

Haringey Landlords Forum
Regulatory Briefing & Housing Market Update

Richard Blanco – NRLA Representative



Renters Reform Bill - What's Included?

1. Increased 'Security' & 'More Stability'

- Abolition of S21
- Open ended tenancies
- Two months' notice to end a tenancy (tenants)
- Written statements

2. New Grounds for Possession

- Mandatory grounds for selling, moving in or repeated rent arrears
- Expansion of discretionary ASB ground

3. Improved Dispute Resolution

- Rent Increases and First Tier Tribunal
- PRS Property Ombudsman / Mandatory for Landlords

4. Better Compliance

- PRS Property Portal / Mandatory for Landlords

5. A Positive Renting Experience

- Legal right to request pets



Priority Areas

Anti-Social Behaviour (ASB)

- Absence of S21
- Guidance for the courts
- Difficulties in HMOs

Student Lets in the PRS

- Cyclical market
- Lack of certainty
- Two tiered PRS

Court Reform

- Increased pressure on court system
- Delay in accessing justice
- Reform needed pre-implementation



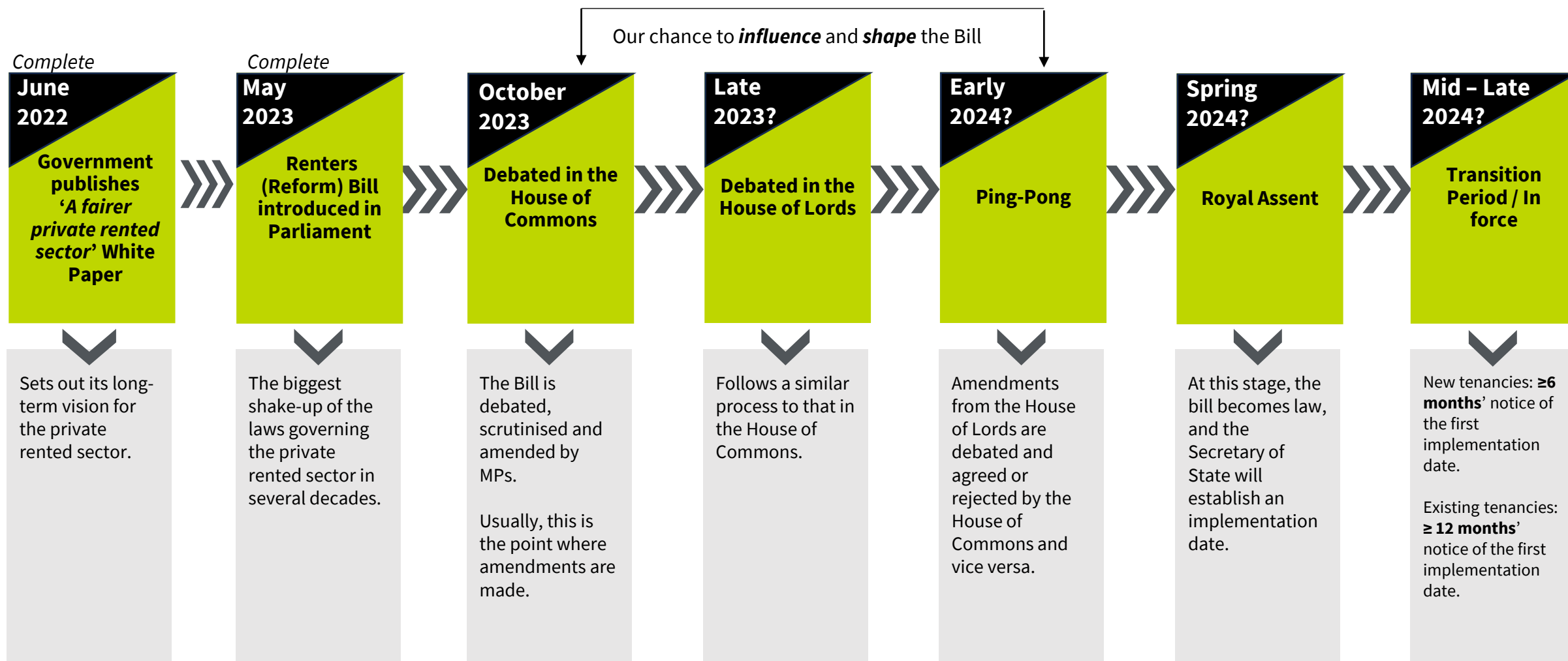
Government has committed to giving landlords more powers to evict tenants in cases on ASB



Anti-landlord reforms will stop students going to university, ministers warned

Making all tenancies open-ended will bring an 'inevitable' reduction in student housing

Expected Timings



Outcome Of Committee Stage

- Delay Abolition of Section 21 until court reform
 - Digitisation, prioritisation, bailiff recruitment, mediation
- Decent Homes Standard
 - Working on the standard and will set out details in due course
- Banning of Discrimination Against Families & “No DSS”
- Superior Landlords Accountable for Rent Repayment Orders
- Rent Repayment Orders Extended to 24 months
- Council tax – tenant is liable until end of notice period
- New Student Ground 4A for Possession
 - 2 months notice 1 June to 30 September
 - HMO exclusively let to students at start of tenancy
- Amendments rejected
 - Extend notice period for move in/selling (1, 1A or 6) to 4 months – but £5,000 fine
 - In tenancy cap on rent increases
- Committee stage ended 5 Dec – now in report stage.



**THE RENTERS
(REFORM) BILL**

The biggest shake up for
landlords in over 30 years

Everything you need to know, every step of the way

Renters (Reform) Bill: Our Successes

- Renters (Reform) Bill published with crucial amendment to anti-social behaviour ground.
- Ben gave evidence to the LUHC Select Committee (the only private rented sector representative to be invited).
- At second reading, Secretary of State the Rt Hon Michael Gove MP, opened with a thank you to the NRLA, which, he stated, had "supported me and the Department in framing this legislation.
- Ben gave evidence to the Bill Committee, outlining the vital need for confidence in the court system.
- Government tabled an amendment to introduce a student ground for possession following NRLA pressure.
- Working groups and regular meeting with DLUHC officials: student tenancies, ASB, court reform, GOV.UK guidance.



NRLA Renters (Reform) Bill Hub

- Access more information about the Renters (Reform) Bill on the NRLA's rental reform hub. It provides:
 - A summary of the Bill and its key provisions
 - FAQs
 - Updates on the progress of the Bill
 - Information on webinars and events
- Scan the QR code on the slide to access the hub.
- Stay up to date on the progress of the Renters (Reform) Bill and developments relating to it through our e-news, monthly bulletins and social media.

SCAN ME



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 3x council tax
 - 2x 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
- We await government response to consultation

Updated How to Rent Guidance

Reminder – October 2023 Edition

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

What's been added?

- Information on the new Housing Loss Prevention Advice Service, which offers tenants legal advice on housing and possessions.



Minimum Energy Efficiency Standards

The Government's Initial Proposals

- Raising the energy performance standard to Energy Performance Certificate (EPC) Band C
- A phased trajectory for achieving the improvements for new tenancies from 2025 and all tenancies from 2028
- Increasing the maximum investment amount, resulting in an average per-property spend of £4,700 under a £10,000 cap
- Introducing a 'fabric first' approach to energy performance improvements.

Prime Minister Scrapped Proposals

- The Prime Minister, Rishi Sunak MP, announced the Government will no longer proceed with its requirement that all rental properties must reach a minimum Energy Performance Certificate rating of 'C' by 2028.

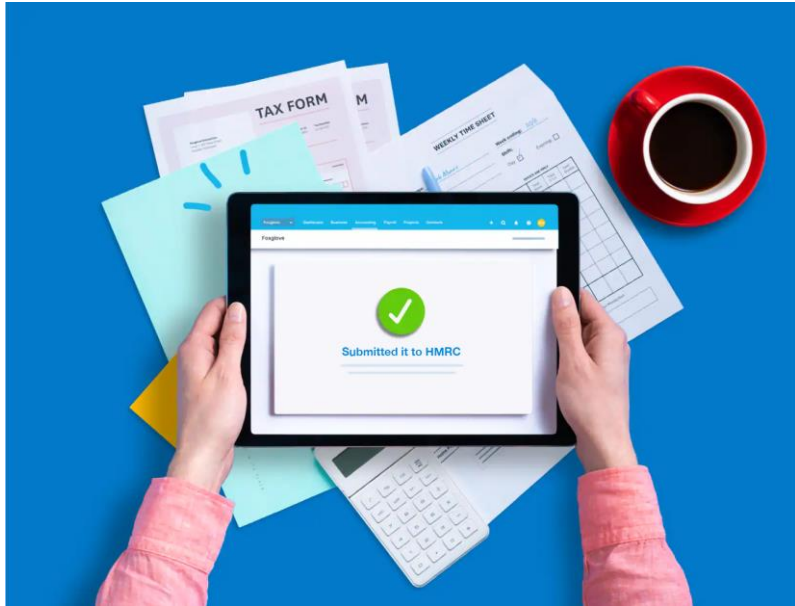


Some stats on MEEES

- 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



Changes To Council Tax For HMOs

- Consultation on Council Tax Disaggregation 17 Feb - 31 March 2023
- Some HMOs were revalued for council tax purposes so each room became band A
- Huge increase in cost for tenant/landlord
- Legislation amended from 1 December – no new disaggregation permitted by VOA
 - HMOs to have single council tax bill
 - Shared house HMOs can still be billed to tenant
- Existing licensed HMOs will be changed within 2 months of new legislation: VOA working with local authority
- VOA must respond within 4 months to requests from unlicensed HMOs



Local Housing Allowance

- The Government announced in its Autumn Statement that Local Housing Allowance (LHA) rates would be realigned to the 30th percentile of local market rents.
- The uplift will be implemented in April 2024.
- Rates will be frozen again for 2024/25.

Material Information

- National Trading Standards has published new guidance outlining what information must be included on a property listing.
- The guidance covers all material information parts (A, B & C) including information relating to rent, utilities, building safety and adaptations.
- Make sure you're including all relevant details in property listings to ensure prospective tenants can make informed decisions.

**NATIONAL
TRADING
STANDARDS**

Estate and Letting
Agency Team

Protecting Consumers
Safeguarding Businesses

Smoke & Carbon Monoxide Regulations

- CO detector in every room with combustible fuel appliance (except gas cookers) required since 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



Fire Safety - 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



Leasehold Reform Bill

- Leasehold Reform Bill published in November.
- Aims to make it “cheaper and easier” for leaseholders to extend their lease and take over management of their property.
- Bill as drafted does not include a ban on sale of new leasehold houses, but amendments are expected to be introduced.
- The Bill will abolish ‘marriage value’, cap the value of ground rent included in calculating the lease premium, and prevent freeholders from recovering legal costs from leaseholders.

Housing Loss Prevention Advice Service

- The Government launched the Housing Loss Prevention Advice Service, replacing the Housing Possession Court Duty Schemes (HCPDS).

Aims

- Enhance support for at-risk tenants
- Provide comprehensive legal advice coverage
- Support early intervention for debt and arrears

How Does It Differ to HPCDS?

- The scope of the new scheme has been widened to cover issues around debt and welfare payments.
- Tenants struggling with payments are signposted to support services which should mean that arrears are addressed at an earlier stage.

Renting Homes (Wales) Act 2016

- Occupation contracts came into force on 1 Dec 2022
 - Must use a specific written contract – by 14 June 2023 (rules are complex)
- New fitness for human habitation requirements (EICR, smoke alarms, CO alarms)
- Six months notice required to end tenancy
 - But restricted if mandatory requirements are not met including issuing specified documents
- Consultation on rent controls ended 15 September 2023





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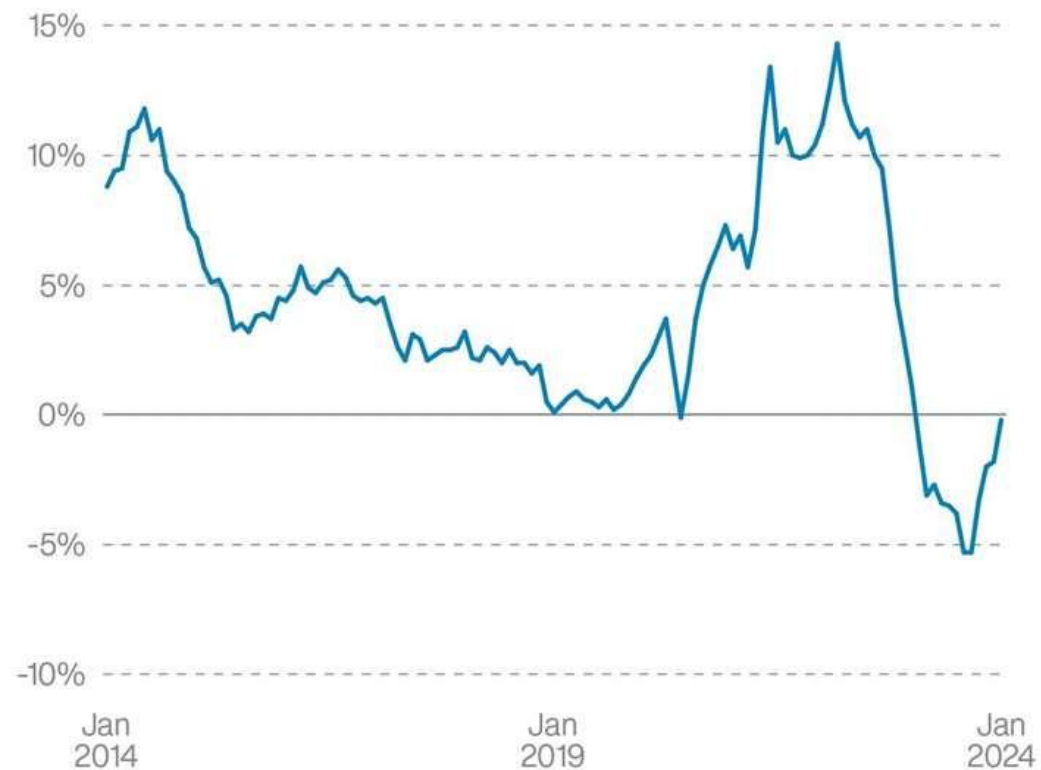
Housing Market Briefing



Sales market

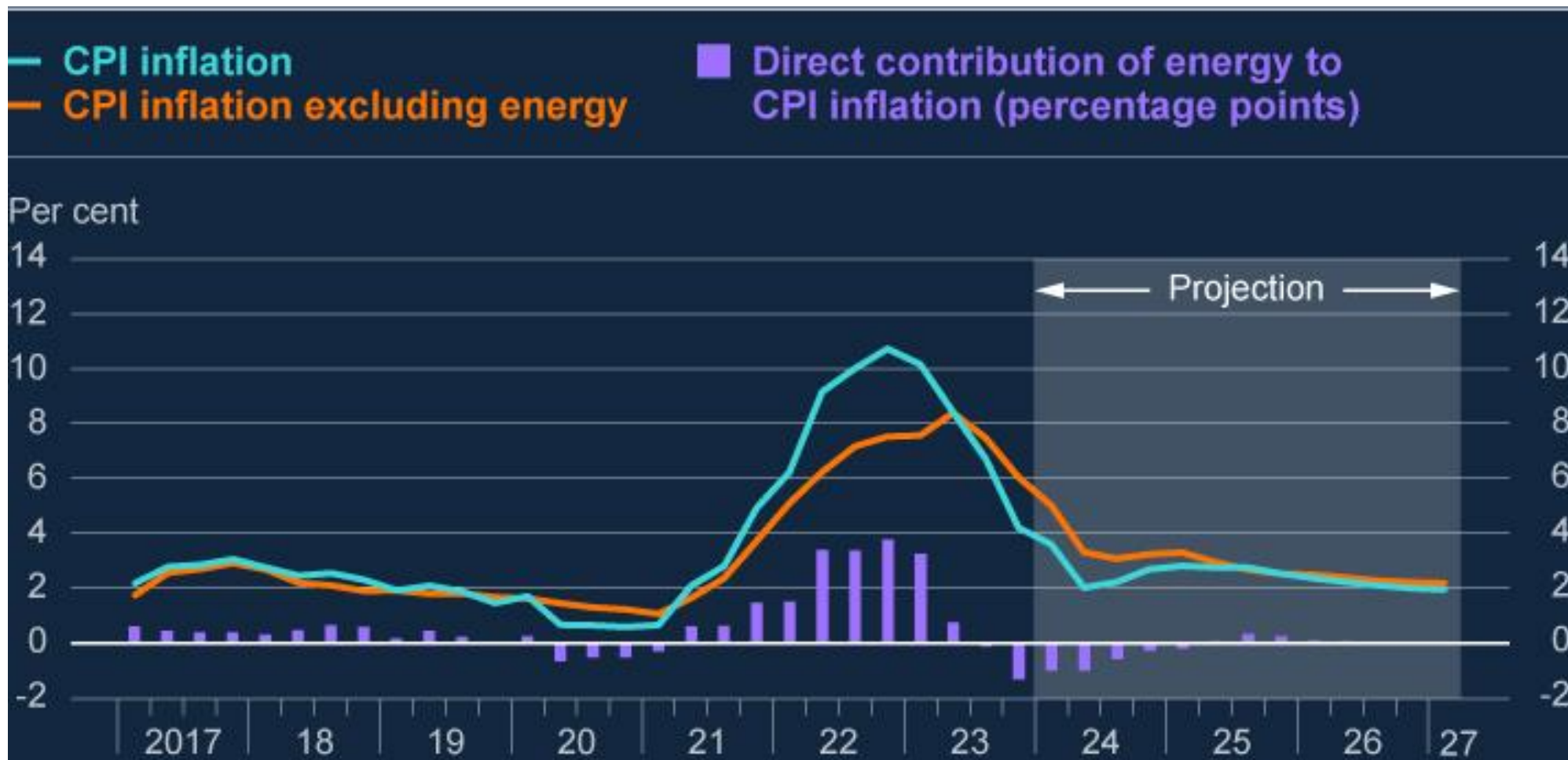
- Where are we in the cycle?
 - Nationwide 0.2% down 12 months to January
 - Expect falls of 2-5% in 2024, depends on area/market
- Influencing factors
 - Economic uncertainty
 - Geopolitics
 - Elections
 - Pent up demand?

Nationwide house price index:
year-on-year change in average UK house price



PA graphic. Source: Nationwide

Inflation Projection (Bank of England)



Interest Rates – Market Implied Path



Mortgage Rates Falling



- Tough time for buy to let lenders
- Tightening of stress tests (making new business difficult)
- Emphasis on keeping business with product switches
 - Move to six month ahead and can change your mind
- Opening up to different business
 - Holiday let, limited company, HMOs
- Average 2 year fix peaked at nearly 7% six months ago, now under 5.5%
 - Some excellent rates around now
 - Challenge this year will be timing
- 2 year Swap rates are rising - fell to 4.03% one month ago, now 4.15%
 - Five year were 3.40% one month ago now 3.56%

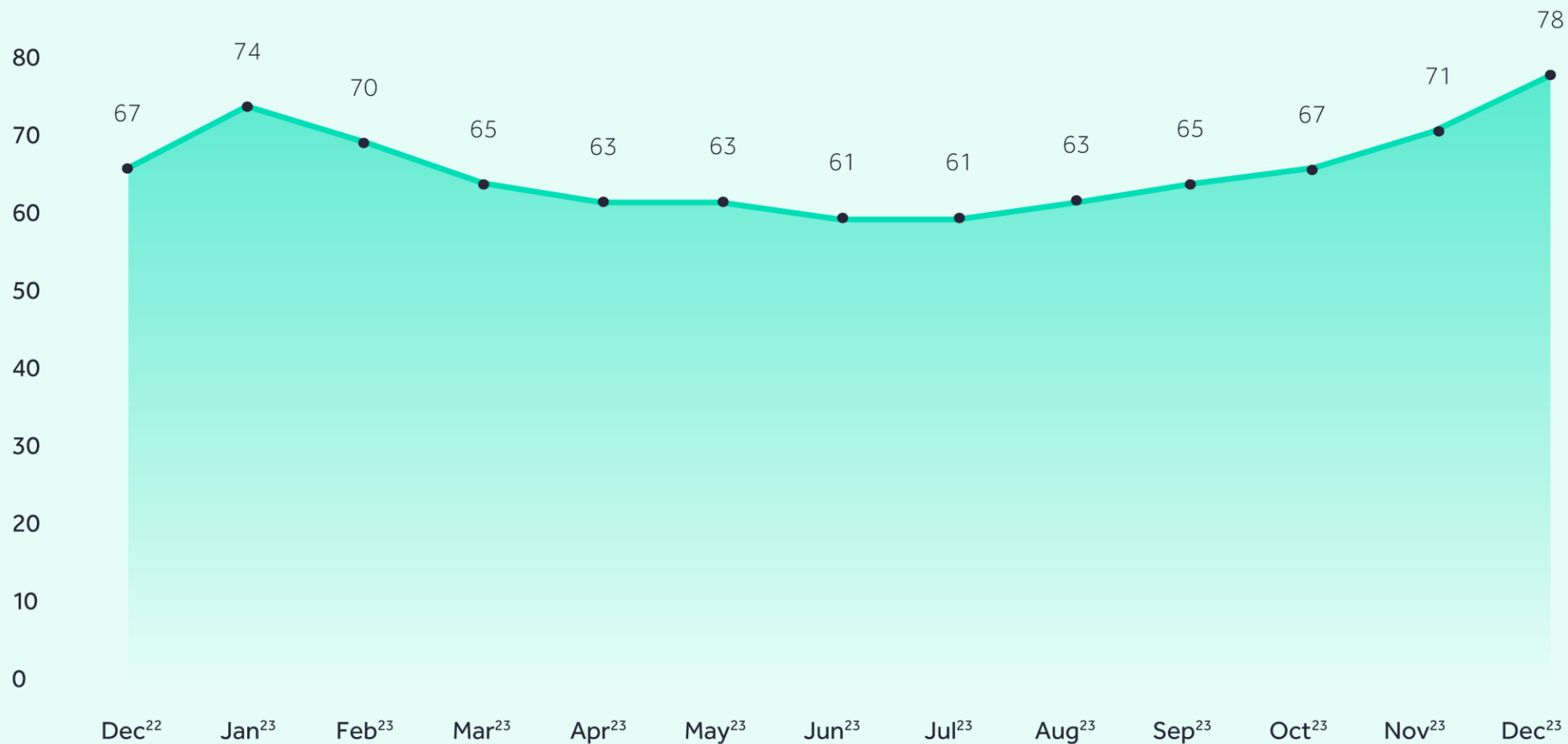


UK Mortgage Approvals (BoE)

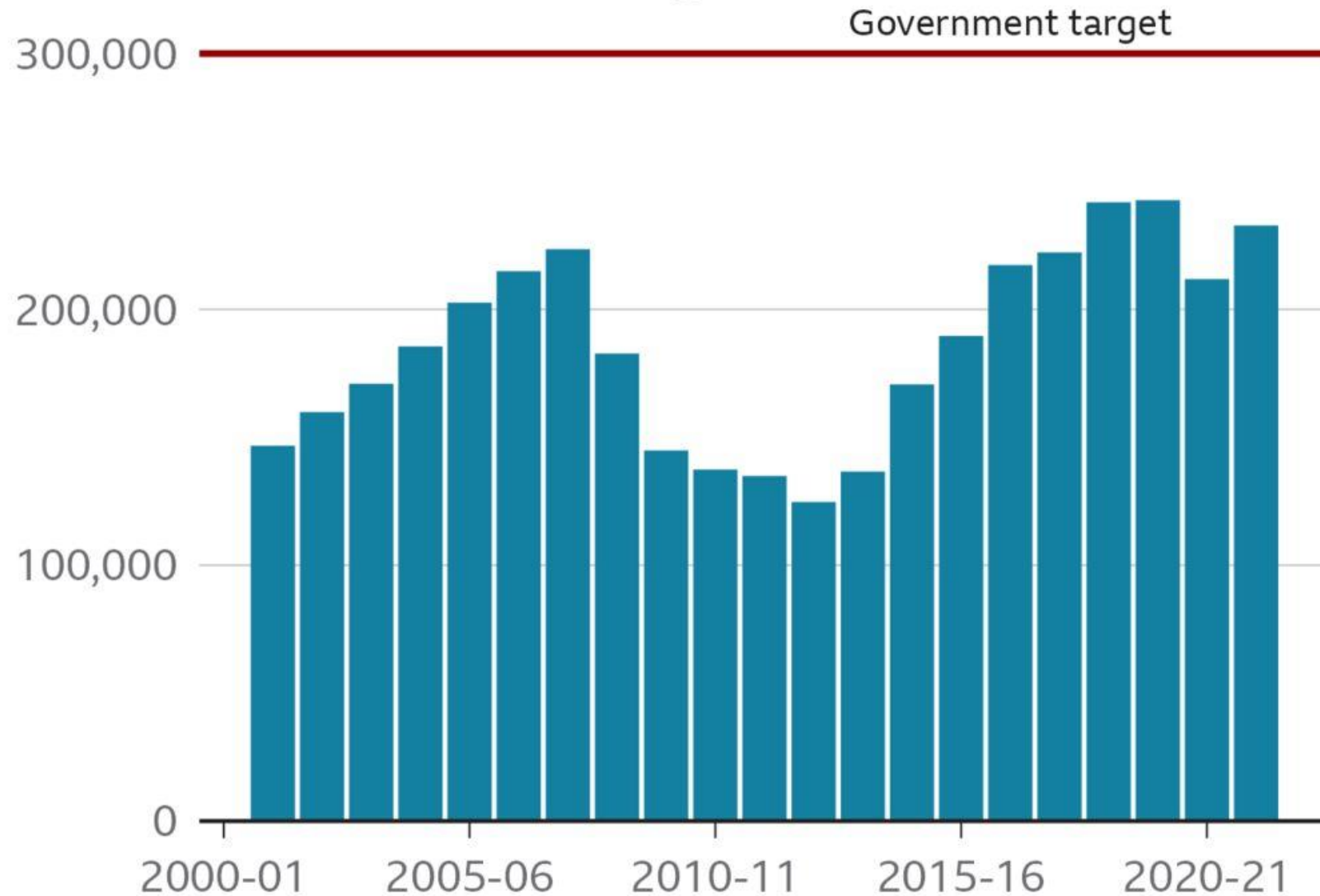


Average time to secure a buyer (no. days) London

rightmove 



Net additional dwellings



Source: Department for Levelling Up, Housing and Communities

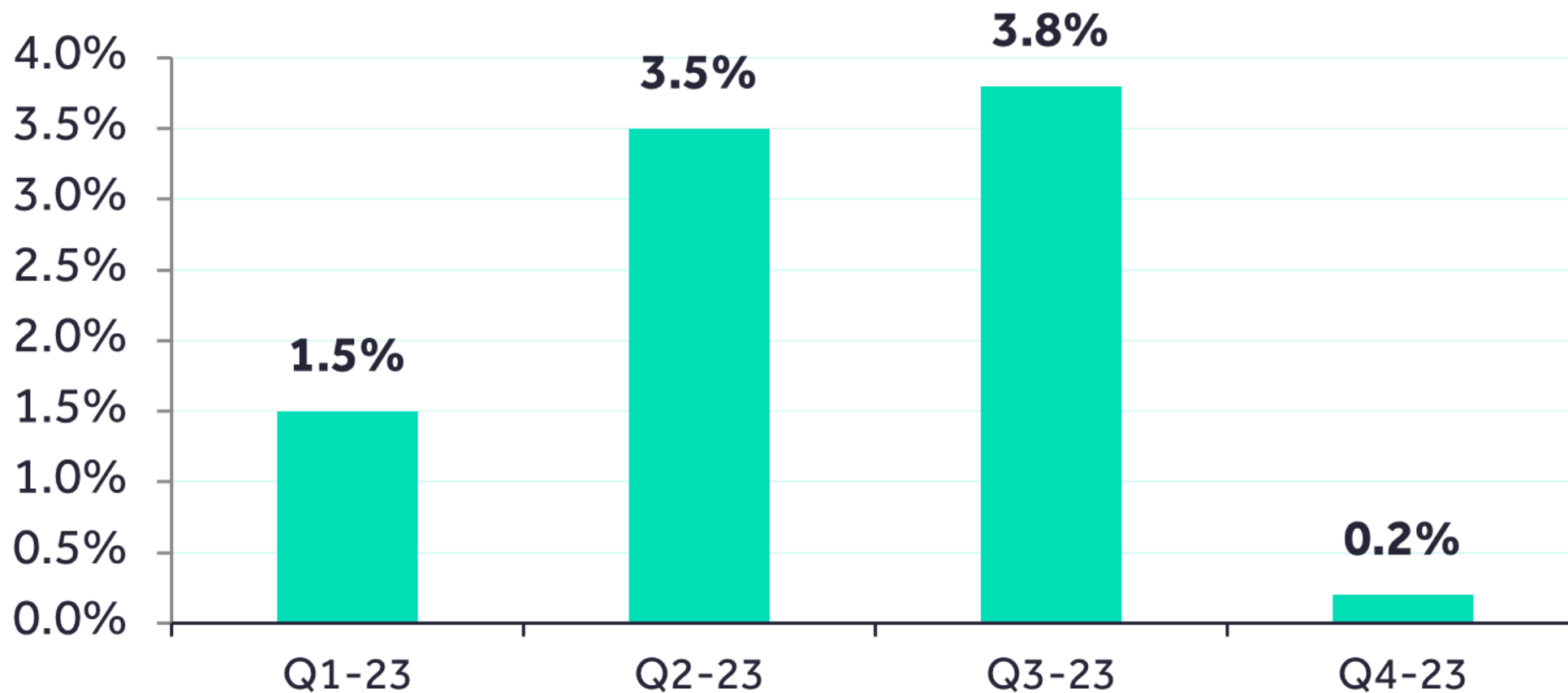


Is The Supply Crisis Easing?

- Landlords Selling
 - 28% landlords plan to sell in next 12 months, 8% are buying
 - 12% actually sold in Q3 2023, 5% actually purchased
 - Capital Economics says 400,000 PRS properties have been lost since 2016
- Rents up 9.2% UK excluding London (Rightmove)
 - Contacts to agents down 13%
 - Properties to market up 7%
 - 23% had prices lowered
- Rents up 6.2% UK (ONS), 6.8% London (ONS)
- Perfect storm for landlords
 - Renters Reform Bill plus Licensing & Article 4 Directions (and MEES)
 - Rising interest Rates
 - Punitive taxation (s24, SDLT, CGT)
 - 1990s Generation of Landlords retiring



National quarterly change in average asking rents



Source: Rightmove



The Lettings Market

- Raising rents fairly & legally
 - Dilemmas with long term tenants (refurb vs low rent)
 - Use of section 13 or negotiate new contract
 - Give tenants longer notice
 - Firm, fair, realistic
 - Agents can provide useful intermediary
- Reset rents to market rates at tenant changeovers
- Plan ahead with a rent strategy



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1 MAIN ACCOUNT
1 ASSOCIATE



**Discount
Code 59**

1 MAIN ACCOUNT
4 ASSOCIATES



Member Benefits

- ✓ FREE landlord advice - online & telephone support
- ✓ FREE webinars, podcasts, & networking events
- ✓ FREE unlimited resources, including documents, guides, tenancy agreements, & templates
- ✓ FREE comprehensive licensing support
- ✓ FREE award-winning property magazine
- ✓ Network of regional representatives
- ✓ Active lobbying and representation
- ✓ Discounted training & accreditation



Exclusive Member Discounts

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- ✓ 15% off at Carpetright
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- ✓ 10% discount at LOFT Interiors
- ✓ 5% discount on compliance checks
- ✓ 1 month FREE boiler & home emergency cover
- ✓ Exclusive discounts on mortgages, tenant referencing, and more

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Podcast, Webinars & NRLA Membership



Listen to NRLA Podcast & Watch Webinars

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



Future Meetings & Webinars

www.nrla.org.uk/events

Check NRLA events webpage for up to date information

- Havering Landlords Forum (webinar)
 - 7-9pm on 20 February 2024 - mortgage market update
- Barking & Dagenham Landlords Forum (webinar)
 - 6-7.30pm on 5 March 2024 – research, sourcing & outsourcing
- Redbridge Landlords Forum (webinar)
 - 7-9pm on 14 March 2024 – HMO challenge
- ULHS Student Landlord Forum (webinar)
 - 6.30pm on 19 March 2024 – focus on renters reform bill
- Broxbourne Landlords Forum (in person)
 - 6-7.30pm on 8 May 2024



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