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News & Legislative Update

London - March 2018

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Draft Tenant Fees Bill Published

The main measures contained in the draft Tenant Fees Bill will:

- Ban all fees to tenants from letting agents *and* landlords
- An exemption for in-tenancy management charges arising because of the action of the tenant
- Impose a cap on security deposits of **6 weeks' rent** and a cap on holding deposits of **1 weeks' rent**
- Create a civil offence with a fine of **£5,000** for an initial breach of the ban on letting agent fees and create a criminal offence for repeat offenders
- Allow civil penalties of up to **£30,000** to be issued as an alternative to prosecution for repeat offenders
- Not to come into force until **Spring 2019** at the earliest

HMO Licensing Extension

Government confirmed HMO Licensing expansion comes into force from 1st October, with no grace period for compliance:

- Removal of the storey rule so all houses with 5 or more people from 2 or more households are in scope,
- Extend to cover purpose built flats where there are up to two flats in the block and one or both are occupied,
- Set a minimum room size of 6.52sq-m in line with existing overcrowding standard (Housing Act 1985),
- Under-sized rooms currently let out will then have 18 months to comply, so tenants are not immediately removed,
- Introduce mandatory licence condition requiring holder to provide adequate waste facilities,
- Properties in scope of new HMO definition that are currently licensed under additional or selective scheme will be passported automatically at no cost to the landlord.

Another Housing Minister After Reshuffle



Minister of State for Housing & Planning– Dominic Raab

- Alok Sharma MP is moved to DWP after a short 7 month tenure.
- Responsibilities include Building safety and regulations, housing supply and supporting home ownership policies



Minister for Housing & Homelessness– Heather Wheeler

- A newly created junior Minister position
- Responsibilities include private rented sector policy, leasehold reform, homelessness, Housing Ombudsman & redress, reform of home buying process.

New Years, New Laws

With the new Housing Minister in place, we expect a lot of new policy developments this year:

- Consultation on incentivising longer tenancies
- Tightening-up of Smoke & Carbon Monoxide Alarm Regs
- Introduction of electrical safety check requirements*
- Regulation of agents and mandating of CMP
- Introducing mandatory landlord redress scheme*
- A new, streamlined abandonment procedure

***Consultations currently ongoing**

Fitness for Human Habitation Bill

The Fitness for Human Habitation Bill ensures:

- that all landlords (both social and private sector) must ensure that their property is fit for human habitation at the beginning of the tenancy and throughout,
- the tenant has the right to take legal action in the courts for breach of contract on the grounds that the property is unfit for human habitation,
- that landlords are exempt where the damage is due to the tenant's actions.

Introduced by Labour MP Karen Buck, the Bill has support of Government, the NLA and various other bodies.

Will not introduce new standards for landlords, but help tenants enforce existing standards where local authorities fail to do so.

Minimum Energy Efficiency Standards

Minimum Energy Efficiency Standards (MEES) will soon be coming into force, requiring a minimum EPC rating of E, otherwise a maximum fine of £5,000:

- From 1 April 2018 – Ban on new tenancies (including renewals and rolling over to periodic)*
- 1 April 2020 – Ban on all tenancies (e.g. existing tenancies)
- Will be some applicable exemptions, such as lack of tenant consent, and “no upfront cost”.

Estimated to impact 280,000 properties in England & Wales

Detailed guidance has now been published, and available here along with our FAQs: [landlords.org.uk/MEES](https://www.landlords.org.uk/MEES)

New “Cost Cap” for MEEES from 2019

Consultation currently underway to

- Government to amend regulations so that from April 2019 landlords can no longer claim “no upfront cost” exemption
- Instead, landlords will have to install all measures up to a “cost cap” of £2,500
- Consultation currently underway but the Government has said it will definitely be happening
- EPC methodology also recently updated which could benefit solid-walled properties.

Government will also soon consult on long-term plans to increase minimum to D rating by 2025 and C rating by 2030

Gas Safety Certificate Flexibilities

From April 6th 2018 new MOT-style flexibility will be introduced to landlord annual gas safety checks that will:

- Allow landlords to undertake gas safety checks within the 2 months leading up to the deadline date and keep the original deadline date (MoT-style flexibility), and
- Allow for landlords to undertake check of an appliance in the 2 months following the deadline date on the conditions:
 - It can only be done once in relation to each appliance/flue in the premises, and
 - It can only be done in order to align the deadline date in relation to the next safety check of that appliance/flue with the deadline date of any other appliances/flue in that premises.

Draft London Housing Strategy

Sadiq's Draft London Housing Strategy outlined his vision of the Private Rented Sector in London and policy priorities:



- Support councils to introduce licensing schemes
- Support calls for a “light-touch” registration scheme
- Introduce a public London Rogue Landlord database
- Support employers introducing Tenancy Deposit Loans
- Lobby Government for more powers over PRS
- Opposing “discriminatory” Right to Rent policy

London's Rogue Landlord Checker

Sadiq Khan has launched his Rogue Landlord & Agent Checker:

- London's first online 'name and shame' database to help crack down on unscrupulous landlords and agents in the Capital.
- Records from 10 London boroughs and the London Fire Brigade have been published on the database
- Available on the City Hall website, it includes a reporting tool for tenants to report "rogue" landlord and agent activity more easily.

Section 24 Tax Changes Now in Force

Restriction on the relief on finance costs to basic rate e.g. higher rate taxpayers will only be able to claim the lower rate:

- in 2017-18 the deduction will be restricted to 75% at higher rate and 25% at basic rate tax reduction.
- in 2018-19, 50% / 50% split
- in 2019-20, 25% / 75% split
- 2020-21 all financing costs incurred by a landlord will be given as a basic rate tax reduction.

The restriction will be phased in over 4 years, having started from 6 April 2017.

NLA has published new research showing the damage this will do
www.taxinghomes.co.uk

Universal Credit Changes

Changes are being made to Universal Credit as it continues to roll-out:

- As of February, no more 7 day wait at start of UC claim
- DWP policy of having to gain tenant's "explicit consent" to put in place a Managed Payment to Landlord (MPtL) has ended
- Now, tenants have 7 days to prove the basis of the application is wrong
- Evidence will be proof of payment or correspondence with local authority/CAB about repair issues (to prove landlord/tenant dispute)
- As announced in the Autumn Budget, claimants in receipt of housing benefit will receive an extra 2 weeks' housing benefit when they migrate on to Universal Credit from April 2018

Housing & Planning Act

Various elements of the Housing and Planning Act, aimed at tackling “rogue landlords”, came into force last year:

- Civil penalties of up to £30,000
- Extension of Rent Repayment Orders
- Wider availability of tenancy deposit data

Other elements due to come into force this April:

- A Rogue Landlord & Agent database
- Banning orders & Banning order offences

Still awaiting confirmation of when the new and streamlined abandonment procedure will come into force.

Thank You

I'll take your questions now.

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