to Rent Fee



Free from
Cat 1
hazards

Compliant
with
legislation

Full HHSRS
inspection

Approved by
Local Authorities



READY^{to} RENT

Please contact the local authority where
your property is based

Basildon: ehs@Basildon.gov.uk

Castle Point: eh@castlepoint.gov.uk

Rochford: readytorent@Rochford.gov.uk

Thurrock: Private.housing@Thurrock.gov.uk

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Thank you
We look forward to working with you



Q & A Panel

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Challenge 4 - Ready To Rent

Tara Miller, Rochford District Council



Thank you

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