

Welcome

Rotherham Landlord Forum

Monday 24th April 2017

Agenda



- **Introductions**
- **Energy (in)efficiency in the private rented sector**
James Pinder, Partner, 3edges and Associate at Sheffield Hallam University
- **Legislative Update**
Paul Benson, Private Sector Housing Officer, RMBC
- **Nacro Homes Agency**
Karen Clark & Carole Hardman, NACRO

Energy (in)efficiency in the private rented sector

James Pinder, Partner, 3edges and Associate at
Sheffield Hallam University

Energy (in)efficiency: what tenants expect and experience in private rented housing

Aimee Ambrose Lindsey McCarthy James Pinder



The problem

The PRS in England exhibits the poorest energy performance of all tenures whilst growing faster and housing a higher proportion of vulnerable households than any other tenure. (ACE, 2014)

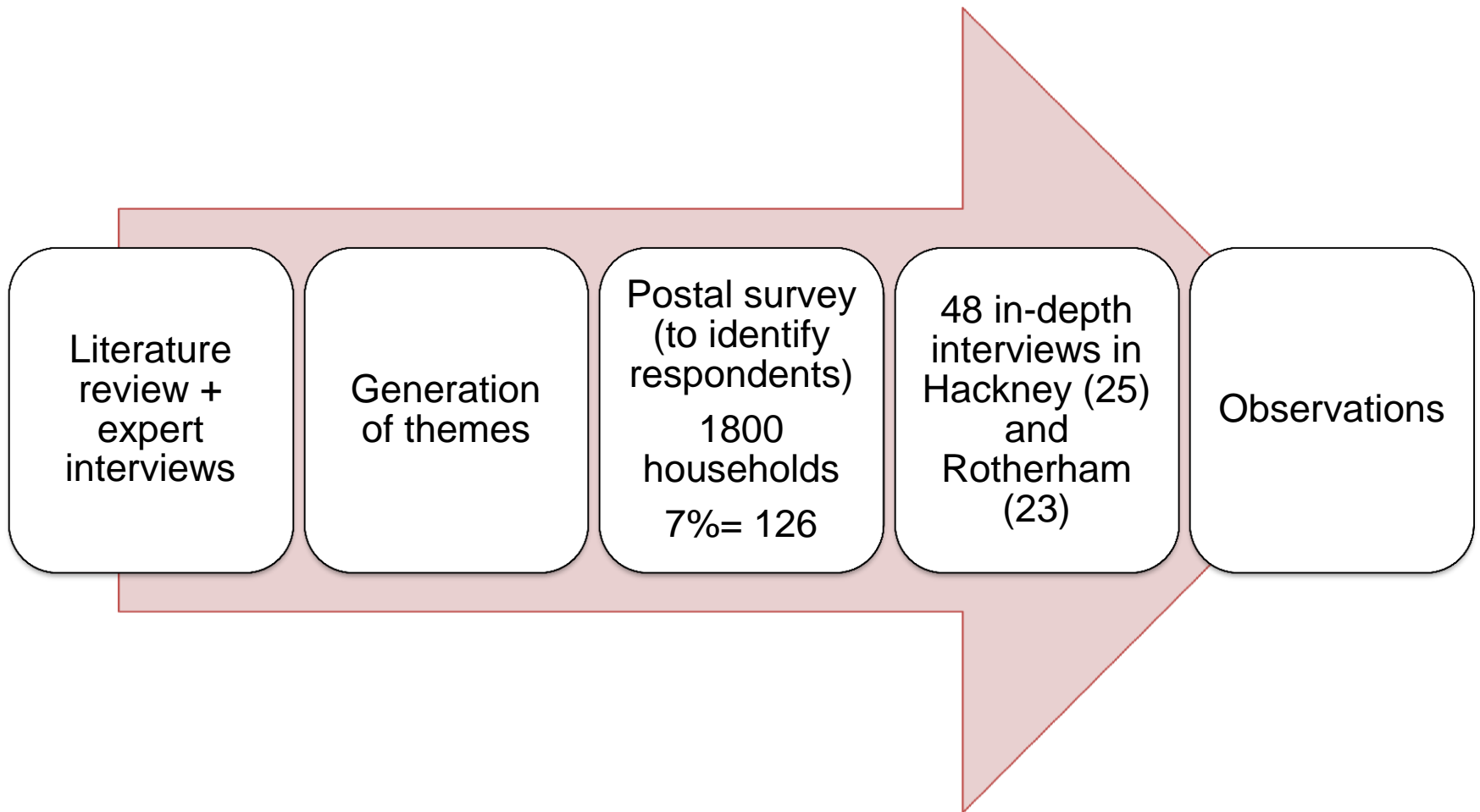
The missing voice

- Research into the tenants' perspective is limited
- Landlords make assumptions around energy efficiency (Ambrose, 2015)
- Energy efficiency is constrained by the material characteristics of a property
- Tenants face barriers to speaking out (Shelter, 2014)
- ***So, we need to know what they expect and experience...***

Research aims

- **Understand** tenants' perspectives on energy efficiency (needs, expectations and priorities)
- **Test** the assumptions of private landlords about what tenants want and expect
- **Explore** whether tenants would request energy efficiency improvements

Research methods



Observations

OBSERVATIONS

First name of respondent:

Rotherham/Hackney (delete as appropriate)

Detach this page and return/email to Aimee

Please record your perceptions/observations of the following things:

The age and type of property:

1980's? Bungalow. Large garden. Garage.

-Did it have double glazing?

Yes. Saw misting & mould around the edges.

- What was the main form of heating?

Gas central heating + electric fire.

How did the temperature of the room you were in feel? Were you warm enough during the interview? Please describe.

Fairly cool. Back door had been open. Cold day about 5°C outside. Feeling that thru preference than anything else.

Please note any other observations relevant to the research aims and questions:

Very nicely presented, very handy. Tenant has done a lot of work on the property - decor, removal of carpets + curtains, new kitchen etc. - tenant does work. Landlord pays for materials.

Back in need of repairs (lets the weather in?).

Tenant has made this place their own.

Makes a lot of his own repairs & seeks reimbursement from landlord.

Has EE lightbulbs because sent for free from energy provider.

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OBSERVATIONS

First name of respondent:

Rotherham/Hackney (delete as appropriate)

Detach this page and return/email to Aimee

Please record your perceptions/observations of the following things:

The age and type of property:

Basement apartment (converted) in 1880s mixed use building. One bed apartment but very spacious. 1200 sq ft. (very spacious). No natural light entering apartment.

-Did it have double glazing?

No windows!

- What was the main form of heating?

Gas central heating.

How did the temperature of the room you were in feel? Were you warm enough during the interview? Please describe.

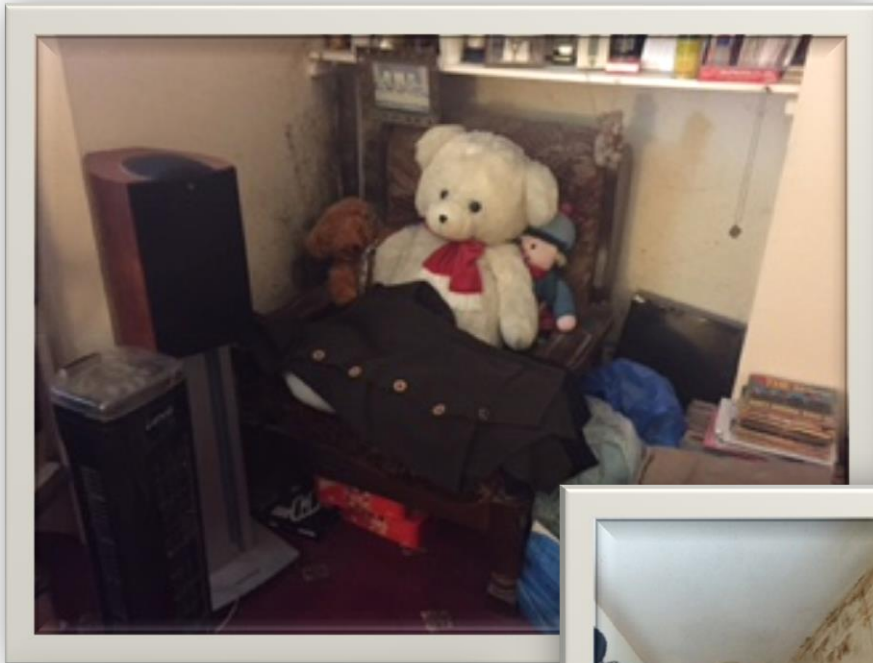
Comfortable - not warm but adequate. would estimate 18°C.

Respondent was a big jumper & seemed very comfortable.

Please note any other observations relevant to the research aims and questions:

This is actually an 'up-market' apartment albeit in an unusual location (underground no windows). The occupant is in receipt of LHA due to his age (88) not really a low-income tenant in the classic sense.

Photos and vignettes



Who did we speak to?

- 25 low-income renters in **Hackney**, via the survey and Crisis
- 23 low-income renters in **Rotherham** accessed, via the survey and the LA



Who did we speak to?

- All participants claiming LHA
- All in E,F and G rated properties
- Sample well balanced for gender, age and economic activity but lacked ethnic diversity in Rotherham.



Key themes

- Finding somewhere to live
- The tenant-landlord relationship
- Coping strategies
- Rationing heat
- Financial pressures
- Seeking help

Individual respondents have been anonymised

Finding somewhere to live

- Private renting was nobody's first choice
- Respondents compromised on location and quality
- It was hard to put down roots and feel at home

Finding somewhere to live

"Every time I went home, there was always something and I was like 'this bloody house again, I hate it'. I cried every day for nine months."

Peter, Rotherham

Finding somewhere to live

- Few respondents considered heating issues when finding somewhere to live.
- Very few had engaged with EPCs or had been shown them by landlords and letting agents
- Many were not even aware that EPCs existed

Finding somewhere to live

"You're worried all the time. I was looking for a house where bills were inclusive but in reality I didn't find it. I have ended up with a house that I've got to heat but I've got draughty windows which make this difficult. So, of course it has an impact. I'm feeling very low."

Natalia, Hackney

The tenant-landlord relationship

- The tenant-landlord relationship was often distant
- Asymmetrical power dynamic - the provider holds the greatest power (principle-agent problem)
- Respondents recognised that the landlord was responsible for the energy efficiency of the property.
- Yet, in practice most respondents absorbed the responsibility

The tenant-landlord relationship

"He's quite frank about saying 'I don't want to do that cos I'm not getting any money out of it'... It could do with having double glazing but he's not going to double glaze it so there's no point."

Susan, Rotherham

Coping strategies

- Wearing extra clothing, using blankets, staying in bed etc...
- Respondents in Hackney were dissatisfied with the warmth of their homes
- In Rotherham, cold homes were seen as something that could be worked around.
- The stoicism in Rotherham may perpetuate beliefs that energy performance is unimportant to tenants.

Coping strategies

"I sleep with a hat on. It's annoying. My parents worry about my health."

Eddie, Hackney

"It's [expletive] cold...I put the duvet round me and just lie in bed, it's not productive."

Sonny, Hackney

Rationing heat

- Heating the home for short periods to save money
- A key strategy to manage costs and avoid debt
- No-one had unrealistic expectations regarding indoor temperature (18 and 20 degrees) - its unlikely that many achieved this
- 63% of survey respondents agreed that '*I heat the home less than I need to because of the cost of heating*'.

Rationing heat

“I just think it’s another hour of heating being on and that’s more money and I think **for an hour of being cold it’s not going to hurt nobody**”

Angela, Rotherham

Financial pressures

- The majority of respondents operated under considerable financial pressure
- Heating costs were just one source of worry – competing priorities
- At least 25% of the sample spent over the national average on heating, despite widespread under-heating.

Financial pressures

“...I’m constantly checking my balance now cos it’s a very fine line, sometimes you’re scrabbling around to buy a loaf of bread, it’s bad. So that’s why I don’t want to say anything because I can't allow the rent to go up any more.”

Andrea, Rotherham

Financial pressures

- Respondents reported borrowing from family and friends to cover heating costs
- The restrictions on how much of the home you can afford to keep heated and therefore use
- The long term health risks associated with poor diet.

Financial pressures

"I spend a little bit on food, I have to eat a little bit less but it doesn't do me any harm, you also go for cheaper food, you can buy them noodles in a packet for 15p and have a few slices of bread and you can have your dinner on 25p so I'm not starving."

Chris, Rotherham

Financial pressures

- Can be difficult to exercise choice over how you pay for your heating and energy
- Over half of participants used PPMs and therefore paid higher prices.
- However, many liked paying this way, helping them to budget.

Financial pressures

"I'm trying to switch back to the normal meter, pay monthly or quarterly basis, unfortunately my house is a private landlord so they have installed their own system so I can't force them to change, so if I did that I don't know if they'd charge me more for the rent.

Benjamin, Hackney

Seeking help

- Respondents were more likely to seek support with energy bills than cold homes.
- Fear of rent increases or eviction prevented them from complaining to landlords.
- Schemes offering support with cold homes and high heating bills did not appear to be reaching PRS tenants.

Seeking help

"I feel all right about reporting things **but I'd be a bit worried that they might put the rent up** cos I'd really struggle to pay. That would definitely put me off."

Andrea, Rotherham

Seeking help

- Under the Energy Act (2011), tenants can request consent from their landlords to carry out energy efficiency improvements.
- The landlord cannot unreasonably refuse consent.
- It's the tenant's responsibility to ensure the works are funded and that no upfront costs fall on the landlord, unless they agree to contribute.
- Respondents were supportive of the legislation in principle but few were confident to request improvements.

Seeking help

"We've looked a little bit at our rights but I think if I said to the landlord I want this done and we know legally we can ask for that... they're always one step ahead and I'd be frightened that next month I'm going to get a revenge rent increase or some notice. I've got to play it so carefully..."

David, Hackney

Key insights

- The **emotional impact** of living in a home that makes you unhappy and insecure
- The **stress** of balancing the costs of heating the home against other expenditure
- The **coping strategies** people use when living in cold homes
- The **restrictions** on how much of the home you can afford to heat and use

Conclusions

- Limited housing choice often leads to acceptance of poor quality properties
- Low-income tenants are in a weak position and are acutely aware of this
- Tenants are more likely to tolerate cold homes than to request improvements
- Landlords are therefore not under pressure to address poor energy performance

Thanks for listening - any questions?

Read the reports

- <http://www4.shu.ac.uk/research/cresr/reports>
- <https://www.eagacharitabletrust.org/category/projects-and-reports/>

Or email: L.McCarthy@shu.ac.uk

10 minute break

Legislative Update

Paul Benson, Private Sector Housing Officer, RMBC
paul.benson@rotherham.gov.uk

National Landlords Association

NLA NEWS and LEGISLATIVE UPDATE

April 2017

www.landlords.org.uk



KNOW
your rights



MEET
fellow landlords



GAIN
a competitive edge



SAVE
on services



STRENGTHEN
our voice

■ Contents

1. Snap General Election – impact on PRS
2. Letting Agents Fees Ban Consultation
3. HMO Licensing – will it happen
4. Year to go before Energy Efficiency Regulations kick in
5. Tax Changes now in force
6. Housing and Planning Act – next steps

■ What Snap Election Means for PRS

- Election will be on 8 June
- Government are now into period of Purdah
- No Government activity until after election
- Likely be Manifesto commitments on PRS
 - Longer Term Tenancies
 - Rent Controls

■ What Snap Election Means for PRS

All these will now happen (if at all) after the election

- Letting Agents Fees Ban
- Consultation on Client Money Protection
- HMO Licensing
- Longer Term Tenancies
- Rent-a-room relief consultation
- Consultation on Sub-letting (with landlord permission)

Letting Fees Ban Consultation

■ Finally Published

“No agent will be able to charge tenants any fees, premiums or charges that meet the general definition of facilitating the granting, renewal or continuance of a tenancy”.

“Tenants should only be required to pay their rent and a refundable deposit.”

Source: Government Consultation

www.landlords.org.uk

■ Letting Fees Ban Consultation

- Other avenues to reduce financial burden on the tenant are also under consideration
 - introducing a cap on the deposit,
 - enabling tenants to pay their deposit in instalments
 - using a line of credit approach where an agreed deposit amount is blocked on a tenant's credit card.
- Possible penalties for non-compliance include a maximum fine of £5,000 or a civil penalty of up to £30,000

■ Exemptions

- **Holding deposits to take the property off the market**
 - tenants proceeding with the letting will have their holding deposit refunded, or where the landlord/agent fails to proceed.
- **In-tenancy property management service charges arising because of the action of the tenant**
 - Such charges could include replacing keys, repairs carried out due to deliberate damage, or late rent payment charges.

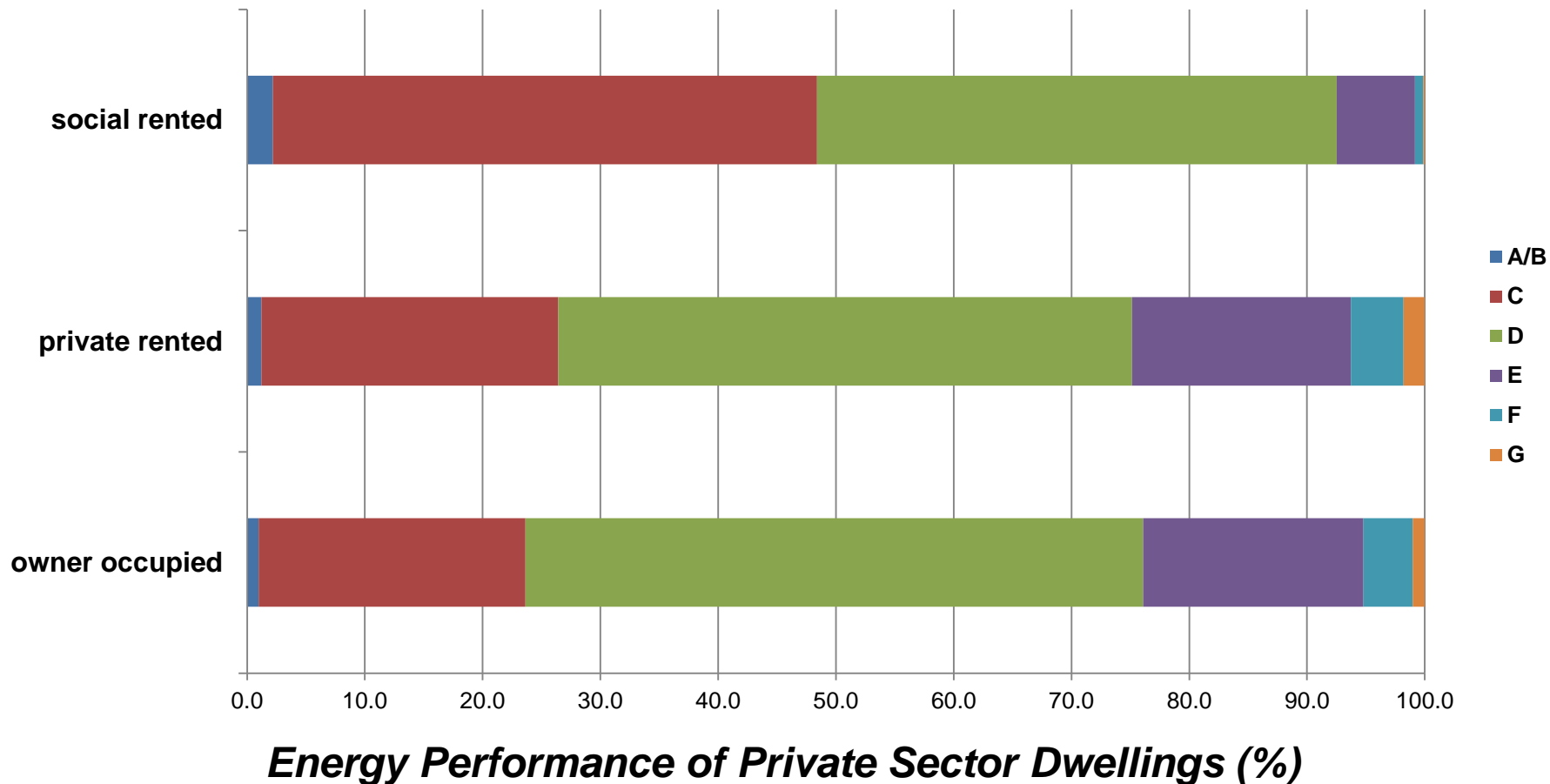
■ HMO Licensing Consultation

- Government had intended to
 - Remove the storey rule so all houses with 5 or more people from 2 or more households are in scope
 - Extend mandatory licensing to flats above and below business premises (regardless of storeys)
 - Set a minimum room size of 6.52sq-m in line with existing overcrowding standard (Housing Act 1985)
- Supposed to come into force Oct 2017 but Government not yet responded to consultation
- Will now have to wait until after the election.

■ Year countdown to EPC Regs

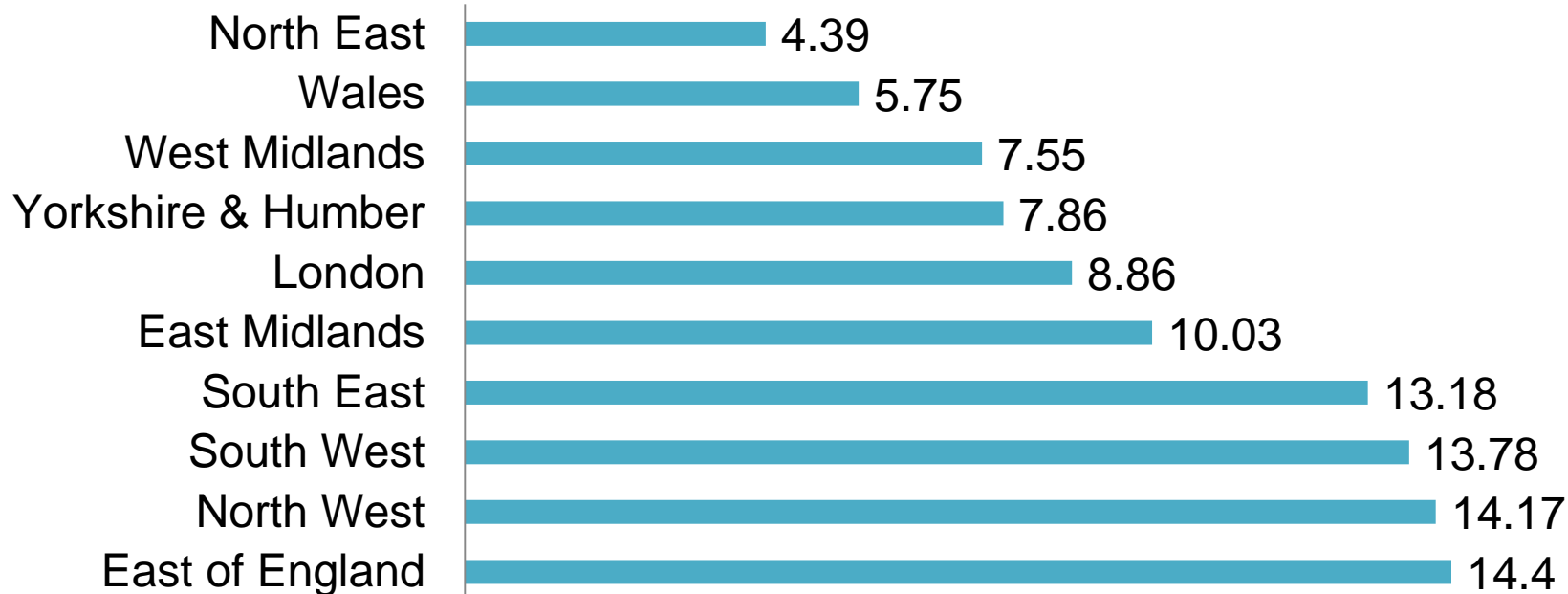
- From 2018 it will be unlawful to let a property with a minimum energy performance rating of either F or G
- Minimum of E rating required otherwise a £4000 ban
- From 1 April 2018 – Ban on new tenancies
- 1 April 2020 – Ban on all tenancies (e.g. existing tenancies)
- Will be some applicable exemptions

■ Poorer Energy Performance in PRS



■ ...which varies across the country...

PRS F&G Rated Properties - Regional Breakdown (%)








Source: DBEIS

■ 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, starting from 6 April 2017.

Tax Changes

Intended result		Intended result		Unexpected result		Unexpected result		Unexpected result	
	<p>Chris</p> <p>Basic rate tax payer No change</p>		<p>Victoria</p> <p>Higher rate tax payer Tax relief almost halved</p>		<p>Joshua</p> <p>Basic rate tax payer Moved into higher rate tax band</p>		<p>Sarah</p> <p>Basic rate tax payer Moved into higher rate tax band Child benefit clawed back</p>		<p>Ian</p> <p>Higher rate tax payer Moved into additional rate tax band Personal allowance withdrawn</p>
<p>Chris earns £15,000 income from other sources.</p> <p>Chris has two BTL properties, generating rent - net of costs before interest - of £15,000.</p> <p>Chris bought his BTL properties for £275,000, using cash and BTL loans of £200,000. The interest rate on his loans is 4.5% resulting in annual interest of £9,000.</p>		<p>Victoria earns £55,000 income from other sources.</p> <p>Victoria's property portfolio, income and finance is exactly the same as Chris.</p>		<p>Joshua earns £35,000 income from other sources.</p> <p>Joshua's property portfolio, income and finance is exactly the same as Chris and Victoria.</p>		<p>Sarah earns £40,000 income from other sources. She has two children and receives child benefit of £1,823.</p> <p>Sarah has two BTL properties, generating rent - net of costs before interest - of £20,000.</p> <p>Sarah bought her BTL properties for £360,000, using cash and BTL loans of £310,000. The interest rate on her loans is 4.5%, resulting in annual interest of £14,000.</p>		<p>Ian earns £45,000 income from other sources.</p> <p>He has a large property portfolio, generating rent - net of costs before interest - of £200,000.</p> <p>Ian's BTL properties are worth £4 million and are financed by £3.8 million of BTL loans at an interest rate of 4.75%, resulting in an annual interest bill of £180,000.</p>	
Tax on property income		Tax on property income		Tax on property income		Tax on property income		Tax on property income	
<p>Current - £1,200 Proposed - £1,200</p>		<p>Current - £2,400 Proposed - £4,200</p>		<p>Current - £1,200 Proposed - £2,723</p>		<p>Current - £1,923 Proposed - £6,546</p>		<p>Current - £8,000 Proposed - £52,990</p>	

■ Housing & Planning Act

- The Government currently consulting on various elements of Housing and Planning Act, which from 2017 will introduce:
 - A Rogue Landlord database
 - Banning orders
 - Civil penalties
 - Extension of Rent Repayment Orders
 - A revised fit and proper person test
 - Wider availability of tenancy deposit data
 - A new abandonment process
 - New electrical safety standards in PRS

■ Thank You



National Landlords Association

2nd Floor, 200 Union Street
London SE1 0LX

Tel: 020 7840 8900

Email: info@landlords.org.uk

Web: www.landlords.org.uk

Upcoming training courses

Paul Benson, Private Sector Housing Officer, RMBC
paul.benson@rotherham.gov.uk

Upcoming training courses

NLA Upcoming courses

Mon 8 May

[NLA Capital Gains Tax Course](#)

Location: Bradford

Time: 09:30 AM - 04:30 PM

Price: **£165.00** (Non-member) - £135.00 (NLA-member) - £135.00 (UKALA-member)

Fri 19 May

[NLA Possession Course](#)

Location: Nottingham

Time: 09:30 AM - 05:00 PM

Price: **£135.00** (Non-member) - £105.00 (UKALA-member) - £105.00 (NLA-member)

Tue 6 Jun

[NLA Safer Homes Course](#)

Location: Doncaster

Time: 09:00 AM - 05:00 PM

Price: **£135.00** (Non-member) - £105.00 (NLA-member) - £105.00 (UKALA-member)

Wed 7 Jun

[NLA Portable Appliance Testing \(PAT\) Course](#)

Location: Doncaster

Time: 08:45 AM - 05:00 PM

Price: **£195.00** (Non-member) - £165.00 (NLA-member) - £165.00 (UKALA-member)

Tue 20 Jun

[NLA Landlord Foundation Course](#)

Location: Leeds

Time: 09:00 AM - 05:00 PM

Price: **£135.00** (Non-member) - £105.00 (UKALA-member) - £105.00 (NLA-member)

RLA Upcoming courses

Utilities (Gas, Electrical and Water Supply) Safety	Sheffield	5th July
Condensation and Dampness	Sheffield	5th July
Property Tax	Sheffield	14th June
HMO Licence (Sheffield)	Sheffield	5th October
Sheffield Selective Licensing	Sheffield	13th July
Lettings for Landlords: The Basics	Sheffield	9th November

Capital Gains Tax	Leeds	13th June
Property Standards and Safety	Leeds	22nd June
Property Repairs	Leeds	20th June
Gaining Possession	Leeds	1st November
Principles of Lettings	Leeds	19th April
Inheritance Tax & Property Talk	Leeds	3rd May
Universal Credit/LHA	Leeds	22nd November
Principles of Lettings	Nottingham	9th August
Gaining Possession	Nottingham	16th May

Nacro Homes Agency

Karen Clark & Carole Hardman, NACRO
karen.clark3@nacro.org.uk



Karen Clark & Carole Hardman
Nacro Homes Agency

Who are Nacro?

- Registered Social Landlord for 50 years
- Largest crime reduction charity in England & Wales
- Provider of supported housing to most vulnerable groups in society
- Currently managing over 1,500 properties in England and Wales

Property Requirements

- Self contained Studios and one bedroom flats
- 3 Bedroom Family Homes (Rotherham Only)
- Preferably unfurnished
- Must be able to commit property for 3 years

Property Standards/Certification

- Gas Safety Certificate (If property has a gas supply)
- Electrical Installation Certificate (within last 5 years)
- Energy Performance Certificate (At least level D)
- Legionella Risk Assessment (£90 if using Nacro contractors)
- Asbestos Survey (If property built/refurbished prior to 2000; £174 if using Nacro contractors)
- All properties must meet decent homes standards

Benefits to Landlords

- Guaranteed rental income at market rent for 3 years, paid by standing order each month. NO FEES!
- Nacro use own contractors to put right any damage caused by a resident or 3rd Party
- Dilapidations – Nacro will return the property in exactly the same condition
- Nacro must give 3 months notice to terminate agreement
- Member of staff will visit property every week to monitor condition of property and support tenant to manage tenancy
- Full Monthly health and safety check carried out by Nacro staff

Landlord Responsibilities

- Day to Day maintenance issues
- Renewal of certification
- Must give Nacro at least 24 hours notice before accessing property
- Provide legally required smoke detection and Co2 detectors as appropriate

Contact Details

Paul Cooper

Property Development Manager

01332 346101/07968237876

Paul.Cooper@nacro.org.uk

Any Questions?

Thank you



Future meeting dates

Rotherham Landlord Forum

Monday 31st July 2017 - Holiday Inn, Rotherham

Rotherham & District Residential

Landlords Association meeting

Monday 26th June 2017 – Rotherham Cricket Club