

42nd Edition Feb. 2020

A NETWORKING EVENT WITH A DIFFERENCE

The LLAS & ATLAS invites you to its Annual Summer Training, Networking & BBQ event this July in London!

Join us on Thursday 16 July 2020

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Welcome to the latest edition of the PReSs

I see that the onslaught of legislation affecting the private rented sector continues. “The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020” are currently going through Parliament. The draft regulations add bureaucracy, are unclear and worrying as they may place a significant burden on landlords.

The draft regulations require rented premises meet “electrical safety standards” and that the electrical installation is inspected at regular intervals. The inspection report must be provided to any new or prospective tenant before they occupy and to existing tenants within 28 days of the test. The requirements are proposed to apply to all new tenancies from 1 July 2020 and to existing tenancies by 1 April 2021. The regulations apply to most tenancies but not for lodgers.

The regular inspection intervals states inspections should be carried out at intervals of no more than 5 years OR at such intervals as specified by the inspecting electrician. I hope I am wrong; but I am aware that where an inspector can state a re-inspection is required at a shorter interval than the norm, the shorter inspection interval is the one demanded. Some Council property licensing terms have a similarly worded requirement and landlords report that in those areas electricians will invariably give 12 monthly inspection certificates, not the full 5 years. The Health and Safety Executive are against allowing inspectors to state what the re-inspection period should be as they are aware that it is to the inspectors’ financial advantage to request unnecessarily frequent re-inspections. By requiring yearly inspections, an electrician can increase their income 5-fold. The inspection certificate required will be the Electrical Inspection Condition Report (EICR). Only the following codes, and its corresponding observation, should be included in the report

- C1 means ‘Danger is present’, risk of injury is likely and immediate action is required.
- C2 means potentially dangerous and remedial action is needed urgently.
- C3 means “Improvements recommended”
- F1 means “Further investigation required” where it is reasonable to reveal danger or potential danger.

Clearly C1, C2 or F1 (as likely to reveal a danger) codes require prompt action as the safety of the installation would be unsatisfactory. It is C3 where confusion may occur as the code entry indicates that, whilst improving the observed deficiency would contribute to a significant enhancement of the safety of the installation, it is not considered to be a source of immediate or potential danger.

The draft Regulations require the premises meet the “electrical safety standards” and for “remedial work” to be carried out within 28 days. How Code C3 works will be interpreted is of concern. If interpreted literally then there is a risk that rented premises will need to meet all current safety standards i.e. brought up to current 18th Edition of the Institution of Engineering and Technology Wiring regs (BS 7671 2018) – at considerable cost.

No one can argue that tenants must be kept safe, but I believe these regulations as drafted are unnecessary burdensome, unclear and although very welcomed by electricians unlikely to significantly improve safety for tenants

Hope you enjoy this edition

Dave Princep (Chair of LLAS & ATLAS)

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TDP and Deposit Disputes* Tenancy Agreements- Setting them up*,
Tenancy Deposit Protection*, Immigration Act 2014**

A NETWORKING EVENT

with a difference

Thursday 16 July 2020 | 12pm - 6pm

📍 TAJ HOTEL St. James' Court, 54 Buckingham Gate, London, SW1E 6AF

The LLAS & ATLAS invites you to the Annual Summer Networking & BBQ event this July in London.

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This annual event is a must for all landlords, letting & managing agents, local authority staff and anyone involved in PRS wanting to keep up to date on the latest legislation and housing related news



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Tickets Price: Accredited landlords/agents: £70 | Regular ticket: £95



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- Extended Expert Panel Session to answer all your questions

- Enjoy the popular PRS Quiz

- Enjoy the BBQ and drinks

- Meet with fellow professionals across the Housing Sector

- Have opportunity to network with sponsors of the event

- Meet and chat with the speakers

- Network and share good practice

- Relax and enjoy the company of other like-minded professional property investors in the splendour of the fabulous surroundings of the Taj Hotel

- Accredited landlords & agents earn **10 CPD points** for their attendance

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HOW TO UPLOAD CPD INFO ONLINE

To access the links to upload your CPD points, you will need to login into your online account at www.londonlandlords.org.uk (if you cannot recall your login details, login with your email and then click on forgotten password to reset your online account) and when you have successfully logged into your account, do the following:

- Under **Completed Courses**, you will find a link,
- Click on the link and this opens up the facility for you to upload your CPD info,

The facility allows you to:

- Add your CPD activities online
- Upload certificates gained from your training
- Upload evidence of attendance at various forums, conferences, exhibitions etc.
- Add details of external courses attended
- You can add activities that you have participated in and that are not already on the list of CPD activities
- Add details about your membership with a recognised landlord or agent organisation. (**This should be uploaded separately from any other activity and mark in areas not applicable N/A until you get to the section that is applicable, please complete and submit the form**) - Explain other activities that you may have participated in, but not sure, if they are CPD certified and on receipt of your CPD information, LLAS/ATLAS staff will review the content and award CPD points accordingly

Still worried about Section 24?

As a Landlord facing the removal of financing costs as a legitimate business expense, apart from putting up rents and compounding the tax problem, you have four options: -

Option 1 - Sell Up

Take the CGT hit and mortgage penalties, and either spend the lot or invest the money elsewhere.

Option 2 - Do Nothing

Accept the changes and put up with less cash in your pocket.

Option 3 - Incorporate

Jump on the band wagon and incorporate, ending your section 24 concerns, but opening up further difficulties as laid out in our guide: [LT4L.UK/guide](https://www.lt4l.uk/guide)

Option 4 - Run a Highly Tax-Efficient Professional Property Business

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Now is the time to chose, but whatever you do, don't simply bury your head in the sand!
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Specialist landlord & tenant lawyer -Tessa Shepperson

Answers landlords' FAQ: Landlords and Pets

Landlords and Pets

There has been a lot in the news about pets and tenants' rights in this regard, so here is a quick FAQ.

1. What is the model tenancy agreement and is it binding on me?

The Housing Minister, Robert Jenrick, recently issued a statement saying that his department would be revising the model tenancy agreement to remove restrictions on 'well behaved' pets. The model tenancy agreement is a form of agreement published on the gov.uk website which can be used (or used as a preliminary draft) by landlords and letting agents. There is no compulsion to do this however and it is likely that most landlords and agents are not aware that it is there.

At the time of writing the model tenancy agreement has not been updated since February 2016. It should therefore be used with caution as it will not provide for the new rules introduced by the Tenant Fees Act 2019 (in England). It is not known when the new 'pet friendly' version will be published.

2. Am I allowed to prohibit pets in my property?

Yes, but you need to be careful about the wording in your clause.

This is because it needs to take into account the 'Unfair Terms' rules which are part of the Consumer Rights Act 2015. By default, tenants can keep pets, so any prohibition will need to provide for the tenant to be able to request leave to keep a pet and the clause wording must say that you will not refuse or delay permission unreasonably.

Most landlords will have perfectly reasonable reasons for prohibiting pets (e.g. that the property is unsuitable, that the landlords 'head lease' forbids pets, or that for short lets it could affect subsequent tenants who are allergic to animals) so in most cases a refusal to allow permission (which should be in writing) will be binding. So, landlords should not fear this. However, failure to include the wording allowing tenants to request permission will invalidate the pet prohibition clause.

3. Can I charge a fee or a larger deposit for pets?

Unfortunately, not. The Tenant Fees legislation makes it illegal to charge more than 5 weeks deposit (or 6 weeks for tenancies with a rent of over £50,000 pa) – which most landlords consider to be inadequate protection - depending on the pet. The tenant fees legislation also makes it illegal to charge any fees other than those specifically set out in the legislation. Which does not include any payment for pets. If you agree to take a pet you cannot charge a higher deposit or charge any 'pet payment' e.g. to cover additional cleaning and fumigation at the end of the tenancy. So, if these expenses prove necessary you will have to take payment out of the deposit and (if this is inadequate) ask the tenants to pay it separately – and chase them through the courts if they refuse.

4. Can I charge any fees at all?

The only fee you can charge is a standard £50 (inclusive of VAT) fee for amending the tenancy agreement to allow pets. Note that you cannot charge this if you agree to allow pets from the start, only if you have to amend an existing tenancy agreement.

5. What is a 'pet rent'?

This is where you charge a higher rent to tenants with pets. What is often done is to divide the additional deposit you would have charged by the number of months in the fixed term and add it to the monthly rent.

You cannot pay this money back to the tenants at the end of the tenancy though (for example if their pet proves to be well behaved) as that would mean it had been a deposit – and an illegal payment. Therefore, this practice is rather unfair on tenants with well-behaved pets.

Many landlords and letting agents are now charging ‘pet rents’, which is making pets unaffordable for many people. But pet rents are not illegal – there is nothing to stop you charging a higher rent, if the tenant is prepared to pay it.

If the tenant is not prepared to pay it.

6. Is there anything else I can do?

You could consider giving tenants the opportunity to use an ‘alternative deposit’ service as many of these provide for more than 5 weeks cover. However, you need to be careful when choosing these products to make sure you are sufficiently protected. Remember that they are guarantees, not an insurance product, so only choose companies who are properly regulated. You also need to make sure that alternative deposit products are only offered as a genuine alternative to a traditional deposit.

And finally

The issue with pets is entirely caused by the Tenant Fees Act restricting the amount of deposit a landlord can take to 5 weeks. The government was warned about this by the landlord and letting agent associations but chose to comply with the demands of tenant’s organisations such as Generation Rent and Shelter. If you decide to accept a tenant with a pet, it is even more important than it was before, that you do proper checking and then include proper clauses within your tenancy agreement regarding the pet. The Landlord Law Pet Form can do this. You can read more about tenancies with pets in our free online article ‘Letting to Tenants with Pets’ at https://landlordlaw.co.uk/member_article/letting-to-tenants-with-pets/.

Tessa Shepperson.

Tessa is a specialist landlord and tenant lawyer and runs the Landlord Law online information service at www.landlordlaw.co.uk

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Azad Ayub started as a property management company in 1980 and it was incorporated in 1995, providing continuity to our clients both landlords and tenants for over 35 years.



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Investor in People



Is now the time when Landlords can be cautiously optimistic about what the future holds?

Tony Gimple's top tips for 2020 and beyond

Being a private landlord has never been easy - yet over the last decade we have seen more changes in the way the Private Rental Sector (PRS) is perceived, taxed and regulated than ever before. And that's despite the pace at which the sector has grown, and how much it contributes to the Exchequer as a whole and local communities in particular.

Just looking at the Less Tax 4 Landlords' client community alone, which provides in excess of 3,714 properties for rent generating some £55m in rental turnover. That is on property worth at least £1.13 billion with mortgages to the tune of £525m on which they make £17m in annual mortgage interest payments.

Of course, landlords' contribution to the economy goes far beyond just rents and interest payments. Taking the wider PRS in general, since 2010 the number of households in the PRS rose by 25% to 4.5m, making it the second largest tenure in England and home to a fifth of all households; yet Landlords are the only business to be taxed on turnover and not profit, to the tune of almost £4bn a year!* And that's before taking into account the tax paid on buying goods and services, as well as the Section 24 tax increases and other anti-landlord measures!

According to a survey carried out by Aldermore Bank, over the last 12-months alone buy-to-let landlords spent some £3.61bn on local economies on services such as plumbers, builders, electricians, cleaners, letting agents, roofers, architects, gardeners, carpenters, interior designers and structural engineers.

Aldermore's Damian Thompson commented that: "Around every landlord is an ecosystem, in which they pay local tradespeople, like plumbers, builders, decorators for jobs and those companies in turn train up employees and pay their own local suppliers for services also. The contribution landlords make to local communities extends much wider than merely providing rental accommodation". Sentiments with which we wholeheartedly agree and government really need to note.

So, what might 2020 and the rest of the new decade hold in store for the PRS? More importantly, what should you be doing next?

Had those same questions been posed without the benefit of a government with a clear majority, then I would have said that maybe it was time to sell up, take the tax hit and have some fun whilst you still can. Thankfully though, and regardless of whether you're Left, Right, Centre, Green, or any combination thereof or frankly don't give a damn, then the next five to ten years could - if not should - bring a period of sustained economic regeneration, hopefully leading to a more equal caring society and return to social mobility.

Regardless of what happens next, the fundamental nature of the human condition will not change anytime soon and assuming that Mother Earth does not take matters into her hands whilst she still can, then we have every right to be cautiously optimistic about what the future holds.

That ever so slightly pessimistic perspective notwithstanding, here is my top tips for 2020 and beyond-

- Stop seeing yourself as an accidental landlord/passive property investor – To succeed in 2020 you need to turn the telescope round and run your property portfolio as a business
- Stop letting the tax tail wag the planning dog – A business only exists to make a profit and not simply a way of saving tax
- S24 isn't going away anytime soon and from 6th April the pain will get even worse; tax payments on account will kill your ability to grow, and in cash flow terms the worst is yet to come - Limited Companies aren't usually the answer and once you're in the transactional costs make it very difficult to get out again
- Follow the Money – Infrastructure spend creates jobs, people need somewhere to live, and demand continues to exceed supply.

- Income, income, income! - You can't spend unrealised capital growth and PRA (Prudential Regulation Authority) regulations and tax changes make it harder to re-mortgage to fund your lifestyle
- Start where you want to finish - Starting with the end in mind is critical if you want to build, run and grow a professional property business
- Always find your tenant first – put yourself in their shoes, if you wouldn't want to live in one of your own properties why should they.
- Don't be afraid to work with local authorities – they want and need to work with you
- Get your business and personal affairs in order – Take advice on business planning, writing a Will, lasting powers of attorney, shareholder agreements and managing risk
- Don't be afraid to pay for training, mentoring, education and joined-up professional advice – it's tax deductible and should pay greater dividends in your business than theirs (but always do your due diligence on who you ask for help)
- Only take advice from advisers who knows more than you do about building, running and growing a professional property business – in other words you buy what they know, not what you know

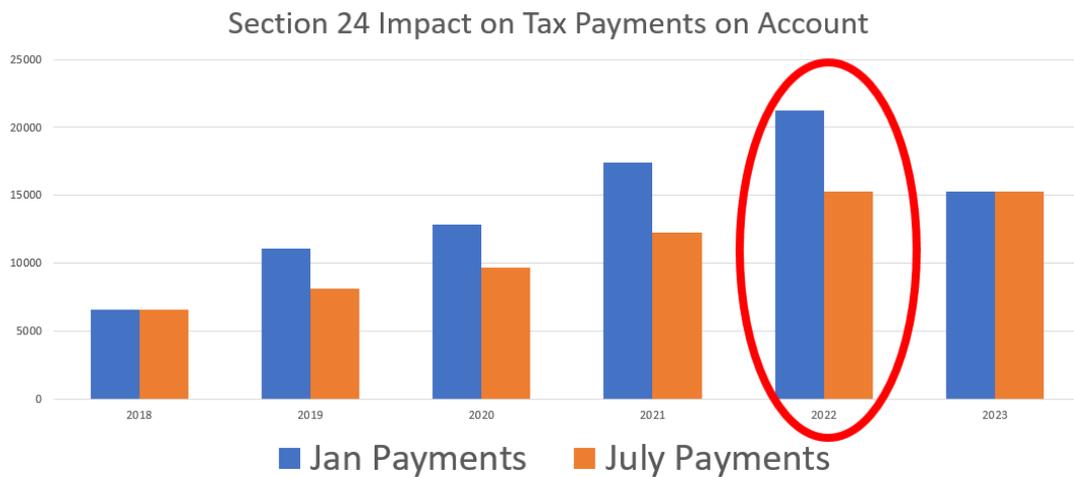


Figure 1 - Based on £160,000 GRI, £30,000 allowable expenses and £70,000 disallowed finance expenses

Tony Gimple
Less Tax for Landlords Co-Founder

For more information on building, running and growing a tax-efficient professional property business, please visit www.lesstaxforlandlords.co.uk



Medway Landlord Forum

Date: 23rd March 2020

Time: 1pm - 4pm, registration from 12.30pm & 5.30pm - 8.30pm, registration from 5pm

Landlord Forum provides an opportunity for private landlords and letting agents to meet with council officers from Private Sector Housing and Housing Option team and to hear guest speakers talk on a variety of subjects related to private rented sector.

Booking is essential, please contact lenka.trent@medway.gov.uk



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Friday 27th March 2020

9am – 5pm

Lambeth Town Hall (1 Brixton Hill, Brixton, London, SW2 1RW)

First Floor - Room 1

The training will cover all the main areas that a landlords and agents should know in order to operate a successful business; -

The preliminary requirement,

How to set up a tenancy,
How to prevent problems occurring during a tenancy,
What do if things go wrong and what to do at the end of the tenancy?

The major areas to be covered will be:

- Pre-Tenancy
- Responsibilities and Liabilities
- Start of Tenancy
- During Tenancy
- How to end the Tenancy

Providing;

- Updates from the Lambeth on their Private Lettings Scheme and incentives for landlords.
- Lunch will be provided on the day. Please note that we do not cater for any dietary requirements

**If you have any questions about this event please contact
Jwoodstockgraham@lambeth.gov.uk for more information.**

iHowz market update

What a helter skelter of a time landlords are having.



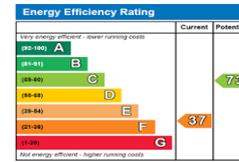
Coming up in 2020

We're only 1 month in and already we know that any landlord not meeting an EPC energy rating of 'E' or better by this April 1st will have to either:-

1. improve the property to a rating of 'E' or better
2. register an exemption on the Government database, or
3. stop letting that property.

else they will be liable for fines of up to £5,000

Note that will almost certainly be raised to a 'D' or better within 5 years, and then probably to a 'C' or better within 10 years – in fact **Lord Foster of Bath has introduced the Domestic Premises (Energy Performance) Bill, which would require the Secretary of State to ensure that domestic properties have a minimum energy performance rating of C.**



So don't sit back on your laurels, get the best rating you can now.

Additionally we know that all rental property will now have to have a valid 5 year electrical certificate – previously this only applied to HMO's, and some licensed properties. As from June 1st this year all new lets will need a certificate; then all existing lets from April 1st 2021. There is very little time to get one arranged, and the electrical trade bodies are telling us that there are not enough electricians to carry out the checking, let alone any work that needs to be completed.

Under the Homes (Fitness for Human Habitation) Act tenants can take a landlord to court for any deficiencies in a new let. From March this will extend to all lets. The Tenant Fee Act (fee ban) will also be extended to all existing lets from this June.

From April Capital Gains lettings relief will be abolished – and landlords will only be able to claim it if they share the property with their tenant.

Compulsory Client Money Protection for all Letting Agents was introduced last April, with agents being given a 12 month grace period to arrange. Therefore, all agents must comply from this April. It is also likely that all agents will have to belong to a trade body, and be trained to a minimum standard. We await news from the Government on this.

As well as these definite acts we know that the Government plan to abolish the Section 21. This was in their manifesto; repeated by the Prime Minister in his maiden speech to the House; and has been outlined in the *Renters' Reform Bill* announced in Queens Speech. The Government has promised to give landlords the right to gain possession of their property through the courts "where there is a legitimate need". The same Bill is intended to also:-

- introduce minimum qualifications for the sector by stating the legislation will "professionalise letting agents, to the benefit of tenants and landlords".
- pledge wider access to the rogue landlord and estate and letting agent database, and
- create a portable 'lifetime deposit' scheme for tenants to allow mobility within the rental sector.

This is in addition to the *Rented Homes Bill* introduced in the Lords by Baroness Greener. Under this, Bill AST's would be abolished, and grounds under Section 8 would be extended. Being as this pretty much mirrors the Governments intentions it is difficult to see why it has been introduced.

Review of 2019

The end of 2018 saw changes to Mandatory HMO Licensing, also bringing in minimum room sizes for any licensable HMO.

If you have a portfolio of 4 or more mortgaged properties will have them all assessed if applying for a mortgage (buy to let) on any of them. One bad property might restrict lending on them all.

There have been a few amendments to the 'How to Rent' guide. The latest was in August 2019, which confusingly still says May 2019.

A new form for the Section 21 was introduced in 2015. It is form 6a, and ran alongside the old form for 3 years. Those 3 years are up, and you have to ensure you use only the form 6a.

HOWTO...

A High Court case at the beginning of 2019 ruled that the need to prove a person had the right to rent, even for those with permission to live in this country, was incompatible with the Human Rights Act, and was therefore unlawful.

The Government were given leave to appeal, and the Appeal Case was heard in the middle of January 2020. We await this decision, but in the meantime it is important that landlords continue with the Right to Rent checks in England (halted in Scotland and Wales) until the situation is made clear. If the Government loses they can change the law if required.

And finally

Put March 11th in your diary. It is Budget day. Perhaps the Chancellor will have some good news for us? Don't hold your breath!!



Peter Littlewood, iHowz Director
For more info on iHowz Landlord Association, visit <http://ihowz.co.uk/>

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The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020

It came as no surprise that these regulations have finally been laid before Parliament. Sections 122 and 123 of the Housing and Planning Act 2016 which pertain to the Electrical Safety Standards came into force on 25 October 2019. This meant that the Secretary of State had been given the power to write the Regulations that are now before us, in draft, for England only.

The Government would like to have these regulations approved by both the House of Lords and House of Commons in order to bring them into law with a date from which 'specified tenancies' must comply will be 1 July 2020.

A nine month transition period to 1 April 2021 for existing tenancies is proposed. In its response to the consultation on the Electrical Safety Standards, the Government only last year said that there would be a 6 month lead in. Well we have been given five and a half months, not quite the 6 months as promised. We were also told that the transition period for existing tenancies would be 12 months and the proposal is for only 9 months. This reduced transition period is a concern.

There are around four and half million private rented homes in England. Some of those properties will be Houses in Multiple Occupation which already require 5 yearly inspections. Some landlords will have chosen to carry out inspections as they were already considered to be 'best practice'. We could therefore perhaps reduce the figure by 50% that already comply leaving circa 2.2 million properties requiring testing. Are there really a sufficient number of qualified electricians to dedicate to this rollout on top of the existing normal workload within the shorter timeframe?

What is required and by when?

An electrical inspection and test will be required and report produced for all 'specified tenancies', to be carried out by a qualified person before the grant of the tenancy. A new report will be required every five years unless the report states a different (shorter) interval. The law does not specify checks with each change of tenant. Any tenancy commencing after 1 July 2020 will require the inspection and test to have been carried out, the report produced and given to the tenant before the tenancy is granted. The definition of new specified tenancy will mean that tenancies that are either renewed or become statutory periodic tenancies after 1 July 2020 will need to comply.

All other existing tenancies either in fixed terms or those that were already statutory periodic before 1 July 2020 or contractually periodic tenancies will need to comply from 1 April 2021.

What happens with the report?

As well as the inspection and test, the qualified person also needs to produce an electrical inspection report detailing what if any remedial works or further investigations, if any, are required. Crucially the report will detail when the next inspection is due. The report must be given to each existing tenant within 28 days of the inspection and be available to the local authority within seven days if requested. New tenants must be supplied with a copy of the most recent report before they occupy the property and if a prospective tenant requests a copy then it must be given within 28 days of the request. A copy of the most recent report must be given to the person carrying out the next inspection and test. Once the new report is available, the original report is no longer required.

What is the standard?

The standard is the 18th Edition of the IET Wiring Regulations, which came into force in January 2019 and required all new build properties and refurbishments to comply from that date. There was some initial concern that all private rented property would need to be brought up to the standard, however, the 18th Edition does say

“Existing installations that have been installed in accordance with earlier editions of the regulations may not comply with this edition in every respect. This does not necessarily mean that they are unsafe for continued use or require upgrading”.

This statement means that whilst most properties will not meet the current standard it does not necessarily mean that works or further investigation will be required. The report will identify if there are any breaches of the electrical safety standard and the timescale in which the landlord must address the failings. The maximum amount of time is 28 days but this could be shorter and this will depend upon the level of risk the failing poses. The qualified person must then confirm in writing that the electrical standard is now met or that further investigation is required. Again there is 28 days from the completion of the works for the tenant to be given a copy of the confirmation.

Remedial action

Where a local authority has reason to believe that the landlord is in breach either by a failure to inspect and test or a breach of the standard but that urgent remedial action is not stated they must serve a remedial notice on the landlord. The notice must detail the address of the property; the details of the failure; the action that should be taken and the maximum penalty that they may impose. It must also state that the landlord has 28 days in which to comply and 21 days in which to make written representations. A failure by the landlord to comply or make representations will, subject to the protocol and the appeals process, allow the local authority to arrange the specified remedial action and recover the costs from the landlord. Where urgent remedial action is identified and the landlord is in breach then, with the consent of the tenant, the local authority may arrange the remedial action at any time.

Penalties

When a breach is identified e.g. a failure by the landlord to provide a copy of the report or to carry out required works, the local authority are able to levy civil penalties as stated in the Housing and Planning Act 2016. The maximum level of fine is £30,000 which can be repeated if the breach continues.

The report, under these draft regulations, is not a prescribed legal requirement under the Deregulation Act 2015 and therefore not giving the report will not affect serving of a section 21. Of course it should be noted that the Government committed in the Queen’s Speech to repeal section 21.

Conclusion

As mentioned these regulations are draft and need approval from both Houses, however, our advice continues to be that it would be beneficial for landlords to act as soon as possible. Firstly, one can imagine electricians being able to put up their rates if there are insufficient numbers of them to get this additional work done. Secondly, will there be enough available electricians to ensure that you can get a report carried out before a new tenancy starts on or after the commencement date?

David d'Orton-Gibson

MD of Training for Professionals (TFP)



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Agents are quietly given extra year to comply with mandatory client money protection rules

Agents have been given an extra year to comply with the mandatory client money protection rules.

Mandatory CMP was introduced for letting agents in April 2019 and firms were given a grace period of 12 months to comply. But the Government quietly amended the rules surrounding CMP, effectively giving firms another year.

The amendment substitutes the date of April 1, 2021, for the date of April 1, 2020, in the Regulations.

A note on the amendment said: "It therefore has the effect of extending, by a year, the application of the provision for deemed compliance with the requirement to hold client money in a client money account at an authorised bank or building society."

It comes as agents have faced difficulties opening client accounts with banks and building societies. Some have been told they need to open a separate account for each landlord rather than offering a pooled one and others have been told that the lettings sector is deemed too high risk.

Isobel Thomson, chief executive of safeagent blamed banks for the delay.

She said: "Unfortunately, we know some banks are refusing to permit agents to open client accounts or changing the terms on which existing accounts are held with little notice. Client accounts are vital for compliance with Client Money Protection Regulations.

"Not only does this stance make life difficult for these agents who are trying to comply with the legislation, but these banks are actively blocking, rather than supporting an important consumer protection measure. This is unacceptable."

David Smith, policy director for the Residential Landlords Association, said: "The CMP regulations required that all agents had a pooled client account by April 1, 2020. Otherwise, the various CMP schemes would have been obliged to throw them out.

"The new regulations deal with the current problems by putting off their implementation until April 2021. "In the meantime, the Government is apparently working with banks and producing updated anti-money laundering guidance to make clearer that the lettings sector is a low risk and should not be seen by banks as a problem.

For some agents this will be a relief. Others will have already solved this issue by moving banks or will have been lucky enough to be with a bank that will accept pooled client accounts.

"However, it also illustrates the problems that arise when Government departments make substantial changes in a complex sector without properly considering the consequences.

CMP is important and a clear benefit to the sector, but implementing it badly so that tweaks need to be made later represents a waste of effort."

David Cox, chief executive of ARLA Propertymark, said: "Although the Government is giving agents an extra year to comply with The Client Money Protection Schemes for Property Agents Regulations, it's vital tenants and landlords still have a route to reimbursement during this time should the agent they're dealing with go out of business or misappropriate client funds."

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Council obtains London's first rogue Landlord banning order

Camden Council has obtained London's first rogue landlord banning order against a man who repeatedly placed tenants' lives at risk through letting unsafe housing.

Following a hearing at the first tier tribunal on Monday, 21 October at 10 Alfred Place, the decision was subsequently made on Friday, 8 November 2019 to ban Cesar De Sousa Melo, 45, of Mora Street, EC1, for four years from letting any housing in England and engaging in English letting agency work or property management work. The ban takes effect from Sunday, 8 March 2020.

If the banning order is breached, penalties can include imprisonment for up to 51 weeks or a court fine - or both - or a Civil Financial Penalty of up to £30,000.

Mr Melo was brought to the attention of Camden Council following a rogue landlord referral received in May 2018 via the Greater London Authority and Mayor of London website.

Investigations then uncovered he was involved in the letting of several unlicensed houses in multiple occupation.

A raid on a flat in Goldington Crescent, King's Cross in June 2018 found three bedrooms with bunk beds in some rooms, fire safety issues and general disrepair, for which Mr Melo received two Civil Penalty Notices with fines totalling £15,000.

Tenants' health and safety at Goldington Crescent was placed at risk through non-working fire alarms, a kitchen door broken off its hinges and the property being overcrowded as the kitchen was too small. It was also further overcrowded with four bunk bed spaces in one room and three beds plus two bunk bed spaces in another two rooms, packed in to ensure maximum commercial advantage.

In August 2018, warrants of entry were obtained and inspections carried out on a flat on Stanhope Street, Euston and on a flat on Gray's Inn Road, Kings Cross, after previous attempts to gain access had failed. These inspections found further multiple breaches of the Housing Act 2004. Mr Melo was convicted at Highbury Corner Magistrates Court on 4 April 2019 of seven 'banning order offences', committed on 14 September 2018 at the Stanhope Street and Gray's Inn Road flats. He was fined £14,000.

The management of the flat on Stanhope Street placed lives at risk as two tenants were sleeping in a bedroom created by a shoddy partition dividing the kitchen/diner. This left the two tenants with a means of escape through a kitchen - the flat was on the seventh floor and there was no working smoke alarms anywhere in the flat. The electrics in the flat were dangerous and only one room in the entire flat had any working heating.

Tenants' health and safety at Gray's Inn Road was also compromised through inadequate fire alarms. All tenants were young or overseas tenants who were vulnerable and able to be exploited with high rents in return for low housing standards.

Mr Melo had issued some tenants with tenancy agreements in which he stated he was the landlord, although he was in fact sub-letting from the real owners. His operation at all the flats has now ceased and the flats have been made safe.

Source: <https://news.camden.gov.uk/camden-council-obtains-londons-first-rogue-landlord-banning-order/>

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Rogue Hammersmith Landlord Fined £50k following H&F prosecution

An illegal landlord who kept unlicensed properties in poor conditions has been fined £50,000 in court, following a prosecution by H&F Council.

Six households, including children, lived in flats unlawfully managed by Mohammad Soltani Savoji, in King Street, Hammersmith.

In order to ensure rented homes, meet legal standards for health and safety, landlords have been required to license properties since July 2017 and must meet a minimum set of standards – which Savoji had not done.

At Westminster Magistrates Court Savoji, 61, of Prince of Wales Road, Kentish Town, pleaded guilty to six counts of failing to licence flats with the council, contrary to Section 95 of the Housing Act 2004. He also pleaded guilty to eight offences of failing to provide documentation

The court heard that over the last two years, Savoji would have likely made in excess of £50,000 a year from renting out the unregistered properties.

In sentencing, the court reminded Savoji that tenants had an absolute right to expect their landlord to meet health and safety requirements – which he had not done.

The court also noted his lack of co-operation with the council, despite having been given several chances to rectify this.

Savoji was fined a total of £50,400 for 14 offences, and ordered to pay the council's costs of £4,737. There was also a surcharge of £170.

Speaking after the case Cllr Lisa Homan, H&F Cabinet Member for Housing, said: "There is no place for rogue landlords in this borough. This fine from the court sends a strong message that landlords who break the rules will face the sternest penalties.

"It is unacceptable for tenants to have to live in the conditions we found in these properties, and our property licensing scheme exists to protect residents from unscrupulous landlords who might seek to break the law."

[Landlords can find out about the requirements for licensing properties](#), and how to do it, on our property licensing web page.



Flats in King Street, Hammersmith, unlawfully managed by Mohammad Soltani Savoji

You're invited!

Join us at the London Student Housing Forum

Monday 2nd March 2020

5pm - 8pm

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You can meet exhibitors from property-focused businesses, Local Authorities as well as other property owners. Our expert speakers will keep you up-to-date on the latest issues affecting private letting and the student market and you will have a chance to put your questions to them in a lively Q&A session.

For updates and an agenda, please visit www.housing.london.ac.uk/events



Agents fined £106,000 after two-bed rental home becomes four-bed HMO

Two agents and their directors have been hit with fines totalling £106,000 for letting out an unlicensed property. Fines on a third company brought the total bill in the case to £111,000.

The property, in the King's Cross area of London, was said to have "numerous safety issues".

Simple Properties London and Simple Properties Management, together with their corresponding directors Santiago Ferrin, 39, and Miguel Cespedes, 48, all received fines. Another firm, Roomshub and its director, Liv Meijer, 27, were also fined.

The prosecution followed Camden Council officers carrying out several visits to the Acton Street property in May 2019 after it was identified as an unlicensed House in Multiple Occupation (HMO).

Officers found that the flat's kitchen diner had been improperly partitioned to make the two-bedroom flat a four-bedroom property that was home to five residents.

They found that damaged wiring to a washing machine was left exposed in the property's bathroom and the fire alarms and fire escapes from the property were inadequate.

The court found Simple Properties Management guilty of operating an unlicensed HMO and breaching safety regulations, resulting in a fine of £40,000 plus a £30,000 fine for Cespedes.

Simple Properties London and director Ferrin both pleaded guilty to operating the unlicensed HMO in Acton Street and were each ordered to pay fines of £18,000.

Roomshub, described as a third party involved in the letting of the property, and its director Meijer were each fined £2,500 for not complying with a Camden Council notice requesting legal information.

A Camden Council spokesperson said that the sums quoted were for fines only, excluding any order for costs.

Cllr Meric Apak, cabinet member for better homes at Camden, said: "Around a third of Camden residents rent from private landlords and they deserve to live in properly regulated and safe homes.

"The prosecution we have seen in this case is a last resort. Our message to landlords and letting agents is that we are here to work with you." The council is currently planning to renew its licensing scheme.

Source: <https://propertyindustryeye.com/wp-content/uploads/2020/02/Access-to-the-property-bathroom.jpg>

What is the minimum level of energy efficiency?

The Regulations prohibit the letting of substandard (lower than band E) domestic property, under a phased approach: since 1 April 2018, landlords of domestic private rented properties (including public sector landlords) may not grant a tenancy to new or existing tenants if their property has an EPC rating of band F or G (shown on a valid EPC for the property)

- from 1 April 2020, landlords must not continue letting a domestic property that is already let if that property has an EPC rating of band F or G
- from 1 April 2020, landlords must not continue letting a domestic property that is already let if that property has an EPC rating of band F or G

Which properties are covered?

The Regulations only apply to those properties let on assured, regulated and agricultural tenancies that are legally required to have an EPC since 2008, the majority of domestic properties have been required to have an EPC. There are exceptions if the property is:

- listed or officially protected and the minimum energy performance requirements would unacceptably alter it

- a temporary building that is only going to be used for two years or less
- used as a place of worship or for other religious activities
- an industrial site, workshop or non-residential agricultural building that doesn't use much energy
- a detached building with a total floor space of less than 50 m²
- a residential building that is intended to be occupied for less than four months of the year, or for a limited annual time of use, and with an expected energy consumption of less than 25% of what would be the result of all-year round use
- due to be demolished by the seller or landlord and they have all the relevant planning and conservation consents
- an HMO ('house in multiple occupation' - for example, bedsits, hostels, shared houses, etc) that has not been subject to a sale in the previous ten years, nor been let as a single rental in the past ten years
- See the 'Energy Performance Certificates' guide for more details.

- Both private, local authority and other public body landlords are covered, as well as a tenant who sub-lets a property falling within the scope of the Regulations. The Regulations do not apply to properties let on a tenancy of less than six months or more than 99 years.
- The Regulations contain similar requirements for non-domestic properties although commencement dates are different. Where a property is of mixed use, in that it contains both residential and commercial units (such as a shop with a flat / flats above), and these are let separately, the relevant provisions for domestic property will apply to the flats, and the non-domestic requirements to the shop. If the property is let as a whole then the landlord will need to examine the tenancy to determine whether it is a residential or commercial lease.

What if the property is currently a F or G rating?

- If the EPC for the property currently shows a rating of F or G, then the landlord must make improvements to bring the property up to an E rating before the relevant date

- To improve the energy efficiency of a building there are a number of possible improvements that may have been recommended by the energy assessor compiling the EPC, or can be obtained through a surveyor or other energy efficiency advisor. This may include improvements or extensions to heating and ventilation systems, insulation, glazing, etc.

How do I register an exemption?

All exemptions must be registered on the national [PRS Exemptions Register](#) (PRS meaning 'private rented sector').

Landlords can self-certify their exemptions and the register will be monitored by local authorities as an enforcement tool, and also by BEIS to monitor the impact of the legislation. There is public access to some information, including addresses of properties where exemptions have been registered, names of landlords (except where the landlord is an individual), the nature of the exemptions, as well as valid EPCs for properties.

In order to register, landlords will need to have details of the address of the property, which exemptions are to be registered and a valid EPC for the property. Depending on the exemption sought, the landlord will also need any expert advice or reports in writing that provide evidence to support the reason for the exemption. Whereas the EPC for a property can be transferred if the property is sold, any registered exemptions will not be transferred and will cease to apply once the property is sold.

Penalties

Failure to comply with trading standards law can lead to enforcement action and to sanctions, which may include a fine and/or imprisonment.

Source: <https://www.businesscompanion.info/en/quick-guides/miscellaneous/energy-efficiency-of-rented-property-domestic#WhatifthepropertyiscurrentlyaForGrating>

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