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# Welcome to the 8th Edition of

the London Landlord 

You will notice that we have a new look to the newsletter, which should make it easier to read and more enjoyable. We hope that you approve of the new appearance and would welcome any comments at [LLAS@camden.gov.uk](mailto:LLAS@camden.gov.uk).

The housing market is going through "interesting" time at the moment with the availability from lenders of buy to let mortgages being significantly reduced and the criteria for obtaining new loans have been made much more stringent. The most common view of the experts is that whilst many new entrants into the PRS, with little equity in their properties, may suffer, there should be little reduction in the demand for rented accommodation, as potential buyers are unable to get mortgages for home purchase. One of the intentions of the LLAS is to inform prospective landlords of the risks and rewards of entering the market and to encourage new entrants to consider what they would do if things did not go as anticipated. Hopefully this advice will mean all members should be in a better position to weather any storm.

In the last issue I mentioned that energy performance certificates (EPC) would be needed for all new tenancies from 1 October 2008. The certificates will last for 10 years and now is the time

to get your EPC, as many assessors are being under utilised and good deals should be able to be obtained. In addition the LLAS has negotiated a discount for members from many EPC assessors. A list of assessors who give discounts to LLAS members has been e-mailed separately and we would urge you to contact them now.

On a private issue I cycling from Lands End to John O'Groats at the end of this month and would like to raise money for the WWF-UK to try and help protect the remaining 720 mountain gorillas. If you would like to support the World Wide Fund for nature UK you can donate at [www.justgiving.com/cyclinglejog](http://www.justgiving.com/cyclinglejog). I look forward to your support.

Hope you enjoy this issue  
Dave Princep  
Chair of the London Landlord Accreditation Scheme



## Inside this issue

- ▶ Forward by Dave Princep
- ▶ Landlords do you have the right insurance
- ▶ FAQ- What is the best way to deal with a tenant who is not paying rent
- ▶ A tax break for landlords – Landlords Energy Saving Allowance (LESA)
- ▶ A Landlord Guide on Housing Health & Safety Ratings System (HHSRS)
- ▶ The New Capital Gains Tax Regime
- ▶ Local Housing Allowance (LHA)

# Let's turn empty houses into homes



For every family who are homeless there are four properties lying neglected and unused.\* That's over 15,000 potential homes across Barnet, Camden, Enfield, Haringey, Islington and Westminster - empty and abandoned.\*\*

We can help owners with the following:

- Grants to develop properties to rent
- Financial help for owners to use a property to live in
- Services of an improvement agency to carry out repairs

Remember, we have powers to make you sell or lease your property to us, if you continue to neglect it. Empty properties don't benefit anyone. Help us put them to good use.

If you see an empty property in north London, or for advice, contact us on **0800 953 6305** or **www.nlep.co.uk**



\*Data taken across England. Source: Empty Homes Agency, 2001.

\*\*There are 15,634 empty private properties across these six boroughs. Source: Department for Communities and Local Government, April 2005.

## Do you feel the cold?

If you own your home or if you rent from a private landlord you could benefit from the Warmth and Comfort Scheme.<sup>1</sup>



British Gas is working in partnership with six boroughs in North London to improve the warmth and comfort of private homes. This scheme aims to provide people like you with free heating improvements.

These improvements will keep you and your loved ones warmer for years to come and lower your heating bills.

The Warmth and Comfort Scheme offers:

- FREE cavity wall insulation
- FREE loft insulation
- FREE central heating systems/improvements

For a FREE Home Energy Survey which provides advice on how to make your home warmer and how to save money on your heating bills, call 0800 652 0782 Monday to Friday. Lines open 8am to 8pm.

To qualify for this scheme: 1) you must live in one of the six participating boroughs; 2) receive one of the qualifying benefits; and 3) your heating requires improvements as determined by the surveyor at the time of the survey. Lines open 8am to 8pm Monday to Friday. Your call may be recorded and/or monitored for quality assurance and compliance purposes. BT customers will be charged a minimum of 4p per minute for this call (or 1p per minute during evenings and weekends). A call set up fee of 3p per call applies from residential lines. Non BT customers should check the cost of the call with their provider. This is a limited scheme, subject to availability. Eligibility is subject to the home falling the Decent Home Standard.



## LandlordZONE<sup>TM</sup>

RENTAL PROPERTY KNOWLEDGE

[www.LandlordZONE.co.uk](http://www.LandlordZONE.co.uk)

Since 1999 - A website for Landlords, Agents & Tenants - a knowledge-base for practitioners, a marketplace for buyers & suppliers. Free access to all - around half a million visitors each month we host the UK's busiest Rental Property Q&A Forum.



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[www.TenantVERIFY.co.uk](http://www.TenantVERIFY.co.uk)



Mortgages & Finance for Landlords  
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## Continuing Professional Development (CPD)

Individuals accredited with the London Landlord Accreditation Scheme (LLAS) will be re-accredited after 5 years providing they:

- A) Continue to be a Fit and Proper Person
- B) Have complied and continue to comply with the Code of Conduct
- C) Have taken steps to maintain and update their knowledge during the 5 years
- D) Have accumulated 60 CPD points

**CPD will be awarded for the following memberships and activities:**

Activity	Conditions	CPD points awarded
LLAS Accredited (Attended the LLAS Accreditation Course, Agrees to code of conduct and is a Fit and Proper person)	CPD awarded once during period landlord/agent is accredited.  If landlord/agent is expelled from LLAS for any period of time, then no points will be awarded.	5 points
Membership of Private Landlord Association	CPD awarded for each membership year. Additional CPD will not be awarded for multiple memberships in one year	5 points
Membership of recognised professional body that has an enforceable code of conduct and encourages good practice	As approved and agreed by LLAS	5 points
Additional training provided by LLAS	CPD awarded for each session attended	5 points
Attendance at the Annual London Landlords' Day		5 points
Attendance at your local council (or other council landlord forum or event)	CPD will awarded for each event attended.	2 points
Seminars on topics relating to landlord tenancy issues, Housing Act, Property improvement and other relevant topics	Details to be submitted to LLAS for approval. Once approved the event will be added to an approved list. Number of points will depend on hours committed and level of relevance	2-5 points
Local Authority participation  (Responding to questionnaires Taking part in landlord forums and feedback sessions)	Local Authority will determine which events will be awarded CPD and how many points will be awarded per event and advise LLAS accordingly.  CPD certificates to be awarded by the local authority	1-3 points

### Conditions of obtaining CPD with LLAS

- Landlords must retain evidence of attendance at events and activities as these may be requested at time of re-accreditation or at "spot checks".
- Landlords will be able to record details of their CPD on the LLAS website in the near future
- Local authorities may issue CPD certificates to landlords who participate in local authority events
- Spot checks will be conducted from time to time
- Penalties for provision of false information or mis-recording may include expulsion from LLAS
- If no CPD undertaken in the 5 years of

- accreditation then landlord will need to reapply for accreditation which includes attending the LLAS course.
- Additional activities may be awarded CPD points, but are subject to approval by LLAS. Any requests for CPD to be awarded for activities other than those included here should be submitted in writing to:

**Mr Jessica Alomankeh (LLAS Coordinator)**  
**London Landlord Accreditation Scheme**  
**C/-Environmental Health Team**  
**Town Hall, Argyle Street**  
**London, WC1H 8EQ**  
**Email: LLAS@camden.gov.uk**

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### Residential Landlords Division

Harbour House, 126 Thorpe Road Norwich NR1 1UL Email: [landlords@abilb.co.uk](mailto:landlords@abilb.co.uk)



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## Landlords do you have the right Insurance?

The letting industry have issued a warning that with many people turning to buy to let property for a future pension investment or renting out their existing home when they relocate to new jobs, not all of them are aware that they may require specialist landlord's property insurance.

Not all landlords are aware that a standard home insurance policy will not provide adequate cover if the property is being let or rented out. Many insurers would refuse to pay out on a claim where it had not been disclosed to them that the property was being let. This warning has come from Mairi Scott, Managing Director of Leaseguard, the specialist risk consultants who provide insurance and tenant referencing services to many landlords and tenants in the UK.

Mairi stated 'The risks involved for a landlord can be substantial and can vary quite considerably from an owner occupying their own home.'

In today's society many claimants attempt to win damages following incidents of injury or damage to

property caused by alleged negligence. For a landlord it is essential that they protect themselves against any potential claim by ensuring that they have Property Owners Liability Insurance with a suggested minimum limit of £2,000,000.

Mairi also stated 'Property Owners Liability Insurance is an essential requirement. Anyone with a legitimate reason to be on the premises could potentially raise an action against the landlord. Whilst it provides covers against action from the tenants it is not restricted only to them but potentially a claim could be made against the landlord by other parties such as the postman or even the meter reader.'

Even if the landlord takes out specialist landlord property insurance, they should consider cover for theft or malicious damage by the tenant as well as accidental damage. Not all landlord policies cover these events as standard and they may have to pay an additional premium or accept a higher excess for these elements of cover.

When the property cannot be occupied due to a major loss such as a fire a specialist landlord's policy generally provides cover insured for loss of rent. This then provides a much needed income to the landlord at a time when most required.

Mairi Scott of Leaseguard advised 'Leaseguard offer policies specifically for landlords with accidental damage being included as standard. Our standard policy also includes theft and malicious damage by the tenant, together with Property Owners Liability, and Loss of Rent cover included as standard. We also have a low cost policy that excludes Malicious Damage & Theft by Tenants. We would highly recommend that a landlord reviews their current insurance policy and consider whether the cover is adequate for their needs. It simply does not pay to take the risk. We have also recently up-dated our policy to include cover for Metered Water leaking following an insured event up to £1,000 as well as Trace & Access for reasonable costs incurred in location the source of damage caused by escape of water or fuel'.

Many people when considering insurance think only of the bricks and mortar and not the actual contents of the home but landlords must also consider other areas where things could go wrong. If the property is furnished by the landlord or even if they just have curtains, carpets and perhaps white goods in the property they should ensure that there is adequate cover in place.

**For further information please contact Maryann McGee, Insurance Manager, Leaseguard Ltd.**  
[www.leaseguard.co.uk](http://www.leaseguard.co.uk) Tel. no. 0845 345 0315 E-mail. [maryann@leaseguard.co.uk](mailto:maryann@leaseguard.co.uk)



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Your home may be repossessed if you do not keep up repayments on your mortgage. Primrose Associates are authorised and regulated by the Financial Services Authority.

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### Advertising Opportunity with LLAS

In future editions of the newsletter with special rates for accredited landlords and agents. For more info,  
Email: [llas@camden.gov.uk](mailto:llas@camden.gov.uk) Tel: 020 7974 1970 or Website: [www.londonlandlords.org.uk](http://www.londonlandlords.org.uk)

## Solicitor Tessa Shepperson answers landlords FAQ. This issue: What is the best way to deal with a tenant who is not paying rent?

*Contact Tessa with any Landlord queries that you have. headed 'LLAS FAQ'*

Tenants failing to pay rent is a common problem but one which can have serious consequences for landlords, who will normally still have to pay outgoings on their properties. Below is a suggested procedure for you to use:

### **1. Deal with things promptly**

If your tenant fails to pay, you should contact him within a few days asking why payment was not made and asking for him to contact you to discuss. If the non payment was a genuine oversight, this will probably result in immediate payment. If there is a more serious problem, for example if the tenant has lost his job, then contacting him promptly pointing out the consequences of non payment of rent may result in him giving payment of rent greater priority among his limited resources.

Many landlords will initially make contact personally, either by a visit or by telephone. However you should always follow this up by a letter. If no response is received, a second letter should be sent a few weeks later.

If your tenant is in financial difficulties it may be necessary for you to reach some sort of agreement with him regarding his rent and repayment of the arrears. Again this should be done as soon as possible - the smaller the arrears figure the easier it will be for the tenant to pay it off. Any agreement should be confirmed in writing.

### **2. Serve formal notice when rent arrears reach two months/eight weeks worth**

If your tenant has ignored your letters and has failed to pay for a second month, you need to be seriously thinking about eviction.

This sounds harsh, but it takes several months to obtain vacant possession via the courts, and if the tenant is not paying rent this can result in a significant loss for you. To minimise the loss you need to start the process as soon as possible.

The fact that you have served a formal notice may also wake the tenant up to the fact that he is likely to lose his home, and make him more likely to do something about it.

The significance of the rent being in arrears

of two months/eight weeks or more is that when rent arrears reach this level you can take advantage of the mandatory rent arrears ground for possession. This provides that if at two significant times, (1) when the possession notice is served and (2) at the date of the court hearing, the tenant is in arrears of rent of two months/eight weeks or more (and you are able to prove this) then the Judge will not be able to refuse you an order for possession. Note that the notice must be in the proper form and contain certain prescribed wording or it will be invalid.

### **3. For housing benefit tenants - contact the benefit office**

If your tenant is in receipt of Housing Benefit or Local Housing Allowance (LHA), note that the benefit office will normally pay any benefit to you direct after the rent arrears reach this level.

This is particularly useful for LHA cases where the benefit normally goes to the tenant, even if both parties would prefer it paid direct to the landlord

You should therefore contact the benefit office promptly and inform them of the tenants arrears. It is a good idea to send them a copy of the possession notice you have just served on them. Hopefully they will then start paying to you direct, which will at least minimise the loss to you.

### **4. Consider court action.**

The rent arrears notice has a notice period of not less than two weeks. If the tenant has not done anything at the end of this time, you should seriously be considering bringing proceedings for possession. If the tenant has stopped the arrears increasing by making payments but is not clearing the arrears, you can also consider bringing a court action for a County Court Judgement.

**Finally**, the above article is an abbreviated version of a new Rent Arrears Action Plan, which is available to annual members of Landlord-Law. This provides not only guidance but also letters you can download and send to your tenants, the possession notices with guidance on how to complete them and checklists for you to use. For more information visit [www.landlordlaw.co.uk](http://www.landlordlaw.co.uk). There is a direct link to the action plan from the home page. If you then need to issue proceedings for possession, annual members of Landlord-Law

can also consider buying one of our do-it-yourself kits.

© **Tessa Shepperson 2008**

Tessa Shepperson is a solicitor and author, and runs the popular Landlord-Law site at [www.landlordlaw.co.uk](http://www.landlordlaw.co.uk).

Accredited Landlords can claim **20% discount** off their first year's membership of Landlord-Law (not to be combined with any other offer). For further info write "LLAS Discount" in the subject box.



Email: [info@landlordlaw.co.uk](mailto:info@landlordlaw.co.uk)

Tower Hamlets 2008 Landlord Forum Dates

**Dates:** 29 May 2008 and 24 September 2008

**Venue:** Room 101 Albert Jacob House, 62 Roman Road, London E2 0PG

For Further info, please contact Jamie Jackson on  
**Tel: 020 7364 3558**

**Email:** [jamie.jackson@towerhamlets.gov.uk](mailto:jamie.jackson@towerhamlets.gov.uk)



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Tel 020 8416 3322 [www.lawrencegrantkibel.co.uk](http://www.lawrencegrantkibel.co.uk)





# Maximise your rental property

with the West London Better Homes Grant

Rent your property via any of the London boroughs listed below and receive a generous grant to help with small repairs for

Central heating systems

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Bathrooms

Health and safety hazards

To find out more please call the borough where your property is located.

Call now - you have nothing to lose but a lot to gain!

**Brent** 020 8937 2535 **Ealing** 020 8825 6185 **Hammersmith & Fulham** 020 8753 4166 **Harrow** 0800 371 067

**Hillingdon** 01895 277 438 **Hounslow** 020 8583 3869 **Kensington & Chelsea** 020 7361 2628



## A tax break for Landlords

The Landlord's Energy Saving Allowance (LESA) is a tax allowance which lets landlords claim on their tax return against the cost of buying and installing energy saving items. Tax relief is for a maximum of £1,500 per property.

### What measures are eligible?

You can claim if you've installed the following items:

- draught proofing
- loft insulation
- floor insulation
- cavity wall insulation
- solid wall insulation
- insulation for hot water systems

### How much can I save?

Here's an example of how it works. If you've installed insulation at a cost of £1,500:

Annual taxable income	-	£20,000
- LESA (cost of insulation)	-	-£1,500
Total taxable profit	-	£18,500
Saving at 22% tax =		<b>£330</b>
Saving at 40% tax =		<b>£600</b>

### How do I claim?

It's simple to do. When filling in the Land and Property supplementary pages of your tax return, you should include the cost of these items in box 5.36C. Guidance on LESA can be found in the supplementary notes for the Land and Property pages of your main self-assessment return.

*All installation work needs to be completed by the end of March in order to claim it for that tax year.*

### What are the advantages of installing these measures?

- Your tenants will have warmer, more comfortable homes that are cheaper to heat. For you, empty periods, complaints and repairs should decrease as a result.
- There will be reduced risk of damp, condensation and mould growth in your properties.
- You'll improve your Energy Performance Certificate rating.
- You'll be helping prevent climate change. It's energy use in our homes that leads to much of the carbon emissions that are causing global warming. Become a green landlord by installing good insulation and lowering your properties' overall energy use.

### Where can I get more information?

To find out more about LESA, talk to your accountant or tax advisor, or visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

The Energy Saving Trust can provide you with a personalised Home Energy Check report on each of your properties for free. Simply complete the questionnaire today and you should have your report very soon. The questionnaire is available at:

[www.energysavingtrust.org.uk/proxy/view/full/165/homeenergycheck](http://www.energysavingtrust.org.uk/proxy/view/full/165/homeenergycheck)

For more information or advice, please call the Energy Saving Trust on 0800 512 012.

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## A Landlords' Guide to Housing Health and Safety Rating System (HHSRS)

The Housing Health and Safety Rating System (HHSRS) was introduced in England and Wales in April 2006, it replaces the Housing Fitness Regime as the way in which local authorities ensure that homes don't pose a risk to their occupants. When a local authority identifies a serious health and safety hazard under HHSRS it can order the landlord to make immediate improvements to remove the hazard, or even shut the property down altogether

### What does the HHSRS include?

There are twenty-nine categories of hazard included in the HHSRS. These include:

- **Excess Cold/heat**
- **Damp and Mould growth**
- **Pollutants such as asbestos, carbon monoxide and lead**
- **Lack of space, security or lighting, or excess noise**
- **Poor hygiene, sanitation or water supply**

- **Accidents such as falls, electric shocks, fires, burns and scalds**
- **Collisions, explosions, structural collapse**

### How does the rating scheme work?

Each hazard is given a score rating based on the likelihood of it causing major harm to the most vulnerable person who might typically occupy the dwelling

### Combating Excess Cold

Excess cold is the most common hazard found by the local authorities when they carry out HHSRS assessments. Excess cold is a particular issue for older properties which may not be well insulated or which lack modern heating systems.

### What are Landlord responsibilities?

As a landlord you should make sure that all

your properties are free from the risks to health and safety identified in the HHSRS In the case of excess cold, you should make sure that your tenants can afford to heat their homes. No tenant should be at risk of ill health or discomfort because their home is too cold.

### **Removing the risks of Excess Cold by improving the energy efficiency of your property**

The best way to prevent your properties being identified as a risk to your tenants because of excess is to improve the insulation and heating system. That way your properties will need less energy and money to keep at a comfortable temperature

Improving the insulation of your properties will the heat Keep the heat in. In particular, by installing cavity wall insulation or solid wall insulation you would be able to cut the heat loss down substantially. Similarly installing or topping up the roof insulation can reduce heating bills by up to £110.

You can also look at installing a new, more efficient heating system with good programmable controls and thermostatic radiator valves. Your tenants will get more control over their heating and a more comfortable living environment. Your options might include: a separate heating programme, room thermostats, a combined programmable room thermostat, a cylinder thermostat as well as thermostatic valves.

### **Accessing grants for energy efficiency improvements**

If your tenants are on benefits in England, you may be eligible for grant funding or energy efficiency measures under the government's Warm Front programme of up to £2700. Under Warm Front, privately rented properties can benefit from insulation and even a whole new heating system on a free or nearly free basis.

You can find out about Warm Front by Calling

**Tel: 0800 316 2805 or online at**

[www.warmfront.co.uk](http://www.warmfront.co.uk)

### **Are Grants available in Wales?**

Grants are available under the Home Energy Efficiency Scheme and the criteria are very similar to those in England. However, the value of the grant could be as much as £3600 and if your tenant is living in Wales and is over 80 years old, your tenant won't need to be in receipt of any benefits to automatically qualify for HEES Plus.

**If you own properties in Wales, find out more about HEES by calling 0800 316 2815 or visit [www.heeswales.co.uk](http://www.heeswales.co.uk)**

### **How does your tenant qualify?**

If your tenant is receiving any of the following benefits, you could receive a Warm Front or HEES grant to improve the energy efficiency of your home

### **Householders aged 60 or over in receipt of one or more of the following benefits:**

Income Support ▪ Council Tax Benefit ▪ Housing Benefit ▪ Job Seekers Allowance ▪ Pension Credit

### **2. Householders with a child under 16, or pregnant women with maternity certificate MAT-B1, in receipt of one or more more of the following nbenefits;**

Income Support ▪ Council Tax Benefit ▪ Housing Benefit ▪ Job Seekers Allowance ▪ Pension Credit

### **Householders in receipt of one or more of the follow benefits**

- Working Tax Credit (with an income of less than £15460, which must include a disability element)
- Disability Living Allowance
- Child Tax Credit (with an income of less than £15460)
- Housing Benefit (which must include a disability premium)
- Income Support (which must include a disability premium)
- War Disablement Pension (which must include a mobility supplement or Constant attendance Allowance)
- Industrial injuries Disablement benefit (which must include a mobility supplement or Constant Attendance Allowance)
- Attendance Allowance

### **Are there any grants available from the energy suppliers?**

The energy suppliers are offering grants and discounts worth £1.5 billion over the next 3 years as part of the Government's Carbon Emissions Reduction Target (CERT) being made available for the installation of home insulation and improve heating systems. Not only will CERT help households overcome the increasing energy costs but the energy savings achieved will help the government towards its targets for reducing carbon dioxide emissions as well as delivering affordable warmth.

Information on CERT is available from your energy supplier or visit [www.defra.gov.uk/environment/climatechange/uk/household/](http://www.defra.gov.uk/environment/climatechange/uk/household/)

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Whether your property is part of the Full Management Service or our Tenant Find Service, every landlord's rental property is presented in the same way to millions of potential tenants across a vast internet resource.



## Islington Accredited Landlord Association (IALA)

On 27 March 2008, Islington Council launched the Islington Accredited Landlord's Association (IALA).

Due to the high demand for and lack of Council housing in London local authorities are increasingly, having to use the private sector as a way of housing vulnerable housing applicants. Therefore there has never been a better time for local authorities to strengthen their working relationships with private landlords

The Islington Accredited Landlord's Association (IALA) is aimed at encouraging good practice by private sector Islington landlords and will be run in conjunction with the London Landlord Accreditation Scheme (LLAS). The LLAS provides training and regular updates on recent changes in housing law in order to encourage landlords to provide good quality and safe accommodation. Islington Council have been looking at ways in which landlords can be encouraged to become members of this voluntary scheme and in doing so have formed the Islington Accredited Landlords

Association. Islington based landlords accredited under LLAS will have automatic membership to our association. Each will receive a landlord's pack containing;

- An exclusive membership card
- Information on how to access to a number of improvement grants
- Information and advice regarding the latest energy efficiency initiatives
- Fire safety guide 2007/8
- Preferential places on training courses run by Islington Business Partnership
- Free energy saving light bulbs and free energy surveys
- Fire safety referrals for vulnerable tenants
- 22 local businesses have agreed to provide discounts ranging from 5-15% on goods and services
- These include builder's merchants, tiles

**For more info Pls contact Michael Deufemia**

**Tel: 020 7527 6073 Fax 020 7527 6085**

**Email: [michael.deufemia@islington.gov.uk](mailto:michael.deufemia@islington.gov.uk)**

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## The London Borough of Newham claims Back £9751.25 of Housing Benefit

Newham Council is the first Council to obtain a Rent Repayment Order to claw back almost £10,000 of Housing Benefit paid to a landlord operating an unlicensed licensable HMO.

The landlord, who rented out eleven rooms above a pub to tenants who shared a kitchen and three bathrooms, had not applied to the council for a licence.

Newham applied for an RRO relating to the amount of Housing Benefit that had been paid since August 2006 and the landlord has been ordered to repay £9,751.25.

The tribunal dismissed his claim that if the council considered he needed a licence, it should have simply stopped the payments

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## The New Capital Gains Tax Regime

*This is a further article in this series on the taxation of the ownership of residential property, written by David Kibel FCA.*

In my last article in the *London Landlord* I reported on the proposed changes in Capital Gains Tax which, by the time this Newsletter will have gone to print, will have come into force. The rules have now been fully announced, though they are potentially subject to change during the passage of the Finance Bill through Parliament.

In summary, all sales of capital assets such as

property, on or after 6<sup>th</sup> April 2008, will be subject to the new rules. The previous reliefs including taper relief and indexation are scrapped for individuals, trusts and personal representatives. Limited Companies owning properties may still claim indexation. Capital Gains will now be charged at a flat rate of 18% on any taxable profit made on the sale of an asset.

Any assets held on 31<sup>st</sup> March 1982 will automatically have their cost rebased to that date, and the ability to choose between that date and the original cost has now been withdrawn.

There is no change to the ability to carry forward

capital losses indefinitely, and Principal Private Residence relief together with Lettings Relief continue to be available. The annual exemption has been increased to £9,600 for 2008/09.

The new system brings with it an element of simplicity, and for most buy-to-let investors provides a reduction in the amount of Capital Gains Tax which will ultimately be payable on the sale of their properties. Previously, the lowest rate of Capital Gains Tax for a 40% taxpayer would have been 24% - it is now just 18%.

Capital Gains Tax can be reduced by transferring properties in one spouse's name into joint names, and there may also be ways of transferring properties to non-spouses by using Trusts to avoid any CGT charges.

Where a let property has been sold and which has, at any time, been the only or main residence of the owner, it may be possible to claim a substantial exemption from Capital Gains Tax using the Principal Private Residence (PPR) relief. The PPR exemption covers the proportion of the gain which relates to the period of occupation as your main home *plus the last 36 months of ownership*. Thus if a property was owned for, say, 12 years where you lived in it for just the first 2 years and let it thereafter, an exemption could be claimed for not only the 2 years of own residence, but also the last 3, making a total of 5 years out of the 12. This would exempt 41.7% of the gain.

Where a let property has also been your private residence, Letting Relief can also be obtained. This can exempt up to a further £40,000 per owner of the property, so that a possible £80,000 can be claimed as relief if owned jointly between spouses. Technically, the Letting Relief available is the lower of the amount exempted by reason of PPR and £40,000.

In summary, the new CGT rules are generally much more favourable for property investors, but it is important to ensure that all reliefs available are claimed.

HM Revenue & Customs has recently started to write to people who own UK property in which they do not appear to live and who are not declaring rental income. It is part of a continuing effort by HMRC to ensure that all landlords comply with their obligations to declare income from property. In these days of advanced computer technology, it is much easier for



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## More HMRC Enquiries

HMRC to link Land Registry records with their own to search out any taxpayers who do not appear to have properly declared their property income.

It is therefore very important that all Landlords should notify HMRC as soon as they start to receive any rental income. There are of course some very significant deductions which can be made from rental income to reduce the tax liability, the largest of which is often mortgage interest and repairs and maintenance, but there are many others also. Proper professional advice is essential.

*For advice to save tax and improve your investment returns, email [info@lawrencegrantkibel.co.uk](mailto:info@lawrencegrantkibel.co.uk) with "Free Property Report" in the subject header, and your name and address in the body of the email. Alternatively please contact David Kibel at Lawrence Grant Kibel Limited on 0208 416 3322 to discuss your specific situation.*





## Movingspace Announces Niche Landlord Package

Following the exciting recent corporate re-brand programme at Movingspace, the company is delighted to announce the introduction of a new 'fast track' property management and lettings service, which has been designed to serve the needs of today's busy landlords.

Many landlords with property portfolios, who often live abroad and/or simply don't have the time to manage or oversee their investments in person can reap the rewards of our specially created property management and lettings service. Designed with convenience and diversity in mind, the service provides added value. Not only do we offer a fully comprehensive tenant vetting service, credit checks and compliance with the Tenancy Deposit regulations as standard; but we employ ARLA qualified Property Managers who will look after the management of your portfolio from start to finish. Your dedicated Property Manager will arrange to meet with your tenants, in person at the beginning of the tenancy, where they will familiarise themselves with the specifics of that property while preparing a 'check-in' report for you and agreeing the specifics of the inventory with the tenants. The same Property Manager will visit the tenants at your property at intervals throughout the term to record and report any maintenance issues and will 'check-out' the tenants at the end. This continuity of service ensures a more effective management service, establishes regular contact and results in any problems being rectified smoothly and efficiently.

This niche service gives busy landlords peace of mind knowing that their assets are being carefully looked after, that rent is paid on time, that tenants are more likely to renew at the end of the initial term at enhanced rents and their assets are being properly maintained and managed, thus maximising rental income.

### Corporate information

Movingspace has a stronghold in the residential sales, letting and property management sectors covering the SE1, SE5, SE11, SE17, SW8 and SW9 postcodes. With the rapid regeneration of these areas over the last few years, Movingspace has been able to advise and assist many cautious investor purchasers with targeted purchases in the key growth locations, assisting them with finance, refurbishment, the letting and management of their new investments, to ensure the continued growth of each individual portfolio. Movingspace are voluntary members of ARLA, the NAEA, LLAS and Ombudsman schemes. For further details contact Movingspace Lettings on 020 7793 8111 or visit [www.movingspace.com](http://www.movingspace.com).

**For press queries, please contact Claire Nonweiler at Building Communications (PR) Ltd on 020 8659 9897 or e-mail: [claire.nonweiler@btopenworld.com](mailto:claire.nonweiler@btopenworld.com)**



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## Local Housing Allowance- changes to housing benefit



Local Housing Allowance (LHA) does not replace the housing benefit scheme, but introduces a flat rate allowance used to calculate the maximum rent for Housing Benefit. It forms a key part of the Government Welfare Reform agenda and affects tenants in the de-regulated private sector who make new claims for Housing Benefit or existing tenants who change address from **7 April 2008** onwards. Payment of benefit under the LHA rules will normally be to the tenant directly into their bank account. The tenant will then pay their landlord, empowering tenants to take responsibility for paying their own rent.

### What is local Housing Allowance

LHA is for people on low income who rent from private landlords but not Housing Associations. The amount of LHA that a tenant gets is based on the number of bedrooms they need and the area they live in and not how much the rent actually is. The number of bedrooms each tenant is allowed depends on who lives with them as part of their household.

LHA rates in the London will be based upon the area someone lives in. There are likely to be a number of different defined areas in London and each area, dependent upon postcodes may attract a different LHA rate. These defined areas are called Broad Rental Market Areas (BRMAs). The Rent Service will notify the Council each month of the LHA rate for each BRMA and rates may fluctuate if the market changes. Once an award of LHA is paid, the rate it is paid at will last for 52 weeks. The Rent Service will

Publish the actual LHA rates on a monthly basis. These rates will be available to tenants and landlords on the Council's websites and displayed in Council and Community offices around the Boroughs.

Under the new scheme, the need for the Rent Service to examine every property and decide on the level of rent that is eligible for Housing Benefit on each case is now removed. People looking for accommodation will be able to see the LHA rate that will apply to them before deciding whether to rent a property. The appropriate LHA rate for the claimant's circumstances will normally form the maximum rent in the assessment of Housing Benefit entitlement. Where this maximum rent exceeds the level of contractual rent, the tenant will be able to keep any excess subject to a cap of £15 per week.

The Government believes that this will give a wider choice to tenants as they can decide to rent a property which is cheaper than the LHA rate allowing the tenant to keep any difference up to a maximum of £15 per week. The Government also believes that the scheme is fairer as similar size households will be entitled to the same amount of benefits. Empowering people to budget for and pay their rent themselves rather than having it paid for them will develop skills unemployed people will need as they move into work. Payment direct to tenants means that Housing Benefit is now brought into line with other benefits and tax credits.

### Which Tenants and Landlords does it affect?

LHA only affects tenants who make a new claim or have a change of address on or after 7 April 2008. Existing tenants will continue to get their benefit entitlement based on

The current rules. However, if a tenant on Housing Benefit has a break in their claim on or after 7 April 2008 and subsequently makes a new claim, they will automatically move over to the LHA scheme.

There are a number of tenants who are exempt from the LHA scheme. These include borders and lodgers whose rent includes a substantial amount for meals, tenants who live in hostels and tenants who live in houseboats and caravans. These tenants will continue to have their rents referred to the Rent Officer under the current Housing Benefit scheme. Tenants who live in supported accommodation that is provided by certain councils, charities and voluntary organisations are also exempt along with excluded tenancies such as pre 1989 registered rents.

### How does it affect Landlords?

The most significant change for landlords is that the LHA is paid directly to tenants and not to landlords. Local Authorities do however have some discretion within the new scheme to make payments directly to landlords where a tenant cannot pay or is unlikely to pay their rent (This is subject to the landlord satisfying the Fit and Proper person test)

It is the responsibility of the individual tenants or their representatives to request that Housing Benefit payments be made directly to the tenant's landlord. All representations must be made in writing at the earliest opportunity, preferable on a Payment Direct to Landlord Form (which should be available from Local Authorities websites or from the Benefits Services Customer Services Team).

The Councils will require as much

Information and supporting documents as possible in order to make a reasonable decision based on the circumstances of the tenant. This will include: evidence from third parties such as GPs, Social Workers, the DWP and Courts. The Councils will also take into account evidence from family and friends, welfare groups such as the CAB and landlords, including those who are part of the Council's Rent Deposit Scheme. In addition, the current legislation that where a council can make payments of Housing Benefit directly to a landlord if the claimant is 8 weeks or more weeks in arrears remains under the LHA. Landlords must provide evidence which shows that the rent that is due any payments that have been made and that the amount that is outstanding is in excess of 8 weeks.

### What rights do Landlords have?

If the Council decide to pay LHA to you as a landlord because for example the tenant can't or won't pay their rent, you will still have a right of Appeal as to whether any overpayment made to you is a recoverable overpayment. As is currently the case, landlords will still have the right of appeal about the Council's decision as to whom to pay benefit to. The Council will not be able to discuss your tenants' claim with you, unless they have provided their written and signed permission.

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