

iHowz Newsletter



Newsletter No 51



Here's what has happened in the last month and what's to come!

The future of landlordism – with the new government in place and the Renters Reform Bill now changed to the Renters Rights Bill. What can landlords expect in the future?

Although we are a small Landlords Association, our Board have worked extremely hard throughout 2024 to ensure that before the Renters Rights Bill becomes law, that as much as possible is done to ensure that tenants' rights are balanced with fair regulation of landlords' obligations. Members will see from the contents of this newsletter, that of the work that has been carried out by your Board, and from it, together with the forthcoming budget. You may wish to make decisions as to where you stand with the future operation.



iHowz team

In this newsletter you can expect:

The Budget for Hard Working Landlords

Rent protection insurance or a rent guarantor – which should you choose?

iHowz Editorial

Renters Rights Bill

Important Dates

Licencing

Many local authorities have or are introducing licensing in one form or another. Each council has to hold a consultation but provided that it covers under 20% of its total authority area, it does not need permission from government for permission to implement. In many cases, the definition or purpose of licensing is ignored and local authorities take hundreds of thousands of pounds from landlords without any specific, effective programme of dealing with the purpose of licensing.

Often the cost to landlords will be upwards of £700 per application with no real benefit for the cost, which may well have been better spent in improving energy efficiency or maintenance. One hopes that with the implementation of the Renters Rights Bill, that licensing will become a thing of the past. However, if local authorities currently include over 20% of its area, in many cases it is considered that permission would not be granted. The cost of challenging it can be expensive and members must understand that without the necessary financial support, local authorities will be able to do what they wish. It follows that we must all think carefully about the justification for a challenge and how to pay for it.



Are the County Courts doing our job?

As a landlord of over 60 years and previously Chair of National Federation of Residential Landlords, I have been at the forefront of regulation over many years. When the 1988 Rent Acts were introduced, I decided to conduct all court appearances myself, and have been doing so since that date. The main reason for attending court is in relation to Possession Claims, and over a long period of time I have never been refused a Possession Order that I have personally sought. That was until 2024, when I was refused two Section 8 Possession Claims.

In both cases by Deputy Judges, in the Family Division of the County Court who clearly were not conversant of the Housing Acts. In both cases, all paperwork was correct and at the time of the Notice the tenant was over 8 weeks in arrears and also at the time of the hearing. The Judges concerned therefore had no choice but to grant a Possession Order after 14 days.

In the first case, the Judge simply ignored my comments that he had to grant a Possession Order and simply put the case back three months; in order that I could reapply and in the second case, the Judge said he had discretion under Ground 10 & 11. Again, I quoted the Housing Acts but was ignored, and in this case the tenant was given two months to sort out Universal Credit before a further hearing is arranged. In fact, the tenant attended the court hearing and entirely agreed with my explanation but it made no difference, and the fact that he had already had five months to sort out his rent, was also ignored. He has been a tenant of mine for over 21 years and is clearly working and not paying his rent.

As a result of these actions by the County Court, I have appealed against the decision of the Judge in the second case, and am waiting for the result of that appeal. It has already cost me over £1,000 but I consider that allowing Judges to completely ignore the current laws is inexcusable. I shall of course report the decision of the appeal, hopefully in the next newsletter.

It seems that Judges do not consider that an applicant in person, who is not a solicitor, can be simply ignored. That is not correct.



Section 21

Members will be very well aware that under the Renters Rights Bill, Section 21 will be abolished. It is a right for landlords to currently use Section 21 if they wish, to obtain possession of a property. Very few in reality use it, without good reason, ie. anti-social behaviour or non-payment of rent, very few do it simply because they want possession, especially if the tenant pays the rent and acts in a tenant-like manner.

The alleged cause for the homeless crisis

Many local authorities are accusing landlords using Section 21 procedures as the cause of the housing crisis. On the other hand, the same local authorities are asking landlords to lease properties to it for housing those in need. Many claim that landlords will have an income which will be continuous throughout the period of the lease. However, what many do not say is that it fails to monitor tenants that it houses, when it comes to necessary work; often blaming the landlords for the condition of the property and then refuse to pay the rent whilst work is being carried out.

Some local authorities ask for facilities that are not required by law, whilst others when dealing with the return of a property, consider complete vandalism by their tenants is 'fair wear and tear'. Landlords should be well aware of exactly what a local authority is offering and what responsibility it takes for damage either not reported by their tenants, or damage caused by their tenants. Do not consider leasing to the Council as an easy option. The rent will be significantly under the market value, and the landlords have to pay increased insurance costs for taking on such tenants.

When Section 21 is abolished, all existing tenancies will, at a given date, be Assured Tenancies and landlords will not easily be able to evict them. Members are advised therefore to look carefully at current tenant situations, and if you have any tenants that they would not wish to retain, issue Section 21 Notices before they become Assured Tenancies. If the government thinks landlords should retain unsatisfactory tenants, please ensure that you are not one who does.



Mike Stimpson's Column

It is a new government, and with it Renters Rights Bill has been renamed from the Renters Reform Bill. But I warn you as a member, that most of the changes have been for the benefit of tenants, and not for you as a landlord.

Even now, you should be considering whether or not you wish to continue as a landlord, and if so how your approach will be to new tenants. You will require references to ensure that the tenant has a reasonable record, and will you require guarantors? These are the decisions you now need to make, or will you continue, if you already do, to accept homeless people who cannot provide deposits and with little hope in gaining possession quickly if those tenants are unsatisfactory? The choice is yours.



I was not surprised that the Prime Minister has made clear that he considers that landlords are not 'working people'. I think that sums up the belief that many politicians and some local authorities employ.

The facts of course are entirely different; if a landlord purchases properties and leaves the entire management, collection of rent etc to a managing agent, that landlord is an investor and not a worker. But any landlord who manages their own properties, and does not use an agent (accept perhaps for obtaining a suitable tenant), works in the same way as a letting agents that manage properties for landlords. Who can claim their work as 'earned income', and it should of course be exactly the same for landlords who operate their own business; who carry out repairs etc. but will it ever change? We'll see.

Licensing in Brighton & Hove

Members will have been informed on numerous occasions that they need to license their properties in the four wards of: Whitehawk & Marina, Kemptown, Moulsecoomb & Bevendean and Queens Park. Members may be concerned as properties that they own need to be carefully checked to ensure they are not within one of those wards. To do so, you need to put the postcode of your rental properties into a website that the council can send to you, and it will inform you of the ward in which they are situated. I have 11 properties that have to be licensed, and in one case it involves five self-contained one bedroom flats that has cost more to license than any of my large mandatory houses in multi-occupation. In fact, I could have carried out the necessary improvements in my Energy Performance Certificates, in those properties to obtain a 'C' rating on each one. I consider that the licensing is an utter waste of money, which as mentioned could well have previously been spent elsewhere.

To demonstrate the lack of forethought into the licensing procedure, the application form is identical to the one used for mandatory licensing, of which most is not applicable to a Selective Licensing Scheme. For example, you are not required to put hand basins in bedrooms, and the furniture regulations are so old that it is now impossible to purchase anything that do not meet the standards. Why is it necessary therefore for the council to continue to ask those questions? In addition, if having completed an application for one property, the council website will not accept a payment for one reason or another, the site cancels the whole application rather than being able to try another payment option. One then has to start again, which demonstrates the lack of thought by those in charge; who it seems are only interested in collecting large sums of money from private landlords.

Whilst communicating about local licensing, you can be assured that the cost for a landlord of each application will be at least £700, less of course with minor deductions for members who have an accreditation, or EPC ratings of 'C' etc. Nevertheless, if Brighton & Hove City Council decide to consult on a city-wide Selective Licensing Scheme, then it is most important that members understand the cost of challenging such a scheme that will be well in the range of £40,000 - £50,000. But in effect, as one member told me, it will be less than the cost of licensing his properties! It follows therefore that if our Association wishes to make a challenge in the event of the above happening, we require a substantial sum as donations from our members, in order to be financially secure to make that challenge. I have suggested that any landlord with only one property, be prepared to offer say £500 and those with more, a minimum of £1000. It would be most helpful if members considered donating a reasonable sum now, to be put aside to be used for such an action. It should be remembered that three years ago now, we challenged a city-wide application by Brighton & Hove City Council, and as a result it was not proceeded with. We can do it again, but require your support. There is no other Landlord's Association that take such actions, but we understand the need to represent members where unfairness or unreasonableness takes place.

In summary, with the Renters Rights Bill on the horizon and the budget and how it will affect landlords, there must be serious considerations as to whether to continue to be a landlord. Brighton & Hove City Council has already made it clear that they will extract as much money as possible from landlords, and that should also be a consideration. I do not intend to purchase any more residential properties, only commercial opportunities, as I wish to be in control of my businesses and do not wish to rely on courts and tribunals.

Finally, I hope you have a good Christmas and success for 2025.

Michael Stimpson

The Renters Rights Bill

Are you up to date with the Renters Rights Bill currently going through Parliament? You need to be, as it will affect you. Tenancies will become tenancies for life; the Section 21 will go; rent rises will be controlled, and much, much more. Scan this QR code to see our fact sheet.

**SCAN
ME**



The Next Step?

The two big problems are the loss of the Section 21, and the inability to set a Fixed Term tenancy.

It is absolutely critical that you:

- Review existing paperwork
- Review portfolio/tenants
- Strongly consider guarantors
- Reference all prospective tenants and occupiers
- Consider rent guarantee insurance
- Good check-in/check-out procedure
- Regular inspections
- Don't allow rent arrears
- Don't forget new rent might take months

We will be writing a new tenancy agreement to be available when the legislation becomes law. Naturally, we can't make it available before then in case there are amendments to the Bill before it becomes an Act.

It is imperative you start thinking now. Currently (October 2024) it is unclear how, or when this might commence. Government is extremely keen to make this law as soon as possible in 2025, and to implement in one go. It is thought that that will be too much and will need to be phased in.

The important things to remember are that it is a Bill and can thus change; only the Government controls when, and how it becomes law.

But let's end on a positive note. The good news for UK landlords includes the strengthening of Section 8 grounds for eviction, allowing landlords to reclaim properties for reasons like selling or moving in. The current high demand for rental properties is leading to rising rents, which boosts yields. Additionally, landlords may benefit from tax incentives for property improvements, particularly energy-efficiency upgrades. Longer tenancies could provide more stable income with fewer void periods, while potential capital gains tax relief for selling to tenants or first-time buyers may mitigate future tax increases, creating new opportunities.

As ever, stay informed.



Campaigns

iHowz have been campaigning a lot recently, mostly around the Renters Rights Bill, so rest assured we are fighting your corner.

We are currently campaigning to get Fixed Terms re-instated in the Renters Rights Bill for student landlords. We will keep you informed.

Rent to Rent

Rent to rent is where the owner of a property lets to someone, knowing they will let it on a tenancy agreement. This is normally done on the basis that the original owner will get the property back at some time in the future.

But with the new tenancy for life, this guarantee goes, so the owner might not get the property back, and some of the grounds available to an owner/landlord might not be available to the middleman.

Tessa Shepperson, the solicitor is strongly advising not to enter into a new Rent to Rent, and to try to exit any you have now.

Flood risk affecting mortgage applications

Jonathan Rolande, a property expert and spokesman for the National Association of Property Buyers (NAPB), warns that banks are increasingly refusing mortgage applications based on flood risks. This trend is impacting homeowners on low-lying land who may have never experienced flooding but are now considered high-risk due to changing weather patterns. Rising insurance costs or even the potential inability to obtain insurance for flood-prone properties are also concerns for lenders, who are becoming more cautious.

Rolande explains that with increasingly extreme rainfall, banks are examining flood risk data more closely, leading to mortgage refusals in areas now deemed vulnerable. He advises buyers to check the flood likelihood on government websites and obtain insurance quotes before committing to a purchase, as high premiums may signal future risks.

This issue is expected to worsen, as climate change leads to more frequent flooding events, affecting the availability of mortgage products for certain properties.



Call for Evidence from Select Committee

In response to a request from the Select Committee, we submitted a 12-point plan as a response to the Governments call for evidence with their views on the Renters' Rights Bill (RRB).

In their paper, iHowz recommends:

1. Section 24 (Tenant Tax) be amended to encourage landlords to remain in the sector
 2. Property Conditions.
That the Decent Homes Standard be re-written before landlords must comply.
The review of Housing Health and Safety Rating System (HHSRS) be published
Replace Licensing with a Property MoT
 3. Court and tribunal reform
 4. Not allow the tenant to give two months' notice in the first 4 month of a tenancy.
 5. Retain Fixed Term Tenancies where tenant requests, with landlord agreement
 6. Allow larger deposits where a tenant requests to keep a pet
 7. That these proposals are phased in, only when improvements to court services are effectively introduced
 8. That the review of the Energy Performance Certificate (EPS) be published, before landlords must adhere to a revised Minimum Energy Efficiency Standard (MEES)
 9. Allow an engineer to entry without a warrant to re-certify gas or electric systems
 10. To implement the Portal proposed in the Renters Reform Bill.
 11. To implement the ROPA Report.
 12. To allow re-possession of a property failing to meet the Decent Home Standard
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Landlords face substantial financial challenges for EPC changes

Landlords in England are grappling with substantial financial challenges as they work to upgrade their properties to meet new energy efficiency standards, specifically reaching an EPC rating of C or higher by 2030. The average cost to enhance a rental property to this level is £7,396, a hefty investment that landlords are unlikely to recoup quickly. According to estimates, it would take over 26 years for landlords to recover these costs through energy savings, which currently average around £280 per year.

This lengthy recuperation period presents a significant deterrent to investment, as many landlords operate on a shorter-term financial horizon. In regions like London, where the average upgrade cost is higher at £7,807 and annual energy savings are lower at £247, the break-even period stretches to nearly 32 years. The issue is particularly severe for landlords of Grade II listed properties, where structural inefficiencies limit the feasibility of energy improvements.

Even in areas like the South West, where the annual energy savings of £365 are the highest in the country, landlords still face an average upgrade cost of £8,201 and a lengthy 22.5-year recovery period.

Marc von Grundherr, Director at Benham and Reeves, highlighted the risks to landlords, noting that these energy upgrades offer minimal improvements in financial returns. Many landlords may pass on these costs to tenants, potentially leading to higher rents and further worsening the affordability crisis in the rental market. The new mandates, while designed to improve sustainability, are creating a significant financial burden for property investors and exacerbating challenges for tenants.

In summary, these new energy efficiency standards present a complex challenge for landlords, threatening to reduce the attractiveness of rental property investments while putting further strain on tenants already grappling with rising rents.

Landlords generally fix damage caused by tenants

A recent survey by Property Inventory Base reveals that landlords are often left to cover property damage costs, even when tenants are at fault. According to the research, a lack of proper inventory processes means only 10% of tenants are being held accountable for damages, leaving landlords to foot the bill in 90% of cases.

The issue stems from the absence of thorough end-of-tenancy inspections. If damage is uncovered that wasn't present during the initial inspection, landlords can claim repair costs from the tenant's deposit. However, Siân Hemming-Metcalf, operations director at Property Inventory Base, emphasizes that without a proper inventory system in place, landlords are left vulnerable. They may suspect the tenant is responsible for the damage but can't prove it, resulting in them having to bear the cost.

The survey also highlights that 56% of tenancies lack secondary inspections, and only 19% of tenants report being involved in situations where final inspections reveal unlisted issues. Hemming-Metcalf stresses that failing to conduct inventories increases landlords' financial risk unnecessarily, especially given the ease of modern app-based inventory tools. A good inventory practice serves as a crucial defence for landlords, providing proof that tenants agreed to the condition of the property at both the start and end of the tenancy.





More landlords set up buy-to-let companies

Landlords are increasingly setting up buy-to-let companies to benefit from more favourable tax treatment, according to research by Hamptons. The move allows investors to make their rental property businesses more profitable by avoiding Capital Gains Tax (CGT) on property sales, which has become a hot topic amid speculation that Chancellor Rachel Reeves may increase CGT in the upcoming Budget.

In 2024, 70% of new buy-to-let purchases in England & Wales were made using a limited company structure, with the remaining 30% bought in personal names. Last month alone, 5,312 new limited companies were established to hold buy-to-let properties across Great Britain, with projections suggesting between 60,000 and 62,000 companies will be created by the end of the year, surpassing 2023's total of 50,004.

Most of these companies are being set up in the South of England, and Hamptons' Head of Research, Aneisha Beveridge, noted that many landlords are transferring properties they own personally into company structures to shelter from rising taxes. This trend is also driven by the impact of rising mortgage rates, making limited companies an increasingly attractive option for landlords looking to protect profitability amid a challenging tax environment.

Concerns about rent rise challenges

Steve Richmond, General Manager of proptech company Reapit, has raised concerns that the Renters' Rights Bill (RRB), expected to become law in spring 2024, will lead to a significant surge in rent rise challenges, straining an already overwhelmed tribunal system. Under the new bill, Section 13 will be the sole mechanism landlords can use to increase rents, limiting these changes to once a year. Tenants will have the right to challenge any rent hikes through the tribunal process, which Richmond believes could result in millions of new cases each year.

Reapit's research shows that the number of fair or market rent cases brought before England's Residential Property Tribunals has already risen by nearly 89% over the past four years, even before the RRB has been implemented.

Richmond warned that this trend will likely accelerate once the law changes, potentially creating delays in an already strained court system that is undergoing a problematic digitisation process.

Richmond called for more investment and reform to expand the court's capacity, emphasizing that without adequate funding, the system could become overwhelmed. He noted that no impact assessment has been published by the government, making it unclear whether the courts and tribunals will be able to handle the expected influx of cases.

This situation could have broader implications for both landlords and tenants. Richmond pointed out that if landlords lose confidence in the tribunal system's ability to manage rent appeals and evictions efficiently, they may choose to exit the rental sector. This, in turn, could lead to a decline in available homes in the Private Rented Sector (PRS) at a time when more rental properties are urgently needed. He also warned of the potential drop in tenant satisfaction if delays and uncertainty persist due to the tribunal backlog.

Why are we building homes when so many are standing empty?

The BBC has run an article on the problem of empty homes, claiming 'If all empty homes were brought back into use, the housing crisis would be solved at a stroke and, arguably, the government would not have to build 1.5m new homes.'

The article can be read [here](#), and follows the story of Claudia Bowring, an empty homes officer in Nottingham's suburbs, highlights the challenges of addressing the UK's housing crisis by reviving long-vacant homes. While there are nearly 700,000 empty homes in England, 261,471 of which are long-term vacant, bringing these properties back into use is far from straightforward. Often, the ownership of these homes is murky, and emotional or legal barriers—such as probate—make it hard for families to sell or rent them.

Local councils, like Rushcliffe, where Bowring works, can employ tools such as extra council taxes and enforcement measures to nudge homeowners into action. They can even take over properties using Empty Dwelling Management Orders to carry out repairs and rent out the homes, aiming to recover their costs. However, councils face budget constraints, and not all prioritize this issue, despite the significant potential to ease housing shortages.

Housing advocates like Adam Cliff and groups like Shelter argue for a national focus and reforms in probate law, as well as government-backed funding for councils to bring these homes back into use. However, the government's current focus remains on building new homes, with little attention given to the underutilized empty homes as part of the housing solution.

Thousands of new homes to be built as government unlocks brownfield sites

The Government has announced that 'Thousands of new homes to be built as part of the government's plans to get the country building again.'

The announcement says that a significant funding boost aimed at unlocking disused brownfield sites for housing development, in line with its commitment to building 1.5 million homes. Prime Minister Keir Starmer revealed a £68 million investment that will go to 54 local councils, allowing them to transform neglected land—such as empty buildings, former car parks, and industrial areas—into 5,200 new homes. This initiative is part of the Brownfield Land Release Fund, which helps councils overcome the high costs associated with preparing such land for construction, including decontamination, clearing buildings, and upgrading infrastructure.

This brownfield-first approach is designed to tackle the housing crisis while also creating jobs and boosting the economy. The initiative will see developments across the country, including £2.9 million for Manchester to build 220 affordable homes and £1.4 million for Northampton to transform a former bus depot into 72 homes.

Additionally, Homes England will invest £30 million in the Riverside Sunderland area to build 1,000 homes and create new infrastructure for businesses, potentially supporting 8,000 to 10,000 jobs.

The government has also introduced reforms, including mandatory housebuilding targets for councils and new "brownfield passports" to simplify the planning process, ensuring that quality proposals receive swift approval. These efforts aim to accelerate housing development, reduce planning delays, and create new large-scale communities as part of its broader housing strategy.



Are holiday lets still a worthwhile investment?

Writing in Landlord Today, Martin Sims Distribution Director at Molo Finance comments on holiday lets.

The full article can be seen [here](#), and says that the potential changes in capital gains tax and the looming budget considerations under the new Labour government have indeed raised concerns among property investors, particularly those involved in holiday lets. However, the outlook for holiday rental investments appears more optimistic, supported by several key factors:

1. Rise in Financing Options

The mortgage landscape for holiday let landlords has improved significantly. According to Moneyfacts, there was a 23% increase in the availability of holiday let mortgages from last year, with the average fixed rate decreasing from 7.16% to 6.20% over the same period. The introduction of new lenders has expanded choices for landlords, offering over 400 holiday let products to cater to diverse needs.

2. High Consumer Demand

Domestic travel remains popular, driven by ongoing concerns about living costs and an increasing preference for eco-friendly vacations. Research from Go.Compare Travel Insurance revealed that 33% of Brits opted for staycations in Spring 2024, with spending on holiday rentals projected to hit £3 billion this year, as reported by Mintel. Additionally, the resurgence in overseas visitors is a positive sign, with 38 million holiday visits to the UK in 2023, reflecting a growing trend towards UK tourism.

3. Higher Yields

Landlords staying in the buy-to-let sector are witnessing robust yields. Hamptons noted that the average gross yield for new BTL properties in England and Wales has increased to 7.3% in 2024, up from 7.0% in 2023. Holiday let landlords can often achieve even higher revenue, especially in popular tourist areas, thanks to platforms like Airbnb that facilitate shorter stays during off-peak seasons.

4. Potential Tax Benefits

Currently, HMRC treats holiday lets as a business, which can offer some tax advantages. However, it's important to note that starting from April 6, 2025, the government plans to abolish the Furnished Holiday Lettings (FHL) regime, which could eliminate current tax benefits for short-term rentals. While the legislation is still in draft form, landlords should remain informed and prepared for changes.

Conclusion

Despite the uncertainties surrounding potential tax changes and legislative reforms, the demand for holiday rentals is strong, and yields remain competitive. As long as landlords make informed decisions about their investments, holiday letting can still prove to be a lucrative venture. For those interested in the detailed statistics and forecasts surrounding the UK holiday rental market, resources from Moneyfacts, Go.Compare, and Hamptons provide valuable insights.

Rental Reform – courting the courts

Writing in *Landlord Today*, Ian Fletcher, Director of Policy at the British Property Federation says that the ongoing reforms in the private rented sector have sparked significant debate, particularly regarding the efficiency of court access, which is crucial for resolving disputes between landlords and tenants. Despite well-meaning intentions to provide tenants with secure homes, the slow progress in court reforms raises concerns about the effectiveness of these initiatives.

Since the Labour Party's consideration of rental reform in the lead-up to the 2015 election, the dialogue around improving court efficiency has been a recurring theme. Landlords, while supportive of tenant protections, have emphasized that without efficient court access, the removal of "no-fault" evictions (Section 21) could leave them vulnerable. However, the focus on unfunded spending commitments has made it challenging for political parties to prioritize court resourcing.

The previous government faced similar challenges. Although there were commitments to balance the needs of both landlords and tenants, the actual progress on court reform was slow. Amendments were needed to ensure that the necessary reforms were implemented before Section 21 was abolished, highlighting a growing concern within landlord organizations about the future of rental stability.

Furthermore, the practical implications of delayed court proceedings are significant. For instance, possession claims can take over a year to resolve in some areas, resulting in landlords being unable to evict problematic tenants while simultaneously having well-behaved families in need of housing. This situation raises questions about fairness and the effective functioning of the legal system.

The government's commitment to digitalizing the court process is a step in the right direction, but stakeholders are cautious about how quickly these changes will be implemented. Increased resources and staff recruitment will be essential to handle the anticipated rise in possession cases. As the landscape evolves, landlords are encouraged to engage with their MPs to advocate for necessary changes, emphasizing the importance of fair access to justice for all involved in the rental market.

For more detailed information on the challenges and potential solutions regarding court access in the context of rental reforms, you can refer to articles from sources like the *Telegraph* and the British Property Federation.

Is there an exodus of landlords, or not?

Agency group Lomond's recent analysis reveals that the number of tenanted properties being listed for sale has dropped by almost 20% since June 2024, indicating that Labour's Renters' Rights Bill has not yet triggered a significant exit of landlords from the market. This suggests that, contrary to concerns, landlords may be cautiously holding onto their properties for now.

Key regional data shows stark declines in the number of properties with tenants in situ being listed for sale. For instance, the West Midlands experienced a 54.7% drop, while the East of England saw a 50.8% decline since June. Nationally, 10,041 properties were listed with tenants in situ in September, down from 12,423 in June.

Lomond's spokesperson highlighted that the upcoming Autumn Budget could be pivotal, with potential changes to Capital Gains Tax possibly influencing landlord behaviour. While the data doesn't show an immediate mass exodus of landlords, regulatory pressure and financial factors, such as lower returns and tighter regulation from both past Conservative and current Labour administrations, have been cited by firms like Hamptons as reasons for landlords leaving the sector over recent years.

The housing market may still face future shifts, particularly in response to further governmental tax or legislative changes.

Housing Commission publishes final recommendations

Housing Commission publishes final recommendations – calling for key changes to planning, funding and implementation to meet homes target

This report by the Radix Big Tent Housing Commission, supported by Shoosmiths' living sector legal experts, presents a critical intervention aimed at addressing England's long-standing housing crisis. The Commission, chaired initially by Dame Kate Barker, who led the 2004 Barker Review, and later by Alex Notay, proposes bold yet practical steps to deliver 1,000 homes per day to meet the government's ambitious target of 1.5 million homes by the next Parliament.

Key Recommendations:

1. **Housing as National Infrastructure:** The Report emphasizes the need to treat housing as critical national infrastructure, ensuring that delivery is prioritized and supported by government resources and policies.
2. **Cross-departmental Housing Delivery Unit:** Establishing a central unit within the government to coordinate housing policy, engage with key stakeholders (e.g., the Bank of England), and drive coherent housing strategies across various sectors.
3. **Cross-party Collaboration:** Urging political consensus to ensure continuity in housing schemes across political cycles, reducing disruptions caused by changes in government.
4. **Public Land Release:** Proposing a more strategic and efficient approach to the release of public land for housing development.
5. **New Role for Homes England:** Expanding Homes England's capacity to operate as a master developer, guiding major housing projects.

Key Financial and Market Reforms:

- **Institutional Investment:** Encouraging more significant institutional investment in housing through tax reforms and regulatory consistency, providing a stable environment for investors.
- **Developer Contributions:** Reforming the Section 106 and Community Infrastructure Levy systems to deliver more affordable housing.
- **Social Housing Subsidies:** Recognizing that more social rent housing will require subsidies and consistent funding to address market deficiencies.

Planning and Development Reforms:

- **Strategic Planning:** Reintroducing strategic, plan-led growth to streamline housing delivery.
- **Market Diversification:** Supporting SMEs and self-commissioned housing to foster a more diverse and resilient housing market.
- **Public Sector Capacity:** Rebuilding public sector capacity to improve planning, development, and regulatory frameworks.

Next Steps:

The Report offers a clear roadmap for the government to deliver housing at scale while aligning with infrastructure development and net-zero targets. It highlights the need for a holistic approach, addressing governance, finance, planning, and market structure issues simultaneously. This report marks a significant opportunity for policy-makers, developers, and investors to unite behind a framework that promises to tackle one of the most pressing challenges in the UK today.



Charity claims council tax debt collection system too aggressive

StepChange, the debt charity, has called for urgent reforms to the council tax debt collection system in the UK. It argues that the current system is causing undue harm to financially vulnerable individuals, exacerbating their debt problems and mental health. One key issue is the absence of binding standards for how local authorities handle council tax arrears, leading to inconsistent approaches across regions. This inconsistency has created a "postcode lottery" where some councils are more aggressive in debt collection than others.

StepChange's research highlights the aggressive tactics used in council tax recovery, such as demanding full annual payments after a single missed instalment, threats of imprisonment, and rapid escalation to bailiff enforcement. These practices often worsen the situation for those already struggling with debt, forcing them to make impossible choices, such as between paying for essentials like utilities or council tax.

The charity's survey found that council communications often create fear and anxiety, with many recipients feeling pressured and intimidated. Over 50% of clients reported bailiff pressure for unaffordable repayments, and a third described bailiff behaviour as intimidating. This stress significantly impacts mental and physical health, with most survey respondents reporting sleep loss and a decline in overall wellbeing.

StepChange is calling on the government to make three major changes:

1. Increase funding for council tax support for those who cannot pay.
2. Revamp national regulations to prevent immediate repayment demands and imprisonments, and to implement a binding set of support standards.
3. Establish a statutory regulator for the bailiff sector to address misconduct and ensure fair enforcement practices.

These changes are crucial, StepChange argues, for creating a fairer and less harmful approach to managing council tax debt.

Over a quarter of house sales fail – new report

According to recent research from Quick Move Now, over one in four property sales (29%) in England and Wales fell through between July and September 2024. The primary reason for these failures was buyers struggling to secure mortgages, accounting for 40% of the unsuccessful transactions. Other common causes included buyers changing their minds (27%), chain breaks (14%), gazumping (12%), and survey issues (7%).

The cost of each failed sale is estimated at £3,370, which could amount to a total loss of £900 million per year for the public. This reflects ongoing difficulties in the housing market, including higher mortgage interest rates and the cautious approach lenders are adopting due to uncertainties in the global economy

Meetings/events schedule for 2024.

November 2024

- November 16-17th: Homebuilding & Renovating Show – Somerset.

December 2024

- December 2nd: Facilities Show
- December 6th : LLAS/ATLAS celebrate 20 years.

See the meetings section on the web for the latest information.

We welcome members suggestions for topics and host presenters, so if there's something you want us to cover let us know.



iHOWZ Editorial: Gary Waller, Brighton Landlord

Thank goodness the budget is out of the way and we can get on with business. Could have been worse I suppose, at least Capital Gains Tax did not go up to 40%, but it is annoying about the pension becoming part of the estate for IHT purposes, I guess that I will now have to spend the kids inheritance rather than pass it on. Having had a lovely week staying with friends at their villa in Portugal and enjoying the October sunshine, certainly tempting to cash in some assets and buy a holiday home.

All my houses are full, busy summer with two new bathrooms, decorating, electric checks, cleaning, inventories etc. Busy but a steady summer, I have got to old to try and turn a house round in a few days, I now need at least a week between students out and new students in, and that is with no work planned.

Home from holiday to damp issues, old houses with solid walls and then because we have had so much rain, damp proof breached on one house, got one house fixed, builder digging out the path to lower it on the second and planned work on houses three and four. There is no doubt that if we are going to have such wet summers in a changing climate, we need to be on top of the maintenance game.



Not always easy getting trades people to do things at a reasonable price, the decorator said that he was not going to do outside decorating anymore because each time he has tried to decorate a house this year he has only worked 3 days out of 5. So I decorated it myself, see the results below and then the electricians have got expensive for electric checks and a bit of work, we need more trades people.

As an association we continue to promote landlords view to the government, regularly writing and meeting with MPs on both sides of the house. Strongly promoting our views on the loss of fixed term tenancies and other parts of the Renters Reform bill. Personally I did get on radio Sussex last week, recorded a 20 minute interview and they used one sentence from the interview!

Finally we are a not for profit organization and badly in need of more volunteers to help out. If you have a bit of time we would love to talk to your, just give the office a call. Happy land lording and stay dry.



The Budget for Hard Working Landlords

Many landlords have been in Halloween mode since Labour swept into power on 4th July, hiding behind sofas, scared to look at the latest headlines forecasting what the Chancellor, Rachel Reeves, would brew up in the Treasury cauldron for her big day on 30 October.

Members will not need reminding that since George Osborne served up S24 of the finance Act 2015 landlords have felt like sacrificial lambs as chancellors competed to see how they could burnish their standing by finding ever more devious ways of separating us from our hard earned profits; most recently a parting shot from Jeremy Hunt where the Furnished lettings Relief will be withdrawn from the end of this tax year.

The most leaked budget in history (with the Americans being briefed before parliament) has finally come to pass.

Well, Tell all . . .

From a landlord's perspective, there's a big sigh of relief as the budget only had one specific measure to which would have made those looking to grow their portfolios take a sharp intake of breath:

The **SDLT (Stamp Duty Land Tax) surcharge** on additional dwellings (second properties (rose to 5% from 3% with immediate effect.

This is compounded by the chancellor allowing the exemption on the initial band to expire.

Main SDLT thresholds for residential property

From 1 April 2025

- As previously announced there is a rollback to the previous rates as of 22 September 2022.
- A 2% rate of SDLT will apply to residential property with a value of £125,000-£250,000.
- The 5% rate will continue to apply to residential property valued at £250,001-£925,000.

SDLT relief: First-Time Buyers (FTB)

From 1 April 2025

- As previously announced there is a rollback to the previous rates as of 22 September 2022.
- The threshold for FTB relief reduces: FTBs receive a 5% discount on the purchase of a home costing £250,000 - £425,000 from 1 April 2025 (it was £250,000 - £625,000).

SDLT Residential Leases

From 1 April 2025

- As previously announced there is a rollback to the previous rates as of 22 September 2022.
- The threshold at which SDLT is charged reduces to £125,000 from £250,000.

No Change, for a change

CGT (Capital Gains Tax) on residential property remains at 18% / 24% but those with gains on other assets will now have to pay these rates (previously 10% / 20%)

Those who have decided to sell furnished holiday lets should check with their tax advisor, but my understanding is that they can still claim BADR (business asset disposal relief) on sales before 6 April.

Inheritance Tax

- IHT thresholds will be frozen until 2030.
- Inherited pensions will be liable to IHT from 2027.
- Agricultural Property Relief (APR) and Business Property Relief (BPR) will be reformed.
- APR will also be extended to include land managed under an environmental agreement with the government.
- The government aims to invest £52 million in digitalising the IHT system from 2027-28
- From 6 April 2025: Those who had planned to head off to live in the sun for CGT and IHT purposes should review their arrangements, as the current domiciled-based regime will be replaced with a new residence-based regime following the abolishment of the non-UK domiciled rules.

Anything else for me to pay?

If you are employer, you will have the triple witching in the form of:

Employer NICs payable at 15% from £5,000
Minimum wage rising 6.7% to £12.21ph
Upcoming changes to worker rights

and, lest you forget, we will continue to endure the stealth tax of frozen personal and other allowances where wage and rent rises risk pushing you to a higher tax band.

So nothing good

Well, there was a small cut of 1.7% on draft beer while you pause over a pint in relief that she did not reverse the cut in fuel duty, or its annual indexation. Furthermore, the Budget committed to extending 100% First Year Allowances for electric cars and charge points for a further year.

On the upside

Many tenants will have received an income boost

State pensions +4.1%
Minimum wage +6.7%

There was no comment on LHA rates but landlords should be able to match rent increase to the CPI +1% approved for the social sector.

Warm Homes grant gets £3.4bn over the next 3 years, mainly for low income and social tenants.

Finally

Regular bookkeeping is best practice, ensuring your records are up to date and it supports you as you manage your business. It is also a good habit to get into now as it is unlikely that the government will push back the April 2026 date for MTD (making tax digital).

Finally, finally if you don't pay your taxes on time then the Chancellor added 1.5% to the interest rate on outstanding tax debt, increasing it to 9%. Note that this interest and any fines are not allowable as a tax expense.





Rent protection insurance or a rent guarantor – which should you choose?

If you are a landlord, it can be devastating if your tenants stop paying the rent. However, given the current economic situation and statistics showing that rent increased by 8.3% in the first six months of 2024, growing numbers of tenants are struggling with the cost of living.

Unsurprisingly, the demand for rent guarantors increased by 21% between 2022 and 2023. Many landlords feel that having a third-party willing to take responsibility for any unpaid rent gives them the confidence to let their property to a wider range of people. However, many don't realise that opting for a rent guarantor can sometimes cause expensive problems further down the line.

In this article, we look at the pros and cons of rent guarantors and contrast them with another option – rent protection insurance.

What is rent guarantee insurance?

Many landlords use rent protection insurance to protect their rental income. It provides cover against the risk of tenants failing to pay their rent.

This type of insurance is popular with landlords with both small and large property portfolios. It is a particularly wise choice if you rely on rental income to cover mortgage payments, property maintenance costs, and other expenses associated with property ownership and management.

Rent protection insurance policies also include legal expenses insurance. This can save you a lot of money if you need to take action against a tenant for non-payment of rent or other breaches of their tenancy agreement, including evictions.

What is a rent guarantor?

A rent guarantor is a person or company who agrees to take on financial responsibility for a tenant's rent payments and (if specified in the rental contract) other obligations under a tenancy agreement.

There are two main types of rent guarantors. The first is commonly a relative or someone with a close relationship with a tenant.

They must be over 18, reside in the UK, have a good credit history and – normally – a certain level of income or savings. This kind of guarantor is frequently nominated by student tenants or younger professionals who haven't built enough credit history to pass tenant referencing checks or whose income does not meet affordability thresholds.

Not everyone knows someone qualified or willing to act as a rent guarantor. This is where private guarantor schemes come in. In essence, a specialist company becomes the tenant's guarantor in return for a monthly fee. If the tenant then fails to pay the rent, the company becomes liable for doing so. Some schemes also require a third-party individual (such as a relative of the tenant) to co-sign the tenancy agreement as well. This means the individual and the company become jointly liable for repaying any rent defaults.

It is worth noting that landlords can take out rent protection insurance if their tenant also uses a rent guarantor, but Alan Boswell Group do not accept companies as guarantors or specific guarantor schemes when taking out rent protection insurance.



Why ask for a guarantor?

Landlords ask for a guarantor for many different reasons, but the principal one is to ensure that someone else is liable for the default if a tenant fails to pay the rent.

Other reasons for asking for a rent guarantor include:

- **Broadening the pool of potential tenants.** Some tenants, such as students or young adults, may not have a well-established credit history or a steady income. First-time tenants will lack references from previous landlords, meaning it's harder to gauge whether they are likely to pay rent on time and keep the property in good condition. Similarly, international tenants may not have a UK credit history or rental references. Asking for a guarantor can allow landlords to consider a wider number of tenants.
- **Growing rental and living costs.** The cost of renting has increased, and many tenants' incomes are increasingly stretched. This could mean that more people who would have passed an affordability check in the past would not anymore. Asking for a rent guarantor mitigates a landlord's risk of financial loss if a tenant finds they can no longer pay the rent.
- **Shared tenancies.** In shared tenancies, where multiple individuals rent the same property, the tenants are 'jointly and severally' liable for the rent. This means if one person fails to pay the rent, the others become liable for the shortfall. If this happens, it's possible the other tenants won't – or can't – pay the extra. Asking for a guarantor for each tenant helps to ensure collective responsibility.

What's the difference between a guarantor and rent protection insurance?

The key difference between a rent guarantor and rent protection insurance is one of risk, and where it falls.

If a tenant has a rent guarantor, the financial risk of the tenant not paying rent or breaching their rental contract falls on the guarantor. If things go wrong, there is no certainty the guarantor will meet their responsibilities to the landlord. This can result in long and costly legal proceedings.

By contrast, with rent protection insurance, the risk falls on the insurer. If a tenant defaults, the insurer will compensate the landlord according to the terms of the rental insurance policy. The company will only fail to pay in cases where a landlord has breached the terms of their cover or failed to meet their legal responsibilities to their tenant.

In short, if something goes wrong, you're much more likely to be compensated if you have rent protection insurance. That said, there are other pros and cons associated with using either a rent guarantor or opting for rent protection insurance.

Pros and cons of rent protection insurance

Now, let's look at some of the pros of rent protection insurance.

- **Broad coverage.** Rent protection insurance covers a broad range of tenant types.
 - **Lower risk.** Good rent protection cover is lower risk. In the event of a default, the insurer will normally pay out – meaning the landlord doesn't have to pursue one or more people for unpaid rent.
 - **Post-tenancy compensation.** Some policies will pay a proportion of rent after eviction, giving landlords income while they find a new tenant. At Alan Boswell Group, our rent protection insurance pays out up to three months of rent at 75%.
 - **You can combine cover more cost-effectively.** For example, rent protection insurance also includes legal expenses insurance. This means you can get assistance with evictions, serving notices, and a range of other legal issues (such as tax).
 - **A more professional relationship.** The insurance company handles claims and compensation, keeping the transaction more business-oriented.
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On the flip side, there are also these cons:

- **Premiums.** Landlords need to pay insurance premiums to keep cover in place. However, these payments are very small compared to the potential impact of unpaid rent.
- **Tenant referencing.** For cover to be valid, tenants (and a guarantor, if used) must pass referencing checks.
- **You can combine rent protection insurance with a guarantor.** If one or more of your tenants have a guarantor, you can still get rent protection insurance as long as the guarantor passes referencing checks. However, if rent is unpaid, your insurer will pursue the guarantor – landlords don't have to.

Other ways to protect your rental income

Landlords can use other ways to protect their property and their rental income. These are some of the most common.

- **Rent to Rent.** You'll generally let the property slightly lower than the market rate under Rent to Rent, but your tenant then finds their own tenants and collects rent from them. As a landlord, you should receive income even if the property is empty or the sub-tenants are not paying their rent.
- **Taking a deposit.** Asking tenants for a deposit helps protect you against the risk of damage or unpaid rent. However, there are strict rules about deposits, deposit schemes and how landlords can claim back money from a tenant's deposit. It's unwise to rely on a deposit to cover rent defaults – sometimes tenants stay in a property for months before you are able to evict them.

Rent guarantee insurance to protect your income

As you've seen, opting for a rent guarantor can bring benefits. In particular, it can open up a wider pool of tenants and give you peace of mind that any unpaid rent will be covered. On the other hand, things can easily go wrong. If a guarantor won't – or is no longer able – to cover any rent shortfall, you may have to resort to expensive legal proceedings with no guarantee you'll recoup the money.

On the other hand, rent protection insurance moves the risk to your insurer. As long as you comply with the conditions of the policy and your legal responsibilities, your insurer should pay out if your tenants stop paying rent. Combined with legal expenses insurance, it protects you from potentially spending thousands on court action.

Whether you choose to have a rent guarantor, rent protection insurance, or combine the two is up to you. At Alan Boswell Group, our advisers help thousands of landlords choose the right cover for their needs. If you'd like to learn more, contact Alan Boswell Group on 01603 216399.

