



# The Professional Association for Landlords

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July 2021, iHOWZ Newsletter 42  
£5 where sold

## Housing the Economically Poor

With the acceptance of office conversion to residential as permitted development, a significant number of offices have been given planning permission for conversion to residential and many of the individual units are approximately 20 square metres. However, as a direct result, on 6th April 2021 Government introduced a restriction under permitted development of limiting the minimum size of any self contained residential unit to 37 square metres. In other words, as from that date no unit of under 37 square metres will be allowed.

What is the effect of such a change? In the opinion of a significant number of landlords, units of 20 square metres are perfectly acceptable and there is no shortage of tenants for such units, especially in areas of high rental costs. The affect of this regulation will mean that the cost of providing a minimum sized unit will increase considerably compared with a 20 square metre unit. In most areas where affordable accommodation is required to be provided, it will be at approximately 80% of current market rentals and will be completely unaffordable to a person on minimum wage or in receipt of benefits. Government is determined to keep the cost of Local Housing Allowance/Universal Credit as low as possible and as a result it will not meet the needs of such tenants.

One wonders what the Government has in mind, but according to rumour it is alleged that units under 37 square metres will become in effect ghettos of the future. Which is certainly not the experience of many landlords.

Many landlords who own self-contained units of around 20 square metres confirm that they make very acceptable, affordable accommodation, with lower heating costs and lower rents.

Government must wake up to the reality of what it is prepared to pay towards the rental of the economically poor and match it to the requirements of minimum size and specification and not pretend that a unit, nearly 50% the size of its now minimum current requirement, is simply unacceptable unless of course it is prepared to match its Local Housing Allowance (LHA) to provide for the excess requirements it is imposing on private landlords/investors.

# Eviction Update

## *What is the latest on evictions and when may they be fast tracked?*



In England, a significant amount of mainstream media coverage accompanied the lifting of the 'eviction ban' at the end of 31 May 2021. The tone of most of the news articles was rather alarmist, and seemed to imply that this news came as something of a surprise to tenants.

From 1<sup>st</sup> June 2021, it has been possible for a notice of eviction to be delivered to residential properties, and for evictions to be carried out thereafter. The earliest possible date for an eviction to take place is 15 June, given the requirement for 2 weeks' notice of eviction, under Civil Procedure Rule 83.8A.

Writs or warrants of possession against trespassers are enforceable immediately. In all other cases, an eviction notice must be delivered to the premises, and be addressed to all persons against whom the possession order was made, and "any other occupiers".

There is a prescribed form for the notice of eviction, which can be found in Practice Direction 83. The notice must be either inserted through the letterbox in a sealed transparent envelope, or (if that is not practical) attached to the main door/some other part of the land so that it is clearly visible, or displayed in sealed transparent envelopes attached to stakes in the land, also clearly visible.

In Wales, the ban on most evictions continues until the end of 30 June 2021. The exceptions to the ban are narrower than they have been in England. The only evictions currently allowed in Wales are in claims against trespassers, those based wholly or in part on anti-social behaviour, or where the tenant has died.

The 'Overall Arrangements for Possession Proceedings in England and Wales', published in September 2020, set out the Courts' current approach to managing and hearing possession claims.

Paragraphs 43-44 ('Prioritisation') set out that the Courts have been instructed to give priority to cases which involve:

- Anti-social behaviour
- Extreme rent arrears, i.e. at least 12 months' rent, or 9 months' rent, where that amounts to more than 25% of a private landlord's total annual income
- Squatters, illegal occupiers or trespassers
- Domestic violence
- Fraud or deception
- Unlawful subletting
- Abandonment of the property, or death of the tenant

Priority is also to be given to claims which were issued before the stay on possession proceedings which commenced on 27 March 2020. The Courts are meant to afford higher priority to high arrears cases.

Bailiffs have been told not to carry out evictions if anybody in the property is self-isolating or exhibiting symptoms of COVID-19. Therefore in theory, a tenant might attempt to frustrate an eviction by asserting that they have symptoms or someone in the property is self-isolating.

The Courts have been consulting on an updated version of the 'Overall Arrangements' to be released soon, which appears to be similar to the current procedure.

**Pete Blackmore, Solicitor**

# Survey of Members

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We recently carried out a couple of surveys, and share them with you here:

## Is Capital Gains Tax Affecting Sales of Property?

### Selling

Just over a ¼ (28.6%) of landlords are not intending to sell any, or any of their portfolio; whilst nearly 2/3 (58.4%) intend to sell within 5 years – with nearly half (46.9%) to sell within 3 years, or less. 60% would like to sell, but feel that CGT is stopping them, but only 30% are put off buying because of CGT and/or IHT.

### Corporate Structure

The vast majority (67.1%) hold their portfolios in sole name; 8.2% as a Partnership; 1.4% as LLP; 4.1% as a company; and 17.8% have a mixed holding. Within the mixed holdings sole name; 35.9% are private; 21.9% as a Partnership; 14.2% as LLP; 20.4% as a company.

### Tax Advice

63.8% have taken tax advice. 29.1% from a tax adviser; 58.2% from an Accountant; 1% from a Bookkeeper; none from a solicitor; 1% from books; and 6.8% look after themselves.

### Planning Advice

80% have a current will, but only 40% have Lasting Power of Attorney.

In answer to a range of other planning (e.g. IHT) 'No' was predominate to 'Yes'.

Most landlords were aware of many of the terms used within CGT, apart from Passive Activity Loss (PALs) where 80% had no knowledge.

## Software Survey

This was carried out to ascertain what members used on the computer.

A brief summary of those respondents:

- 61% had joined at least one of the monthly virtual landlord meet-ups
- Only 40% used some kind of software to aid their management, but
  - The majority of these used standard software, especially
    - \* Spreadsheets
    - \* Word Processing
    - \* Emails / Texting / Whats App
  - Only one person used specialist property software
- Nearly ½ (47%) do not use social media. Of those who do, the majority use Facebook and YouTube.
- Only 9% used Twitter, and 18% used LinkedIn.

Of the specialist property websites:

- 56% use Rightmove
- 46% Zoopla
- 37% Land Registry
- 23% Spare Room
- 21% Open Rent



# Introduction From the Editor

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When will life get any easier? Being a Landlord and helping to run a Landlord association just seems to get harder and harder. Finding tenants has been difficult, getting them to pay, well time consuming and for if you make a mistake and take on a tenant that will not pay, very, very difficult to get them out.

We then have the final instalment of Section 24 tax changes that took effect from April 2021. Are the government getting rid of Section 21 or not? Renters Reform Bill. Serious changes to the Minimum Energy Efficiency Standards, requirements from 2025. Breathing space legislation (May 2021). Licensing on a Council by Council ward by ward basis. Changes to the Home office "Right to Rent" Rules. Over 160 separate pieces of legislation that you as a landlord must comply with. These are times when you need your iHOWZ landlord association more than every.

Rest assured we are working flat out to keep you informed and provide an input into government policy. We are a not for profit organisation, that are here to serve you, as always if you have time to spare or a good idea for the newsletter then let us know.

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## Shared Facilities

**Mike Stimpson**

As members will know, I have a number of non self-contained units and believe in this age the minimum requirements expected by tenants is their own bath/shower and toilet; shared kitchens are acceptable. But, I am not allowed to provide such facilities in the areas in which I have such accommodation. However, I have seen no announcement by Government of its intention to recommend such provisions and in the case of local authorities, many would wish to keep bedsits sharing all facilities in place for affordability. It seems no consideration is being given to those who have to clean these properties and ensure they are safe to be used.

This, in my opinion, is another example of both local authorities and Government expecting landlords to provide what in effect is unsuitable accommodation when the need for change is now.

I have been a landlord for over 60 years and have seen many, many changes, most of which that have been for the better. However, this Government appears determined to give tenants rights of occupation and possibly regulated rents without regard to their behaviour and landlords will find it most difficult, if Section 21 is removed, to get rid of unacceptable tenants. It is like the eighties are coming back and we need to be vigilant and active to ensure that common sense allowing landlords to run their businesses in a decent manner is upheld.

Having said all that, I should perhaps say that there are opportunities out there. The rental you obtain from your properties will still probably exceed most other forms of investment, so my message is keep your head up, look for opportunities and hope that this Government will act in a more user friendly manner towards landlords.

Good luck and hopefully a warm and dry summer.

# Market Overview

# Arington

*Ask, Listen, Do*

The residential sales and lettings market in Brighton & Hove and the surrounding

commuter belt is seeing property prices and demand rise to all time highs, fuelled by limited property stock and demand being boosted by the London market, as they look to escape London to the seaside and surrounding countryside. Here at Arington we continue to see properties sell and let within a matter of days, with the new all-important home office and essential outdoor space now top of our applicants wish lists.

However, turn your eye to the Brighton student lettings market and a very different picture has been painted this year. After the increased supply hitting the market in the last couple of years, with more scheduled for this year, the Coronavirus pandemic has only added to the challenges faced by student landlords in trying to find students for their properties.

All students and in particular first year and international students, restricted to and choosing to live and study at home, have not been able to meet in class or halls, limiting their opportunity to form groups and friendships, causing a knock-on reduction in demand for the previously popular larger properties.

Here at Arington we are finding the 3 – 4 bedrooms properties are the most popular, so far this year. International demand is down, although due to the rumours of restrictions placed upon the halls students last year, first year students seem reluctant to go into halls and are looking for student properties where they have the freedom they wish for. In addition, mixed groups of professionals, post grads and students are also looking at the shared HMO's.

Our advice remains the same when marketing your property; ensure it is presented well and priced attractively. With our catalogue of marketing tools and negotiating expertise leave the hard work of finding the students to us.

There is light on the horizon for Brighton student lettings...with student applications at an all-time high, HMO stock selling to be used as family homes and Brighton & Sussex universities only really having one way to go on the university league tables, surely in a few years we will see the giddy days of under supply and over demand, with rents increasing as such.

If you would like an up to date sales or lettings valuation, help in letting your current student property or would just like to talk to us, please do not hesitate to contact us.

**Telephone: 01444 221102 or 01273 957956 | Email: [info@arington.co.uk](mailto:info@arington.co.uk)**



# Right to Rent for EU Nationals

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'The government has confirmed how landlords and letting agents will check the right to rent status of EU, EEA, and Swiss citizens from July 1st 2021, many of whom will no longer be able to physically document their right to rent in England after this date. Citizens from the EU, EEA, and Switzerland who have successfully applied to the EU Settlement Scheme or for a UK visa will need to use the government's new "View and Prove" online service to share their right to rent status with landlords and letting agents. ([www.gov.uk/view-prove-immigration-status](https://www.gov.uk/view-prove-immigration-status))

## How to Check a Tenant's Right to Rent With the View and Prove Service

1. Ask your tenant to log into the View and Prove service and then click 'prove your status'.
2. The tenant will then need to select the reason they want to share their status – to prove their right to rent – and will be shown a preview of the information that will be shared with the landlord or letting agent.
3. The tenant then clicks 'create share code', which will supply a share code which, will be valid for 30 days.
4. The tenant will need to provide this share code, along with their date of birth, to the landlord or letting agent. They can email this to the letting agent directly through the View and Prove service, printing the screen, writing down the code or telling them the code.
5. The landlord or letting agent can then enter the tenant's share code and date of birth at the government's view a tenant's right to rent portal and confirm the tenant has the right to rent. [www.gov.uk/prove-right-to-rent](https://www.gov.uk/prove-right-to-rent)

There may be some circumstances where a person cannot currently create a UKVI account, including those who were given, or continue to hold, a physical document, for example a biometric residence card (BRC) or biometric residence permit (BRP), however, they can use the online right to rent check service to generate a share code, which can also be used by other international residents in England to prove their right to rent.

The government's guidance notes that "in the future, everyone will be able to register for a UKVI account which will also allow them to access the View and Prove service", with details to follow "in due course".

## However, many will still be able to show they do have permanent right to rent:

- Irish nationals can still establish permanent right to rent by showing the landlord a genuine passport identifying them as an Irish national;
- Other EU nationals can establish permanent right to rent by showing they have a current residence card. An expired card will no longer be suitable.
- Where the EU national has settled status, they can provide the landlord with their date of birth and share code, allowing the landlord to access an online portal to verify their permanent right to rent status.
- Where an application to stay or remain in the UK has been made before 30 June 2021 and the tenant does not have any documentation, the landlord can ask the Government's Landlord Checking Service to confirm whether it is safe to let to them.



If any of these checks are successful then there is no need for further follow-up checks.

### **What is the situation for existing tenants?**

The new legislation is not backdated so tenancies signed before 30 June 2021 follow the old rules with the old evidence requirements.

Any tenants who establish permanent right to rent through one or two documents from List A and sign the agreement before 30 June, will still have permanent right to rent from 1 July 2021. Any EU citizens who have

not applied for Settlement can remain, but they won't have access to many facilities, especially benefits, etc. They may also have problems with a new rental agreement, so be aware if you are in the habit of issuing new agreements yearly.

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## **Mike Stimpson's Column**

As a landlord I welcome the return to near normality. The moratorium on commercial rents, whereby a landlord cannot evict for non-payment, has still not been removed and could well be continued. This should be an urgent consideration for Government to action. I object strongly to commercial occupiers, especially those who have remained open during lockdowns, not paying the rent and cannot be evicted and on top of that I will have to pay income tax on the rent I have not received.

Whilst mentioning the way Government has been treating landlords, I should perhaps mention that earlier this year I received a Unified Business Rates demand in respect of a property that came vacant in March 2020. Members will be aware that this was during lockdown, when we were not allowed out, nor were we able to make contact with other people in person and therefore it was not possible to let this property yet I still received a Unified Business Rates demand, which I immediately challenged the right of the local authority to charge me Unified Business Rates at a time when I was not allowed to go out or run my business.

I received a polite reply stating the Government had made no exceptions in respect of rates on unoccupied property owned by private landlords. When compared with all businesses that had automatically been given a Unified Business Rates holiday until June 2021, it is yet again an example of the attitude of Government to private landlords. We are not all JD Sports, who was able to remain open and has refused to pay back from its substantial profits the Unified Business Rates concession it has been given.

## **Taxation of Unpaid Rents**

Members may not be aware (unless they themselves are affected) but some landlords with larger portfolios are required to pay income tax on rents due but not received. The question has been asked whether that will include the rental not received during Coronavirus and which may never be recovered. Until the landlord declares the rent unrecoverable they are required to pay income tax as though it has been received. This, in the opinion of iHowz, is completely unacceptable and is treating landlords as though it is an acceptable situation, especially where Government has stopped landlords evicting tenants seriously in arrears.



## **Is there a Covid surge among Southampton students?**

Some of our Southampton student landlords are reporting an increase in their student tenants reporting positive Covid cases, and therefore the whole group of tenants in that HMO have to isolate for 10 days.

This is not backed up the official Government stats, where they are reporting 32 cases per population of 100,000, however, the official Government App – Zoe – is reporting 666 per 100,000, and is showing Southampton as being substantially higher than the surrounding area.

But does this matter? Normally no, as long as none of the tenants don't become ill, and continue to isolate. But this is at the end of the annual tenancy, and falls at the time landlords are trying to get all the previous tenants checked out, to enable a deep clean before the new tenants come in.

The landlords we have talked to are of the opinion that they still have time to be able to complete the turn round, provided one of the isolating tenants doesn't submit a new positive case. Then the 10 day isolation clock would have to be reset, making it difficult to carry out the turnaround in time.

What can landlords do? The first thing is to establish that one of the tenants actually has a positive result. If they have taken an official Government test they will have been texted the result. As a student landlord, you should ask to see this text, thus confirming all the tenants do have to isolate from the date of the positives test.

The problem would come if they have taken one of the self-administered lateral flow tests that can be posted out, or if the students have been in contact with someone not in that HMO social bubble.

Both of those would be difficult to prove, and you would have to take their word. And what if they are unable to leave in time for the new tenants to be correctly checked in? Students take this risk every year; if one of their outgoing students digs their heels in, and refuses to leave, the landlords will have a problem. If the landlord has offered to the new tenants 'Subject to Contract', and the new contract states the new tenancy is subject to the property being fully vacated, legally they are covered.

The question is, where do they stand morally? A decent Landlord will want to go

beyond their pure legal obligations, and will not want incoming students left with nowhere to stay (assuming their course even goes ahead!).

If the outgoing tenant is just being difficult and refuses to leave, the landlord has to serve notice, and wait for the courts. If the tenant(s) is/are genuinely isolating, they would face a £10,000 fine if they leave their property early – clearly the landlord cannot force them out.

There is no proper answer to this. A decent student landlord would make every effort to house in-coming student tenants, even if they have to house them at extra cost for the 10 days of isolation. This would be expensive, but is the risk all landlords take, especially student landlords.

We would be interested to hear from you if you are suffering this problem, especially if you have found a (legal) remedy – email us at [info@ihowz.uk](mailto:info@ihowz.uk).

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## Council Tax

Why does Government insist that the poorest in society pay the highest level of Council Tax for the accommodation they occupy? Members who provide non self-contained accommodation let on individual agreements will be well aware that many local authorities are referring such properties to the Valuation Office for consideration of re-banding.

Over very many years such properties were given an overall banding for Council Tax and the landlord paid it and then re-charged to tenants. The average payable by a tenant would be around £7-£9 weekly. However, when local authorities request a re-valuation and because of lax regulation by Government, the Valuation Office will invariably band each individual non self-contained room as Band A. If that room is then occupied by a working person, that person will be given a 25% discount and pay an average of between £14-£18 weekly towards the Council Tax.

The same situation applies in the case of a Band A two bedroom property when occupied by only one person. The comparison demonstrates the premium that a bedsit occupier has to pay for the privilege of living in one room.

Most properties as houses in multiple occupation (HMOs) are licensed and the licence issued by the local authority will determine how many people can occupy any particular room, which is usually based on size. Many such rooms are only allowed to be let under the terms of the licence to one individual, yet if that room becomes vacant the local authority immediately charges the landlord 100% Council Tax Band A, rather than the maximum it could charge if it was occupied of 75%.

iHowz is challenging a particular local authority on its right to charge a premium of 25% when the property is unoccupied when, by its own regulations, it could not charge more than 75% if occupied. We shall report the outcome.



# Top Five Tips for Finding Good Tenants

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Any landlord will know that finding a 'good' tenant is the most important step in the lettings process. When you hand over the keys to your rental property, you need to know the person you're giving them to will look after your most significant asset. We spoke with our network of letting agents and landlord associations to find out their tips for finding quality tenants for your buy-to-let property. Here are their top five!

## 1. Do Your Homework

You're about to give the keys to your investment to a set of complete strangers. Stop! Do your homework. Check the references thoroughly, meet with them, even visit them in their current home if you can.

You may be desperate to get a tenant into the building to start seeing some rental income, but that impatience can lead to mistakes. Take your time to vet your prospective tenants. If they're genuine then they won't mind. In fact, they'll be pleased to know you're taking things seriously.

By following a proper referencing process, you'll massively reduce your chances of selecting a rogue tenant.

## 2. Get a recommendation

Word of mouth is one of the most powerful ways to build a business – tradesmen are almost completely reliant on it. A positive recommendation is good enough for most people to feel confident about what they're buying – after all, no one likes to recommend a duff.

It's the same with tenants and landlords. If you can get a good recommendation of some prospective new tenants, you're more than likely going to end up with some quality renters in your property.

## 3. Use an Agent

It's tempting to try and do this all on your own - those 10% agency fees aren't particularly attractive! But, by using an agent you can do away with some of your key challenges.

An agent is far more likely to have a larger pool of prospective tenants and, assuming you use an appropriately registered agent, are required to adhere to proper standards. They will ensure that references are thoroughly checked and paperwork is completed correctly.

Many offer a rent guarantee solution so if there are any defaults, you're not left out of pocket.

Choosing an agent is almost as important as choosing the right tenants, so speak to other landlords or join a landlord association to get some good recommendations of agents to use.

## 4. Market Yourself

Don't forget that a tenant is looking for a good landlord. They don't want a rogue landlord who is going to rip them off. It's a two-way process so make sure you hold

up your end of the deal.

Be professional in all your dealings with any prospective tenant. Be courteous and remain professional at all times. Respond in a timely way to any concerns they may have, listen to their



concerns. You'll quickly establish yourself as one of the good guys which leads to a positive reputation and recommendations.

### **If in doubt, walk away**

This isn't so much a tip to help you find a good tenant. Rather, it's a tip to stop you choosing a bad one.

No matter how thorough you've been, if you have any doubts then stop for a moment. Ask yourself what it is that's bothering you and consider if you really want to risk leaving the keys to your buy-to-let property with this prospective tenant? At this stage, you have no commitment to them and no one can force you to do something you're uncomfortable with. If you're in any doubt at all, just walk away.

[www.alanboswell.com](http://www.alanboswell.com)

### **Obituary**

Members may not be aware, but Mike Weatherly was the Conservative MP for Hove & Portslade from 2010 to 2015. He did not stand for re-election owing to ill health and has recently passed away. Mike was a very active Member of Parliament and he promoted a bill proposing to make occupation by squatters of residential property a criminal offence. iHowz assisted him in this matter and, together with a member of iHowz, presented a petition at Number 10 Downing Street to also include commercial properties squatted in as a criminal offence. Mike succeeded in his first objective and squatting in a residential property is now a criminal offence, but we have yet to secure the same for commercial properties.

It is people like Mike Weatherly, having a sense of balance of what is right and wrong, that is so important in promoting fairness for private landlords. iHowz has missed his advice and assistance and will continue to do so.

### **First Time Buyers**

Government has gone out of its way to encourage people to get on the property ladder. It has given a stamp duty holiday of up to £500,000 and also allowed anybody, not necessarily first time buyers, to benefit from this.

In doing so, it is believed that it has caused property price inflation whereby in many areas property prices have risen by the equivalent of the stamp duty holiday. Which in effect means that the £15,000 benefit will still be paid over but the length of the mortgage. Even though minimum deposits are now being offered and very low interest rates, it will not benefit those on lower incomes and, again, will only benefit those who have substantial sums to put down, or exceptional incomes to afford a property, especially in areas of high demand.



# Mortgages for Business

## Business Development Director

### Jeni Browne

As the first of two stamp duty holiday deadlines approach at the end of June, things are still busy in the housing market; although, there are signs things might be quietening down. Still, the latest data for the market is showing steady upward trajectories:

- Annual house price inflation is now at its strongest level in nearly seven years
- Wales continues to be the region with the most vigorous price growth
- The average UK property price is £261,743\*, a new record high and annual increase of 9.5%

With this in mind, it's no wonder many landlords have paused their investment plans, preferring instead to wait until things have, well, calmed down a bit! Many feel that currently, they'd be paying over the odds for a property just to save a few grand in stamp duty. However, just because they're not constantly looking to buy doesn't mean landlords are sitting twiddling their thumbs.

Preparation: a lot of our clients are filling war chests. As mortgage rates are so low, many are capital raising on existing properties to free up cash so that when the right property comes along, they're ready. As the number of properties available declines, competition increases and being ready to go with your deposit puts you in poll position! Plus, by remortgaging, you're likely to save on your monthly repayments too.

Chain Breaking: when a property sale doesn't go through late in the process, this can jeopardise the whole chain. Often, desperate not to lose their onward purchase, sellers will drop prices for a quick sale. We've had several



clients pick up bargains in this situation, either using available war chest funds or bridging finance to finalise a quick sale.

It's predicted rental yields will continue to rise 5% year on year for the next five years, so while the market is a bit frothy at the moment, there's still a demand for rental property and an appetite for investment.

In terms of the buy to let mortgage market, we're almost back to where we were pre-COVID (except 85% loan to value rates), and rates are very competitive in both the vanilla and specialist markets. Keen to keep business coming their way once the stamp duty deadlines have passed, many lenders are revising criteria and pricing, offering lower than pre-COVID rates to a broader range of landlords and property types!

It's certainly been a weird 18 months, but the private rental market recovered quickly and looks to keep moving forward in a positive direction. While it all may seem a bit choppy at the moment, buy to let property investment is certainly a good market to be.

[www.mortgagesforbusiness.co.uk](http://www.mortgagesforbusiness.co.uk)



# The Serviced Landlord Tax Payments - How to Make 2022 Your Best Year Yet

**Ben Rose, Less Tax 4 Landlords**

For many landlords, having faced their largest ever tax payment less than 6 months ago, the upcoming payment on account will have arrived all too soon. On the plus side, the July 31<sup>st</sup> payment will be the last of the year for many landlords. But that doesn't mean tax should be forgotten until 2022. This is particularly true if you're a mortgaged portfolio landlord AND a higher rate taxpayer WITH property in personal names.

These landlords impacted by Section 24 will see tax bills rise again next year unless they take action soon. This is because the UK's payment on account system means self-employed landlords haven't yet felt the full impact of the changes - despite mortgage interest relief being disallowed for well over a year – and will face a balancing payment to cover the final stepped increase in January 2022.

Now usually, when a business is paying more tax it is down to one of two reasons:

1. The business is more profitable, making more money, and so more tax is due
2. The government change the rules and increase taxes

Unfortunately, with Section 24 it is the latter that is impacting most landlords – and only landlords – as the tax changes are focussed solely on the Private Rented Sector. This leaves landlords facing a 'tax-escalator' effect, with 2022 being the top of the conveyor belt.

It is still a fact though – Section 24 or no Section 24 - that far too many landlords are paying more taxes than necessary. Certainly, paying more taxes could be

the best short-term option for some. Many landlords are exiting the market and restructuring their business may not make sense at this time. But for those who are staying in the market and looking to build, run and grow a professional property business – accounting for taxable profits in personal names is simply no longer a viable option for most higher rate taxpayers. Where landlords take action to incorporate their portfolio as a recognised business structure (note this doesn't have to mean incorporation to limited company ownership) they can turn what is expected to be portfolio landlords' worst projected year for tax payments (2022) into their best year yet. So, if the shock of your last tax bill does not sit well with you, it may be time to ask yourself if you are confident that your Property Portfolio is as tax efficient as possible?



**HOWZ** **Less Tax 4 Landlords** Tax & Estate Planning Consultants **HOWZ**

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## **Making 2022 Your Best Year Yet**

Widely attributed to ancient China, you have likely heard the proverb: 'The best time to plant a tree was 20 years ago. The second best time is now.' Well the best time to take action ahead of the Section 24 changes was probably 2015. The second best time is now.

For those taking action, most have followed one of two routes:

- Arranging for property assets and income to be gifted to a lower rate tax paying spouse or relative
- Arranging for property assets and income to be accounted for in a business structure

Less Tax 4 Landlords can help with both of these, and if you've been impacted by any of the issues raised in this article, you can request a free initial assessment with Less Tax 4 Landlords by visiting [lt4l.co.uk/assessment-ihowz](http://lt4l.co.uk/assessment-ihowz). We also offer iHowz members a £75 discount off your first purchase of professional services from Less Tax 4 Landlords or the Less Is More Property Business Group. (That's your iHowz membership fee paid for one year!) Plus, save an additional £75 when you spend £1500 or more in total.

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## **Member Top Tips**

*Helpful tips for Rodney Townson with a couple extra from the editor...*

### **Pests**

Proof your property where possible when carrying out any works. Mice, rats and cockroaches will seek out warmth, food source and water so focus on kitchens and bathrooms. When refurbishing or updating, fill all holes where pipework passes with wire wool then cement or plaster. Finish with silicon or flexible caulk. Fill all other holes in a similar way - anything larger than 5mm can let mice through.

Fine aluminium mesh can be shaped to fit hard to reach recesses or cover airbricks, both at ground level and in roof spaces where wasps, squirrels and birds may enter. Don't be afraid of calling in the experts if you don't have the skills or they are still getting through - they have the specialist experience, tools, traps and baits. Your council will do some treatments for free.

### **Access to Plumbing**

Where you need access to stopcocks and other plumbing create easily removable inspection panels - magnet catches or butterfly catches - nothing which requires screwdrivers or other specialist tool in an emergency.

When installing kitchen or bathroom sinks, toilets etc. make sure that each appliance has an inline turn of tap. These are the type of stop cock that you turn off with a screwdriver. They are very cheap for the plumber to install, the benefit is when the toilet cistern needs replacing or the taps need replacing you only need to turn off that appliance.

### **Select Standard Sizes**

Stick to standard dimensions whether you're specifying windows for an extension, buying bathroom or kitchen cabinets and suites or sinks, taps and appliances avoid

those non-standard size end of range items. You will probably find any spares or replacement hard to source and more costly.

### **Cookie Cutter Approach**

Once you find something which is durable and cost-effective, stick to it. You don't need to research each purchase or check to see which model before you are able to answer tenant queries or instruct repairs.

### **Test Your Appliances and Facilities**

At tenant change over take the time to test the appliances, this is generally not done by the inventory company they only check that the appliance is present. So check that the lights work, that the tumble dryer is working or that the toilet flushes. It is easier to repair and replace items in a house that is empty than when the tenant has moved in.

### **Tenant Information Pack + WhatsApp + Online Document Storage = Low Stress Landlord Management**

We don't want to be running around for no reason, especially evenings and weekends. Provide your tenants with the knowledge and resources to allow them to self diagnose and resolve small issues. This could be anything from adjusting the thermostat to get the heating on in the autumn to topping up the pressure on the combi when they get a rude awakening in the shower. Set up an online storage folder for each property and give your tenants read only access. This can contain everything from their tenancy documents and information guides through to appliance manuals and supporting pictures, videos and YouTube links.

Many of my young tenants have never changed a light bulb, or used a plunger on the sink or toilet, let alone repressurise the Combi gas boiler, and as for cleaning the shower trap of hair, wow. If you do these little jobs make sure that one of the tenants knows how to do it next time.

Leave a few light bulbs in the meter cupboard.

### **Register your appliances**

Ideally, you will have an inventory of the appliances (and furniture) at your property as this will allow you to quickly source spares or instruct repairs. When you buy new appliances, don't forget to update your tenant information pack, links to online manuals and paste any supporting documents and pictures in the online house folder. You should also register the appliance online at <https://www.registermyappliance.org.uk/> this will ensure that you are notified if there is a recall or safety issue with the product.

***If you have helpful tips email them in for the next newsletter.***



# Meetings

In view of the fact we cannot hold physical meetings at the moment, we are now holding regular virtual landlord meet-ups via Zoom. All members should be getting advised by email; if you are not please let us know – [info@iHowz.uk](mailto:info@iHowz.uk).

So far this year, some of the topics we've covered:

- Handling rent arrears
- Tax
- The proposed leasehold changes
- Student Lets
- Handling disputes

Coming up we've got:

- How to meet your minimum energy efficiency requirements
- iHowz in conversation with two property barristers
- More on leasehold

Plus more being planned – watch the meetings section of the website.

Whilst it's much better to join these with a computer, it is possible to join with a phone. Let us know if you want to do that and we can send instructions to your phone.

In recent Landlord meet-ups with have discussed a range of topics such as GDPR, Leasehold Reform and Dealing with arrears. We also had a good discussion on the use of different software, and how they can aid landlords management.

If you would like a copy of any of the slides or a recording of the meetings please email us: [info@iHowz.uk](mailto:info@iHowz.uk)

# FutureBuild 2022

iHowz will be taking a stand at next year's FutureBuild.

FutureBuild is a large show, running for 3 days ( March 1-3<sup>rd</sup> 2022) taking half of the Excel. As its name suggests, it concentrates on building, and retrofitting for the future, with a special eye to eco-friendly property.

As part of our exhibition, we would be pleased to hear from any landlords, or agents who have carried an eco-friendly build or re-fit that we could use as a worked example to show. If necessary the example can be anonymised, so neither the landlord nor property need to be identified.

Email us at [info@iHowz.uk](mailto:info@iHowz.uk), we look forward to hearing from you.

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