



iHOWZ NEWSLETTER

SPRING 2023 | EDITION 47 | £5 WHERE SOLD

WELCOME TO THE SPRING EDITION OF iHOWZ

Four months since the last newsletter and the big news is that we are still waiting for the big news, from the government. We have been talking about the Renters Reform Bill, with loss of Section 21, loss of fixed term tenancies etc. since the last general election, and as I sit here typing it looks like the renters reform bill announcement will be delayed again.

The hardest thing with running a business is the uncertainty. What the law or business environment becomes we adjust our business accordingly, lose Section 21 and as a landlord you become more diligent in credit and background checks. Have to upgrade to and EPC of C, well ouch, but you either do it or sell up. What becomes impossible is when you have to upgrade to perhaps the energy performance to an unknown measure, it's the uncertainty that is the killer.

The increase in mortgage rates is hurting landlords, especially as we can no longer claim the interest as a business expense. Landlords are selling up or off loading part of their portfolios.

Rent arrears, if you are owed rent, chase it, do not leave it. Send the tenants a reminder text, follow up a couple of days later with an email or a phone call. If your tenants are struggling, then ask them to pay something towards the rent. If appropriate check that they are claiming the help available to them. Do not let the rent arrears build up.

If the worse happens and you feel that you have to serve eviction notices then talk to your tenants. It is better to work with your tenants

than to spend 8+ months (often with no rent) going through the courts trying to gain possession.

Finally before your tenants move in get all the contact details you can, next of kin, parents, brothers, sisters, parental address, work address etc. The helpline has had a spate of landlords trying to chase tenants who might or might not have left the property.

Enjoy the newsletter, as always it is your association, please get involved, write an article, organize a meeting, chase a council.

Gary Waller

Brighton Landlord and helpline volunteer

IS 2023 THE END FOR THE SMALL/BUY-TO-LET LANDLORD?

This government over the past few years has made clear its dislike of private landlords by producing unfair legislation/taxation, and made it very clear that it intends to amend assured shorthold agreements to periodic agreements with 'possession for life' for all new and existing tenants. In certain set circumstances a landlord will be able to obtain possession, but in general regardless of the tenancy period granted, the tenancy agreement will eventually become a 'periodic tenancy' with no end date. There are a number of articles within this newsletter demonstrating that buy-to-let landlords should really consider their position now.

ISSUE 1: MEES & EPC

These two acronyms are of vital importance to landlords at the moment.

MEES stands for the Minimum Energy Efficiency Standard that states that any property with an EPC rating of below E cannot be let out: unless they have a valid exemption – for both residential and commercial lets.

EPC stands for Energy Performance Certificate, which has been a legal obligation to have on all new lets since 2005 for residential, 2012 for commercial - unless the property has an exemption.

Straight forward so far.

The Government have been consulting on the next version of the EPC and MEES, where it is rumoured, no actual Government announcement I'm afraid, that the MEES will become a minimum of D, or even C, at some stage before 2030, and the EPC methodology will change.

The EPC currently works on the methodology that any saving to the energy usage – i.e., the energy bills would be lower – will result in an improved EPC. It is likely the new methodology will give an improved EPC if the change results in a saving in carbon emissions. Saving carbon vs saving running cost might end in a dichotomy.



For example, if you had to replace an old gas boiler it would currently be best to change for a new gas boiler, not an electric boiler. But with the new EPC (as rumoured) putting an electric boiler in would improve the EPC, with a gas boiler reducing the rating.

So, landlords are in a quandary at the moment. If you believe the rumours that they need to meet an EPC rating of D, or even C, and make changes now, it is possible those changes might be the wrong ones if, and when, the EPC methodology changes.

Many landlords prefer, or even have to make enhancements/maintenance during void periods, and if they get a void period before the new MEES & EPC are announced, do they risk guessing what changes to make?

The Daily Telegraph have run an article stating the Government are to announce the new MEES will be a minimum of C, to be met by 2028. There are no unofficial announcements about the EPC's.

iHowz has been campaigning on this matter since August 2021 seeking clarification on both these matters. When we have received a reply, which is not every time, it has been meaningless not giving us sufficient information we can pass onto members.

As soon as we hear anything concrete, we will tell you.

Note also, that some Commercial Properties will not require an EPC. For a building to require an Energy Performance Certificate is must have a roof, walls and use energy to energy to condition the indoor climate. It should therefore have fixed space heating, ventilation and / or cooling. The installation of hot water and electric lighting does not mean that an EPC will be required.

This therefore means most rented garages won't require one.

ISSUE 2: The potential loss of the Section 21 notice

We have reported on this several times, but we're no further forward.

Hopefully, you are aware that we have been campaigning on the Section 21 since November 2021 warning Government about the potential consequences of losing the Section 21 completely.

In our view, the main use of the Section 21 is to allow landlords to control Anti-Social-Behaviour (ASB). Whilst it is possible to evict using Section 8, Ground 7A and/or 14, it is difficult and almost impossible to get an eviction unless a criminal conviction for ASB has happened – even then, there is no guarantee.

The Prime Minister announced a policy paper at the end of March 2023, entitled the 'Anti-Social Behaviour Action Plan' in which he pledges that *'Landlords and law-abiding tenants will benefit from stronger laws and systems to ensure those who are persistently disruptive are evicted. We will seek to halve the delay between a private landlord serving notice for anti-social behaviour and eviction and broaden the disruptive and harmful activities that can lead to eviction. We will also provide a clear expectation previous anti-social behaviour offenders are deprioritised for social housing'*, with no more detail.

We have warned that because the loss of the Section 21 makes it more difficult to manage ASB, many landlords will not take on a tenant unless they get top marks in referencing, and even then, might seek a guarantor.

Hence, we believe that the socially disadvantaged in our society will struggle to be offered accommodation, leading to more homelessness.

In our paper to the Government, we have made two main recommendations:

1. Sliding scale of notice. The longer the tenant has been in-situ, the longer the notice.
2. For any tenant being in the accommodation for more than 3 years, they would be entitled to the last two months rent free. Thus, easing the passage into new accommodation.

We have been in discussion with backbench MP's and also Lords, who are equally concerned.

ISSUE 3: No Fixed Term Tenancy agreements

The potential change to tenancy agreements leading to Periodic Tenancies only, i.e., no Fixed Term tenancy agreements.

The people that will be particularly affected by this are student landlords, who have had a Fixed Term model for several years, and it works.

To make matters worse, it is proposed that the landlords of Purpose Built Student Accommodation (PBSA) will be exempt from this, so they can continue renting to students with the knowledge they have long term Fixed Term agreements, whilst private landlords will have the danger of tenants giving notice part way through the academic year, with landlords not being able to replace them.

Periodic only tenancies, and the loss of Section 21 were introduced in Scotland at the end of 2019, so we can see the impact of both, and it has been student accommodation that has suffered the most, with many private landlords getting out of student lets to go to family lets, or holiday/Airbnb lets, leaving the students with no choice but to rent from PBSA landlords at (normally) an increased rent.

It is fair to say that the potential outcome of much of the Government proposals will have an adverse effect on tenants rather than landlords.



Issue 4: Rent levels and arrears

Market rents are being forced up by various factors, especially:

- Loss of rental stock, itself due to:
 - » landlords retiring, especially 'Baby Boomers' now getting older,
 - » time taken to recover property/ arrears through court,
 - » increased legislation,
 - » the Local Housing Allowance (LHA) being frozen since April 2016 (apart from some high rent growth areas).
- Increased costs, due to:
 - » increased Income Tax for many (Section 24),
 - » extra checks for landlords – e.g., 5-year electrical certificates
 - » cost of insulation and other retrofit works to raise EPC to C
 - » licensing, especially where no property inspections are undertaken,
 - » higher mortgage rates.

Whilst in theory increased rents should be good news for landlords, many are choosing not to apply the highest market rate, but to minimise the potential of the tenants getting into arrears with increased costs, including rent.

The message here seems to be 'be sensible, not greedy'.

RIGHT TO RENT CHECKS

During the Covid pandemic, the rules regarding making a Right to Rent check were relaxed, in that it was possible to do them virtually, e.g. by Zoom, or WhatsApp, etc.

This relaxation was lifted in January 2023, and most checks now have to be made face-to-face. The exception is where the prospective tenant has a bio-metric visa, i.e. one that is not stamped in the passport but is held on a central database. Only Immigration officials can check this, hence why landlords have to use an on-line checking facility, using a Share Code given to them by the tenant.



Some tenants can get a share code even if they don't have a bio-metric visa.

Note that the Government have also updated their guide on this.

Welcome to your TRADEPOINT update

Who are TradePoint? We are the Trade arm of B&Q which means we operate in all 320+ stores across the UK and everything you see instore can be purchased using your TradePoint discount card.

Why get a TradePoint card then?

As a standard TradePoint member you need to qualify for discounts and if you do not continually spend, the discounts tend to drop after a period. We all know Landlords do not usually purchase big projects, making it hard to keep hold of your discounts.

However, with your iHowz membership its enhanced. We have had a great relationship with Peter and the Team for a number of years now and as part of this relationship all TradePoint cards obtained through iHowz will have a fixed 10% applied so not worrying about spend thresholds, so whether it's a packet of screws or a tube of mastic you will be sure you will save with us. Not only that when we do Trade exclusive deals and promotions such as 4 for 3, 10% off etc, you get your additional 10% off.

If not done yet, next time you are in store or on our website update your marketing preferences so you don't miss out on our deals. We promise not to bombard you with information or sell on your details.

Did you know that you can request more than one discount card for your use so if you are a couple or have a maintenance person you use you can request the additional cards through the iHowz team.

Below are some of the reasons why our members love using us as we try to understand our members needs to make your journey as smooth with us and offer value along the way.

Some of the services we have, to make life easier for you.

- Key cutting service.
- Brick matching service.
- Free kitchen & bathroom design service.
- Valspar colour mixing - Over 2.2million colour matching.
- Free timber cutting exclusive for TradePoint members up to 15 cuts.
- Bespoke timber products, roof trusses, timber frames windows doors and staircases.
- Free delivery from as little as £50 spends www.trade-point.co.uk/delivery

- Long opening hours, open 7 days a week early to late.
- Mobile friendly website to browse, shop or 1hr Click & Collect. www.trade-point.co.uk/
- Digital card option where you can store your card on your mobile device so you will never lose your card again.
- We now accept Apple & Google pay along with PayPal.
- You can use your discount card in any store and on any till point including our self-scan checkouts so no reason not to scan your card at every transaction to save you time and money.

Some helpful links:

- Our How To guides can help you save time and money tackling smaller jobs yourself around the home.
- Our collection of inspirational brochures www.diy.com/product-information/brochures
- What our business is doing in the energy saving sectors for our members www.diy.com/energy-saving-service
- Ever wondered how sustainable our products are or ethical we operate and what we do in our local communities, full details on our web site.

We also have Partners we work with to secure additional discounts for our members:

- Speedy Hire discount www.trade-point.co.uk/services/speedy-hire
- Account facility - Trade UK www.credittrade.co.uk/
- Any Junk Rubbish Removal www.trade-point.co.uk/rubbish-clearance
- Tax Returns www.gosimpletax.com/trade-point/
- Range of Insurances to cover most types www.trade-point.co.uk/services/trade-insurance
- Rug Doctor www.diy.com/product-information/rug-doctor

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HOW TO RENT BOOKLET

Are you aware that this booklet was amended last March, and that you should be using the new version now?

We always recommend that where it is critical the latest version is used, that landlords don't keep it on their local computer, but always go to the web to ensure they get the correct, latest version - www.gov.uk/government/publications/how-to-rent



This applies to notices as well.

LOCAL AUTHORITIES AND COUNCIL TAX

Few local authorities offer concessions to private landlords and when a property becomes vacant, they immediately transfer the council tax charge to the landlord. Very few have been giving concessions

for example, the first month the property becomes vacant, no council tax is charged - some also allow council tax free periods when properties are being converted, but it has been noted that even in these situations, council tax is now being demanded with significant increase depending on how long the property has been vacant. This of course is already on top of the 5% increase imposed by many local authorities in April 2023!

ANOTHER SOURCE OF INCOME

More and more local authorities are introducing 'licensing' in one form or another, allegedly to improve sub-standard properties in the private rented sector (PRS). Local authorities already have extensive powers and any that are 'on the ball' will be well aware of their sub-standard properties and unprofessional landlords - 'to bring in substantial income from private landlords to pay for any scheme/additional staff etc.' The cost of course will be paid for by 'the tenants' through increased rents.

CONSULTATION ON COUNCIL TAX FOR HOUSES IN MULTIPLE OCCUPATION (HMOS)

One piece of good news amongst all the bad was the issue of a consultation paper by the government to the proposition that all HMOs be given a single council tax banding and that the council tax be the responsibility of the landlord. HMOs that contain 'self contained' units within them i.e studios, one bed flats etc will be charged an individual council tax banding payable by the occupier, with the remainder given 'one council tax banding' payable by the landlord. What a sensible proposal, that is exactly how it used to be. That is until the valuation office declared that any room with shared facilities (for example, kitchen/

bathroom) let on an individual tenancy was a unit of accommodation - and a minimum council tax banding of 'A', which allowed councils to remove a 'HMO' single banding and impose an 'A' banding on all individual rooms etc. on assured shorthold tenancies.

The effect being that the poorest in society (who mostly occupy such accommodation) landed up paying by far the highest level of council tax in respect of the accommodation occupied.

For members information, iHowz has been actively campaigning to have an overall council tax banding for HMOs since the legislation was introduced. Let's all hope that this government acts on its proposals this year.

HOUSING THE HOMELESS/ ECONOMICALLY POOR

Members will be aware that it is the responsibility of local authorities/housing associations to provide accommodation for those tenants who are unable to afford accommodation on the open market. Very few really affordable properties are additionally available each year, and housing associations only seem to provide shared ownership accommodation and no affordable properties for rent, to the economically poor. Private sector landlords often provide affordable accommodation that local authorities/housing associations are unwilling/unable to provide, and in these circumstances why is government so against private landlords? The next article may well contain the answer.

FURTHER REASONS WHY IT IS NOT A GOOD IDEA TO BE A LANDLORD IN 2023

Government should be encouraging buy-to-let landlords to increase their

portfolios, but no a 3% stamp duty surcharge is payable, why? To allow first time purchasers an advantage. Has government not understood that increased interest rates coupled with high deposit requirements has curtailed a good number of potential first time buyers to actually make a purchase. Many it is said can afford the repayments but not the higher deposit requirements. It should also be noted that not all tenants wish to be owner occupiers.

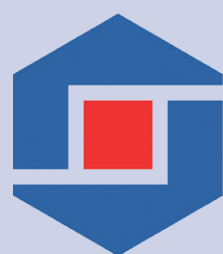
MORE REASONS FOR QUITTING IN 2023

It is very probable that both government and local authorities are anticipating more regulations on us. Firstly, most of us operate our own businesses but are only regarded by government as an 'activity' whilst letting agents, doing exactly the same work, are 'businesses' carrying the benefits i.e. pension provision that it provides.

Property prices in most areas are high - and with much lower levels of private sector properties available, rents are also high and increasing! It is unlikely that a landlord can obtain any more than a gross return of 4.5% and a net return of 2.0% with little or no property appreciation, and more regulation! Members can currently obtain over 4.00% on cash deposits!

Is it no wonder that private landlords who do not wish to sell their properties are moving to short term lets, for example, holiday lets or AirBnB's. Although both have conditions, neither are currently regulated as is private sector although some local authorities are currently looking to regulate. 'The time to change is now'.

Holiday lets is a business - with all the benefits - but you need to fully understand the requirements. It is understood that not all properties will be suitable or in good holiday let areas - but some might. It's worth reviewing.



Mortgages for Business

Refinancing your Property: What are your Options?

As landlords, ongoing market changes and tough legislation can sometimes distract from the very basics of running your buy to let business. In this article, we examine the importance of refinancing once your mortgage ends, and how to easily navigate the process.

Over the past eighteen months, landlords have had to navigate a complex, ever-changing and, at times, gruelling, mortgage market. Interest rates have now settled, yet ongoing political and economic uncertainty has left many property investors hesitant over their next move.

Amidst the market turmoil, brokers and landlord news outlets have been delivering one message time and time again: to remortgage. This is because, with rising interest rates and market uncertainty, fixing in for a set period of time helps to alleviate any further concerns. Furthermore, the consequence of waiting to remortgage could mean moving on to a lender's Standard Variable Rate (SVR).

This rate is typically much higher than the mortgage product you fix into, and it's entirely up to the lender to decide how to price it. As such, borrowers on SVRs can expect monthly repayments to increase and be inconsistent.

But what does a remortgage actually entail? Is it your only option?

To help you get started, we have detailed below two refinance options that could help you on your property investment journey. We may be biased, but the first piece of advice we would give is to speak to an experienced broker. Not only can they talk you through the mortgage products available, but they can also explain the different refinance routes you have and answer any questions along the way.

A Remortgage

The most popular route for refinancing a property that everyone will have heard of is the standard remortgage. In layman's terms, a remortgage means that once your product ends, you move your mortgage from one lender to another, taking on a new interest rate in the process.

What are the benefits of remortgaging?

There are many benefits to choosing a standard remortgage as your refinance option. For one, with help from a whole-of-market mortgage broker, you can choose a new product that best fits your needs and circumstance. You can have confidence in knowing that you have secured the right deal from a choice of hundreds, and, ideally, a competitive rate for your next mortgage.

Furthermore, if interest rates have gone down since your last mortgage application (granted, this may not be as relevant just now), you could secure a cheaper product through your remortgage and save on your monthly repayments.

Another key benefit to this type of refinance is that you have more options available to you, such as raising capital when remortgaging. This is where you take out some of the equity you have in the property to, for example, finance refurbishment works, a deposit on a new property, etc. Your broker will be able to discuss what options are available to you when the time comes.



What are the drawbacks?

On the other hand, a remortgage can take some time to complete. Just as with a property purchase, there will be a number of mortgage documents you will need to work through, as well as assessments from the lender. These factors can slow down the process, so it's important to consider when your current rate is due to end to avoid falling onto a lender's SVR and ensure you complete on time.

Product transfers

A product transfer is where, at the end of your current deal, you choose to remain with the same lender and move on to one of their product transfer rates.

The key difference, then, between a product transfer and a remortgage is whether you remain with your current lender or move to another.

What are the benefits of product transfers?

Choosing a product transfer can be beneficial to your application process. For the most part, product transfers are not subject to any additional underwriting, which can speed up the overall application. The actual process of switching rates is also highly efficient and, therefore, perfect for

borrowers who haven't had the time to begin their remortgage or those who may already be on their lender's SVR.

Another key benefit you may not be aware of is that, until your application completes, should a reduced product transfer deal become available, your lender may be able to move you across. This would involve them cancelling your pending product transfer application, and allowing you to switch to the new, more competitive rate.

What are the drawbacks?

Just as with a remortgage, there are some drawbacks to be aware of, the main being that you may miss out on the more competitive products by sticking with the same lender. Similarly, with a product transfer, you are unable to release any equity from your property, which is something to bear in mind when deciding how to refinance.

Getting started

If you'd like to discuss your next property finance or would like more information about the options available to you, then please get in touch with our expert brokers. You can call us on **0345 345 6788**, or visit our website, **www.mortgagesforbusiness.co.uk**, to submit an enquiry.



MIKE STIMPSON'S COLUMN

Welcome to the Spring newsletter.

GOOD NEWS - property prices are still high in the area - rents continue to increase.

LESS GOOD NEWS - less properties available to rent - more regulation anticipated, both from councils and government.

I assume that you have all read the number of most informative articles in this edition of the newsletter. Is it time to change course or exit being a landlord all together?

IMPROVING ENERGY EFFICIENCY

In 2017, and to improve the energy efficiency in a flat in a 'listed building', I had an electric central heating system installed (wet system) with an 'electric' central heating boiler as recommended by government (rather than a gas boiler). I also supplied 300mm insulation in the roof space. No other improvements could be carried

out as the building was 'Grade Two Listed'. To my amazement my EPC did not go up but down to 'G', I could not believe it, and have been attempting to understand why. If you now read the article in this newsletter headed 'MES and EPC' (fifth paragraph) there is the answer - but not the reason.

The property is currently without a tenant, however I am currently fighting a proposed penalty of £4,700 for not having an 'E' or above EPC. Any members with 'F' or 'G' bandings will be well advised to get advice from an energy assessor to establish what needs to be done to obtain an E or above assessment. Remember, and be warned that your local authority is currently checking for F/G EPC's on the national database.

CAN YOU BELIEVE IT?

Approximately two weeks ago I received a letter from a firm of solicitors based in Greater Manchester, acting for one of my tenants who took a tenancy of a self-contained studio approximately 6 years ago, and from that time it was not fit for habitation and as a consequence is seeking substantial compensation/damages. The tenant continues to be in occupation of the studio. From the day he moved in, I have never received any form of communication from him - i.e. from call, text, email, letter etc. Has any member received any similar claim? If so, please get in touch.

As members can gather, life appears to be more complicated this year when it should be getting easier.

Keep well.

Mike Stimpson

FUTURE BUILD 2023

Early March saw the annual Future Build exhibition at ExCel in the Docklands. This show has something for home owners, through to local authorities and commercial property developers.

The cost of living crisis seemed to have influenced the products on show, with more retrofit products than sometimes.

Photo Voltaic (PV) with Battery Storage

One of the game changers, in terms of payback for solar electricity has been the combination of energy costs and the availability of battery storage to allow surplus electricity to be stored for use in the evening. Some have taken this further, adding their electric vehicle as extra storage.

Heat Recovery in the Shower

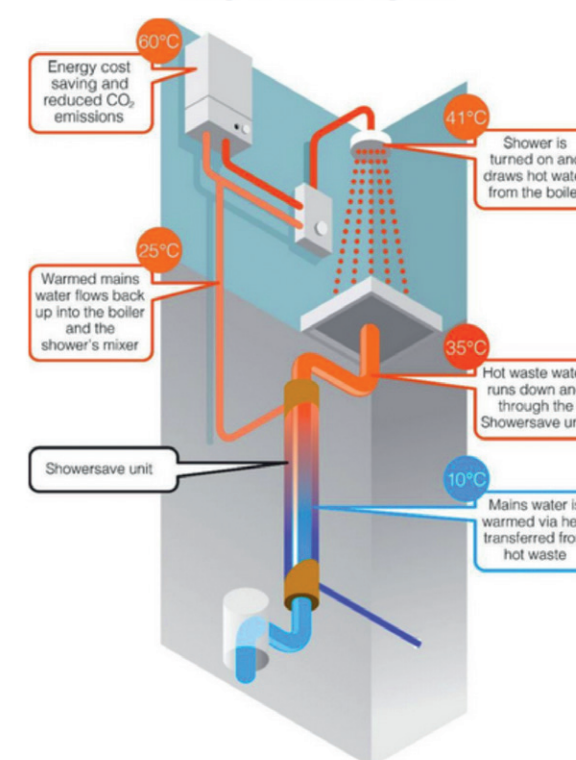
One of the first things I saw was a couple of stands showcasing technology to use the waste water from your shower to reduce the hot water heating required.

The waste water passes through a heat exchange collar over the cold supply to raise the temperature of the cold feed. In the picture below it is the cold feed to the boiler which is heated, but if this is a significant distance from the boiler, I guess it could simply warm the cold feed to the shower, reducing the need to set the hot so high.

What about scale build up? Well any scale will be in the water heater / boiler the temperature in the heat exchanger is too low to cause scale.

Most of the models on display were clearly designed for houses with upstairs bathrooms, as they were fitted on the

Showersave: Wonderfully simple, cost-effective energy saving. Why wouldn't you?



The Showersave waste water heat recovery system is a simple heat exchanger that reuses energy otherwise lost down the drain while showering.

By installing Showersave you will recover the energy from warm waste water flowing down the drain and use it to pre-heat the incoming cold water – simple, effective and highly reliable.

vertical stack – much like the diagram. There was one model which was designed for horizontal use, so more suitable for flats.

Talking of avoiding scale in hot water pipes, it was nice to see a device, which I first became aware of on a NHBC webinar during lockdown. This is a unit which is fitted on the feed into the property and by passing the water over the catalytic elements the calcium structure is altered to a stable crystal structure which stays on the water, rather than depositing as scale. While this unit is expensive, it is designed for a fit once type installation (15 years min) with no power or regular change of sacrificial cartridges. It is claimed that by reducing limescale it save on heating and appliance replacement costs.

Electric Heating

Dimplex and other conventional convection heaters were on display.

There were a couple of options which caught my eye.

The first, was an **app based thermostat**, originally developed for the student market, which uses proximity technology to sense when you leave the building and adjust the temperature accordingly to help save energy and detects when you arrive back- turning your heating back on.

This ensures rooms that are empty aren't heated unnecessarily, with simple heating controls that everyone can use.

Sounds ideal for student and HMO lets – provided they don't lose their smartphone.

www.futurebuild.co.uk/products/radiator-buddy-thermostat/

The same company also produce a modular radiator.

The second was the larger variety of **infrared panels**, with market leader Herschel and others.

There was also a cool wall technology on display, for office curtain walls, where cool water is circulated through the middle of a glazed unit.

Quality Control

Energy assessment, training and design professionals were available, including Elmhurst, Trustmark and architects.

Talking to the energy assessors, they share iHowz' frustration with the government regarding the long overdue publication of new EPC SAP and MEES standard, allowing landlords to understand what is required, by when, what they are expected to focus

on and how much they are expected to invest in doing it.

Insulation

As well as double and triple glazing – one with a clever opening leaf to service the integrated blind – there were SIPs (structurally insulated panels), percussion and heat bridging spacers for steel frames (such as RSJs) and sound absorbent panels.

Overall, it was good to see the exhibition back to normal strength with plenty of ideas for considering in future projects.

GENERAL STUFF

Smart Tech

Those of you who are early adopters may have bought an appliance with smart tech. This could be something as simple as a heating controller, or electric radiators, through to fridges, washing machines, even lights and doorbells.

New law to prevent hacking

The Product Security and Telecommunications Infrastructure (PSTI) Act 2022 is designed to address concerns from the likes of Which? Regarding security and privacy in three ways

1. Manufacturers will have to tell you how long your product will be updated and supported when you buy it
2. Manufacturers, retailers and importers of smart products must ensure they don't use default passwords
3. Manufacturers will also have to have a written vulnerability disclosure policy so that ethical hackers can report vulnerabilities and have them fixed

Insulation and EV Charging Point Grants

The government is offering grants for homes in council tax bands A – D for one type of insulation where the EPC is D – G. This is separate from the Eco scheme, which is targeted at households on benefits.

If you are considering installing an EV charging point grants are also available for this.

CAPITAL GAINS TAX

As part of the government's budget in October 2022 the capital gains tax allowance is being reduced by 50%.

CGT or capital gains tax is applicable to profits you make from selling or disposing of an asset like a buy to let property or other asset of value.

The capital gains tax allowance permits you to not pay tax on any gain up to the CGT allowance threshold.

In the autumn 2022 budget the government decided to adjust the CGT

allowance down meaning more people will qualify for capital gains tax.

The CGT allowance in the 22/23 tax year was set at £12,300 with the government estimating that the changes could affect approximately half a million people in the 23/24 tax year with that figure rising the tax year after. Whereas allowance from April 2023 is £6,000 and the government plan to reduce the allowance again in April 2024 to £3,000.

Note, however that the deadline for paying CGT has been increased from 30 days to 60 days.

If you are concerned about the changes to Capital Gains Tax, you should contact a financial advisor.

HOLIDAY HOMES

The Government are taking a serious look at holiday homes, especially their impact on local economies and the local housing market.

They are currently considering:

- a registration scheme for all holiday rentals, but it's not clear if this will be



- separate from the one proposed for all rental property,
- having to apply for planning permission for holiday rental, and
 - a separate planning class (C5) with the possibility of a local authority to bring in Article 4 direction to stop develop on any C5. This would be the same as for HMO's (class C4).
 - The possibility of restricting Airbnb to a maximum of 90 days in the year. This is already in place in London, but there already discussions in bringing into other UK cities.

We will keep you up to date with this.

THE EFFECT OF GOVERNMENT ACTION ON THE PRS

I read a very interesting article in the Telegraph recently. Entitled 'Britain's demented war on landlords has already backfired', it discusses the impact of Government action on the PRS.

Suggest you Google it to read.

It comments:

'Over the last few years, the Government has driven landlords out of the market. The Bank of England cited higher taxes, more regulation and increases in borrowing costs as the principal culprits. The result? Rents are going through the roof, as anyone who has tried to find a new place over the last few months will testify.'

This demented war on landlords is now a major factor in the cost of living spiralling out of control. Until the Government calls a truce, and lets developers get on with building homes instead of trying to micro-manage the rental sector, we have no realistic prospect of bringing it back down again.'

Going on to say:
'There's no particular mystery as to why

this is happening. Over the last decade, the Government has launched a series of attacks on landlords. They can no longer offset all of their mortgage interest costs against their rent unless they transfer properties to a limited company.

The Government is planning to scrap "no fault" evictions. Landlords have to perform immigration checks, a task you might think the Home Office was better suited for, and now they may well have to expensively upgrade their properties to meet an arbitrary net-zero target as well. No-one has actually suggested sending them to re-education camps yet, but you get the sense some politicians are at least considering it.

The completely predictable result is that landlords are getting out and doing something else with their money. An estimated 140,000 landlords retired, sold up and left the market last year according to research by Hampton's and a further 500,000 are expected to follow over the next five years.

Ending:

'The simple fact of the matter is that the Government has made an almighty mess of housing policy for years. We need lots of affordable homes for people to buy, and homes for people to rent as well, depending on their circumstances. The only way to achieve that is to rip up planning restrictions, overrule local councils and the courts, and start building a lot more.'

The war on landlords has already backfired badly, sending rents spiralling out of control. And now it is driving inflation higher too. The worst part of it all is that there is no sign whatsoever that the Government realises it is to blame.

The author, Mathew Lynn is an economics journalist, so has approached this from an economic perspective, not property.

Try to read it.

WATER COMPANIES

When you have a change of tenants the quickest way to inform the water company is through the use of Landlord tap. This is the Tenant Address Portal for water billing in England and Wales. Once you have created an account and registered your properties it is a quick easy site for entering your tenants details and the water meter readings.



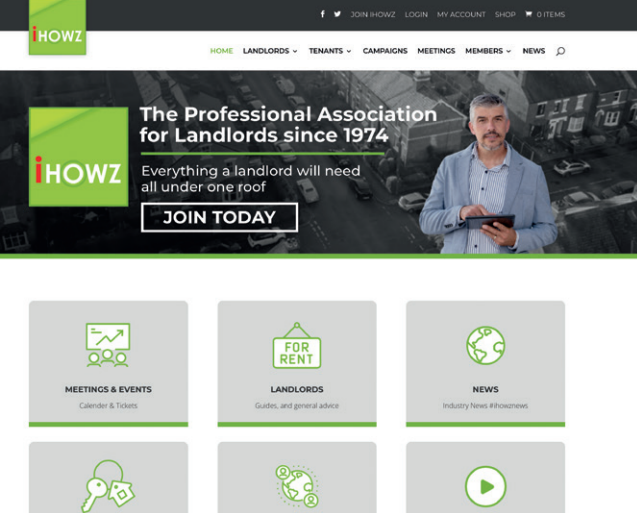
NEWS ITEMS

Remember that the website carries a good selection of new items, updated daily. Some of the recent items include:

- Rent to Rent craze adding to the UKs renting crisis
- Government plan to remove HMO license rules for housing asylum seekers.
- First time buyers, may the fourth be with you – return of the help to buy?

iHOWZ.UK WEBSITE

We are aware of some of the issues with the website in particular with logging in. We have found a website expert to help us correct some of these issues, so please be patient.



DISCOUNTS

Where do you shop for landlord products, paint, building materials etc. Could we use the iHOWZ association to get you a discount? We have struggled recently to find organisations that are prepared to offer a discount to landlords. Johnstones Paints recently stopped giving landlords a discount on paints citing a change of management, difficult margins etc. Howdens have also changed their terms and now you have to set an individual credit account to receive any discount.



The Wickes trade card it very good and gives a 10% discount. It is worth going through the procedure of registering.



B&Q Tradepoint is also offering 10% discount.

Can you help suggest and negotiate with other organisations to offer a discount. Please let us know.



RENTAL FRAUD ON THE RISE; HOW CAN YOU PROTECT YOUR PROPERTY?

Hannah Tweedle from the Alan Boswell Group:

Recent media reports have highlighted the increasing trend of prospective tenants using counterfeit documents to apply for rental properties. In particular, there have been cases of tenants creating fake payslips to deceive affordability checks by inflating their income.

The reasons behind this trend are quite evident. The cost of living crisis has strained household budgets, and the current high inflation rate has diminished purchasing power, affecting landlords' profits in real terms. With interest rates on buy-to-let mortgages increasing, landlords are compelled to raise rents. Additionally, the growing number of landlords exiting the rental market is reducing the number of properties available to tenants.

As a result, tenants are finding it increasingly challenging to secure affordable properties, leading some to resort to fraudulent means to obtain a roof over their heads.

LANDLORD CHALLENGES

While it's understandable to sympathise with tenants in difficult situations, fraudulent applicants can create a range of challenges for landlords. If a tenant exaggerates their income, they are more likely to struggle with rent payments, potentially leading to financial losses and eviction costs for the landlord.

Not only income but also fake references can create problems. It's common for tenants to

ask friends to provide employer references or forge references from previous landlords. If these falsifications go undetected, the landlord may end up with troublesome tenants.

HOW CAN I SAFEGUARD MYSELF AGAINST FRAUDULENT TENANCY APPLICATIONS?

To protect yourself against fraudulent tenancy applications, it is recommended to take a two-pronged approach. Firstly, it is advisable to use a professional tenant referencing service to carry out comprehensive checks on potential tenants. Although most applicants are truthful, tenant referencing can detect anomalies like fake payslips or false references. This can help landlords avoid the problems caused by hard-to-detect fraudulent applications. A complete referencing service usually includes:

- Verification of employment history
- Checks of residency history and previous landlord references
- Confirmation of personal data such as bank account details, identification, etc.
- Credit check and assessment of affordability
- Detailed written report

By conducting thorough tenant referencing, landlords can minimise the risk of rental income loss and eviction expenses. Additionally, landlords should be vigilant and verify any information provided by potential tenants themselves to avoid the risk of troublesome tenants.

Rent guarantee insurance offers protection in case a tenant defaults on rent payments and includes legal cover for the eviction process. This type of insurance can be obtained through Alan Boswell Group and provides the following benefits:

- Covers missed rental income up to £2,500 per month for a maximum of 15 months
- Provides up to three months' rental cover at 75% of the monthly rent after eviction
- Covers legal expenses, including eviction costs, of up to £100,000
- Access to a 24/7 legal expenses helpline.

For rent guarantee insurance to be valid, proper tenant referencing is necessary. However, if the tenant referencing provider fails to detect a fraudulent document and the tenant subsequently stops paying rent, your insurance cover will remain valid if there is no clear evidence that the tenant's documents were fake.

Rent guarantee insurance is designed to provide rental income and assistance with eviction procedures. To make a claim, you must have assessed the tenant's ability to afford the rent, checked for any CCJ/bankruptcy/IVA records, obtained identification, set up a legal tenancy agreement, and provided the tenant with the required documents by law (such as a How to rent guide, EPC, and gas certificate). There would be no cover for any disputes during the first 60 days of the policy unless comparable coverage was in effect for the previous six months. The tenant must be at least two full rental payments in arrears.

SPOTTING FRAUDULENT DOCUMENTS

To detect fraudulent documents, there are certain steps you can take even if you are not using a professional tenant referencing service. Here are some top tips to consider:

- **Be mindful of the source of the documents.** Check if the documents have come from an official email address, such as that of a letting agency. Be cautious of documents that come from generic email

addresses. Use services like Nominet to research email domain names. If a supposed employer's domain name has been recently registered, it could be a warning sign that it's not genuine.

- **Verify phone numbers.** Put phone numbers into Google to see if they are linked to a particular person or business.
- **Call the numbers provided.** If you're calling a previous landlord, ask them detailed questions about the tenancy and the tenants. Genuine landlords will know details such as rent paid, deposit amount, and repairs/maintenance done during the tenancy. It could be a red flag if the person on the phone is hesitant or doesn't seem to know the answers.
- **Carefully examine identity documents.** Pay close attention to the photos on passports and driving licenses to confirm they belong to the tenant.
- **Request to see original documents.** It's easier for people to manipulate scanned documents using software like Photoshop than to forge convincing originals.
- **Thoroughly review payslips.** Check if the employer is registered with Companies House and was trading during the period when the payslips were issued. Ensure that PAYE deductions match the salary paid.
- **Consider alternative approaches.** For instance, verify that the BACS payment date on a bank statement corresponds to a day when banks typically handle transactions (and not a day when they are closed, such as on a bank holiday).

WHAT'S THE NEXT STEP?

Although most tenancy applications are truthful, the prevalence of fraudulent documents being utilised to demonstrate affordability is increasing, reflecting the challenging times we currently face. If you conduct your own tenant referencing, it's critical to exercise more caution than ever before. However, for extra security and assurance, we recommend safeguarding your investment and income with expert tenant referencing and rent guarantee insurance. To find out more, speak to Alan Boswell Group on 01603 216399.

SEEKING POSSESSION

Mark Erridge

Advocate and Advocacy Manager at SCS Law



Mark Studied Law at Corpus Christi College Cambridge – he's been with SCS Law for 5 years and in that time has attended nearly 2500 Court hearings.

Landlords have a right to seek possession of their property when tenants breach the terms of the tenancy agreement or by serving notice, however the procedure to obtain possession is heavily regulated by law. Specific legal processes must be followed in order to successfully obtain possession, and to avoid later unsuccessful legal action or the possibility of an unlawful eviction.

Perhaps the most crucial step is the preparation of the notice seeking possession, which begins the legal process of regaining possession of the property. In this article we will look at some of the key legal issues that landlords need to be aware of when preparing this notice, and the consequences of failing to follow these procedures correctly.

When a landlord wishes to obtain possession of a property let to tenants, a notice seeking possession must be served on the tenant. This is necessary regardless of whether the tenant has breached the terms of the tenancy agreement or otherwise.

There are two main kinds of notices seeking possession that a landlord may use, the names of which are derived from the Housing Act 1988: a 'Section 8 notice' and a 'Section 21 notice'.

A Section 8 notice can be served at any time if one of the grounds for possession as set out at Schedule 2 of the Housing Act 1988 is made out. The most common grounds relate to the non-payment of rent, i.e. where the tenant has missed rent payments and has fallen into arrears as a result.

A Section 21 notice is used when the landlord wants the property back for any reason, and so it is not necessary for the landlord to demonstrate that a breach of the tenancy agreement has occurred. However this notice can only take effect after the end of any fixed term of the tenancy has expired.

Both types of notices have specific legal requirements that must be met in order for them to be valid. There are unfortunately common issues which landlords encounter when preparing and serving these notices, which can render them invalid.

The correct forms should be used, as if the notice served on the tenant fails to contain all legally-required information, it is likely to be considered invalid by the Court at a future hearing. The relevant forms are periodically updated by the government, and therefore the most up-to-date form must always be used. Standard forms are available on the UK government website: in respect of a Section 8 notice, 'Form 3: notice seeking possession of a property let on an assured tenancy or an assured agricultural occupancy' should be used; for a Section 21 notice, the relevant document is 'Tenancy form 6A: Notice seeking possession of a property let on an assured shorthold tenancy'.

A Section 8 notice must fully specify the grounds for possession upon which the landlord is relying, as per Schedule 2 of the Housing Act 1988. Problems can be encountered by landlords in misunderstanding when and how these grounds can be used, which may invalidate the notice or otherwise lead to any claim for possession being unsuccessful. In respect of rental arrears, the most relevant grounds for possession are Grounds 8, 10 and 11. Ground

8 is a mandatory ground, which in effect limits the Court's discretion to prevent an order for possession from being made at a hearing. This ground requires that the tenant is in at least two months (or 8 weeks if rent is paid weekly) of arrears at the date of service of the notice; if the tenant fails to leave and a claim for possession is brought, then there would also need to be arrears of at least two months as at the date of the possession hearing. Grounds 10 and 11 are more flexible, requiring only that there are some arrears outstanding as at the date of service of the notice and at the point of issuing a claim for possession, or that the tenant has failed to consistently make payment as required. Multiple grounds for possession can be relied upon within the same notice: it is very common to plead all three grounds 8, 10 and 11, for example.

In respect of both Section 8 and Section 21 notices, the forms must specify the date by which possession is to be given up, and landlords often run into difficulty when failing to correctly calculate this notice period, as required by law. For Section 21 notices, the current position is that the minimum period of notice that must be given is two months. The position is more complicated in respect of Section 8 notices, as the notice period differs depending on the ground relied upon. For grounds 8, 10 and 11 (as discussed above), the minimum notice period is 2 weeks. If insufficient notice is given to the tenant, then the notice is likely to be considered to be invalid.

After preparing the notice seeking possession, it must be served on the tenant. If the landlord intends to do this, then it is vitally important to ensure that this is well-documented, as if the landlord brings a claim for possession, then the Judge at a possession hearing will need to be satisfied that service was validly effected on the tenant. The written tenancy agreement should be carefully reviewed to clarify how any notices seeking possession should be served on the tenants. These notices are often either placed through the letterbox or posted to the property. However the tenancy agreement might not specifically provide that posting of the notices is sufficient. Either way, records should be retained: copies of receipts of posting, or photographs taken when placing the notices through the letterbox.

Given the complexity of the legal requirements surrounding notices seeking possession, and the potential risk of wasted time and costs if found to be invalid, many landlords choose to seek legal advice when preparing these notices. This can help to ensure that the landlord is following the correct legal procedures and that their case is more likely to be successful in court. SCS Law is a firm of litigation solicitors who are able to assist landlords at all stages of the process of obtaining possession of a tenanted property, from drafting and service of the notice seeking possession, to appearing in Court to obtain and enforce a possession order.



MEETINGS/EVENTS SCHEDULE FOR 2023

MAY

- May 15th: iHowz landlords Brighton & Hove evening landlords meeting
- May 16-18th: Facilities Management Show
- May 17th – Folkestone landlords meeting
- May 22nd: iHowz landlords Southampton day meeting

JULY

- July 1-2nd: HomeBuilder & Renovating Show
- July 4th: National Landlord Investment Show
- July 7th: London Landlord Accreditation Scheme annual conference and BBQ

SEPTEMBER

- September 22-24th: Homebuilding & Renovating Show
- September 27th: National Landlord Investment Show

OCTOBER

- October 2nd: iHowz Brighton & Hove day landlords meeting
- October 16th: iHowz Southampton evening landlords meeting

NOVEMBER

- November 1st: National Landlord Investment Show

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.

Note that attendance at these meetings counts towards CPD

WEEKLY eNEWS

To remind you that we keep you informed of all the latest news via a weekly eNews, delivered to your email address.

If your not getting it, please let us know.

You can also keep up to date on the news section – iHowz.uk/news.

STOP PRESS

Whilst not officially confirmed, it has been stated by a reliable source that the long-awaited Renters Reform Bill will be published before the Spring recess on Friday May 25th.

It has also been suggested that it will be very light on detail, only containing the substantive item to stop the Section 21 eviction notice.

Keep an eye on the news section of the web, and the weekly eNews.



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