

National Landlords Association

NLA NEWS and LEGISLATIVE UPDATE

June 2017

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■ What the Election Means for PRS

- Conservatives lose majority, but still largest party
 - They are set to rule as a minority Government with support from the DUP
- Conservative manifesto had few policies for the PRS
 - likely to continue with what they had already started
- Lack of majority means policy plans pledges may have to be dropped

■ What the Election Means for PRS

All these measures are likely to be continued now the election is over:

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

■ Election Outcome – Who's Who

Most of the main Cabinet positions have remained the same, although some notable changes are:

- A new **Housing Minister**, Alok Sharma (MP for Reading West)
- A new **Secretary of State for Work & Pensions**, David Gauke (MP for Hertfordshire South West),
- Former Housing Minister Gavin Barwell lost his seat at the election and is now Theresa May's **Chief of Staff**
- Former Housing Minister Brandon Lewis (MP for Great Yarmouth) appointed **Immigration Minister**

■ Queen's Speech – Letting Fees Ban

The Queen's Speech outlined Government's plan to ban letting fees:

- A draft Tenants' Fees Bill will be introduced to ban letting fees to tenants
- An eight-week consultation on banning letting fees paid by tenants closed on 2 June
- Responses will be used to inform the draft Bill, and the Government will respond fully in due course.

Letting Fees Ban Consultation

■ Finished 2nd June

Summary of the proposals that will influence the draft *Tenants' Fees Bill*:

- Banning all fees to tenants from letting agents *and* landlords
- Imposing a cap on security deposits to improve affordability
- A cap on holding deposits
- An exemption for in-tenancy management charges arising because of the action of the tenant
 - *Such as repairs, replacing keys, 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 fine
- From 1 April 2018 – Ban on new tenancies
- 1 April 2020 – Ban on all tenancies (e.g. existing tenancies)
- Will be some applicable exemptions

■ 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.

■ 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

I'll take your questions now.

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