

# The London Landlord

Welcome to the 7<sup>th</sup> Edition of the London Landlord

## Energy Performance Certificates (EPC)

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Hope you all had a great festive season and are sticking to any New Year's resolutions.

The New Year has started off with bad news about energy prices. A barrel of oil has passed the \$100 mark for the first time and the energy suppliers are imposing double digit increases in the price of gas and electricity. Such high levels may not be permanent, but all the experts stated that energy prices will not fall significantly and we will have to get use to paying more than we used to for them.

Higher prices focuses everyone on how much it costs to run a home and how to reduce energy costs. Tenants can save money by moving to premises which cost less to heat and run and the soon to be introduced, Energy Performance Certificate (EPC), will help them to make such a decision.

From October 2008, an EPC must be made available to all prospective tenants during the letting process. The certificate will not only show the energy efficiency and overall environmental impact of the accommodation, but also will also show clearly how much it will cost the tenant to heat and run. A label similar to the 'A-G' EU energy-rating label found on many domestic appliances is used on the certificate Recommended improvements, both low and high cost works, are also detailed which would significantly improve the premises rating and energy running costs.

The cost for a certificate is around £100, but you can carry out a quick Home Energy Check on the Energy Saving Trust website, which will allow you to find out what measures should be carried out, without the cost of obtaining a certificate. I'd urge you to carry out the check and carry out the works recommended, especially those which are low cost, as these will improve the rating of your properties and make them more attractive to future tenants. Also don't forget that you may be able to claim your £1,500 tax-free allowance by using the landlord energy saving allowance (LESA) when you complete your tax return forms.

Energy Saving Trust website <http://www.energysavingtrust.org.uk> and look for "Home Energy Check".

Best wish for the New Year

Cheers  
Dave Princep  
Chair of the London Landlord Accreditation Scheme

## 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.

## Charges for Enforcement Action

Many Local Housing Authorities up and down the Country are utilising the powers under Sections 49 & 50 of the Housing Act 2004 to make a charge for certain enforcement action. For example a charge can be made for serving of an Improvement Notice, making a prohibition Order, taking emergency remedial action etc.

The cost of taking enforcement action includes such activity as inspecting of the premises, the time spent on drafting the notice or order and the service of that document on the responsible person. In a nutshell, the Act allows the Local authority to recover the charge from the person on whom the notice or order is served. We at the London Borough of Tower Hamlets have introduced a charge of £400 for every Notice or Order that we are required to serve. However, in most cases when a tenant complains to the Council about adverse housing conditions we notify the landlord and request that he or she remedies the problem. Such a strategy will obviate the necessity to take enforcement action and make a charge for it. In most circumstances 14 days is given for the landlord to contact the investigating officer and advise on the action he has taken. The only exception is when the reported disrepair is urgent and is likely to threaten Public Health.

Contact between the landlord and the Council Officer at this stage is proving to be very useful and beneficial to all parties concerned. A joint inspection with the landlord is then carried out and the enforcement officer is on hand to give advice on any other housing hazard that may be present. When there is obvious co-operation any enforcement is therefore most unlikely.

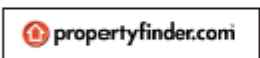
We here at the London Borough of Tower Hamlets are constantly striving to improve housing conditions, especially in the private rented sector. In order to achieve this aim, officers within the Health and Housing Team are available to give advice and information. Furthermore, in partnership with other East London Boroughs we are in the midst of agreeing common standards and a common approach when dealing with private sector landlords.

We should be in a position to publish our agreed standards by early next year. We hope that by working closely with good responsible landlords our enforcement officers will be able to concentrate on taking enforcement action against those few landlords who wish to work outside the law.

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## Excess Cold

The underlying principle of the HHSRS is that any residential premises should provide a safe and healthy environment for any potential occupier or visitor. To satisfy this principle, a dwelling should be designed constructed and maintained with non-hazardous materials and should be free from both unnecessary and avoidable hazards.



It is a general principle that any dwelling should provide adequate protection from all potential hazards prevailing in the local external environment.

This includes the normal weather conditions, ground conditions and pollution. Generally, the landlord /or owner is responsible for the provision, state and proper working order of space heating and water heating facilities.

The Hazard of excess cold covers the threats to health when temperatures fall below the minimum satisfactory levels.

### Causes of Excess Cold

- Dwellings with low energy efficiency ratings, (poor insulation)
- Greatest risks exist in older properties
- Absence of central heating or poor inefficient heating system
- Excessive damp or drafts which reduce thermal insulation

### Health Effects

A healthy indoor temperature is 21°C.

There is a small risk of health effects below 19 °C. If the temperature falls below 16 °C, there are serious health risks for the elderly including greatly increased risks of respiratory and cardiovascular conditions and below 10°C; there is a great risk of hypothermia, especially for the elderly.

Cardiovascular conditions such as heart attacks and stroke, accounts for 50% of excess winter deaths.

Respiratory diseases such as flu, pneumonia, bronchitis accounts for another third of excess winter deaths. Excess cold can also cause an increase in blood pressure/reduce resistance to infection because of the effect of cold air on bronchial lining and immune system and worsen symptoms of rheumatoid arthritis.

## Preventive measures

- Appropriate levels of thermal insulation to minimise heat loss;
- Appropriate heating system safely and properly installed, maintained and controllable by the occupant
- Appropriate/properly installed, maintained occupant controllable low-level background ventilation without too much heat loss/draughts;
- Properly fitting doors and windows, and no gaps between floorboards

The Gas Safety (Installation and Use) Regulations 1998 places duties on the landlord to ensure that gas appliances, fittings and flues provided for tenants uses are safe. The duties generally apply to appliances and flues provided for tenants use in relevant premises, that is those occupied for residential purposes under either a licence, a tenancy agreement for a set term, or a lease as defined by the regulations. Essentially any lease under seven years is covered.

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## Camden 2008 Landlord Forum Dates

There are three Camden Landlord Forums planned for 2008, and the dates are as follows

Date: Wednesday 2 April 2008  
Date: Wednesday 2 July 2008  
Date: Thursday 16 October 2008

All the forums will take place at the Camden Centre, Euston Road N1, from 6pm to 8pm. **For further information Please contact Seymour Zajota on 020 7974 6977 or Email [symour.zajota@Camden.gov.uk](mailto:symour.zajota@Camden.gov.uk)**

## Solicitor Tessa Shepperson answers landlords FAQ. This issue: How can my tenants Local Housing Allowance get paid to me direct?

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

The new Local Housing Allowance (LHA) system for housing benefit, which has been trialled in various areas, will apply to all new housing benefit claims in all areas from April 2008 (although existing housing benefit claimants will continue to be paid under the old system). One of the main complaints landlords have about the new system is that the regulations provide for the LHA to be made to the tenant, whereas under the old system it was open for the tenant to request payment direct to the landlord. Is there any way around this? Here are some suggestions and comments.

### Rent arrears of over eight weeks

If your tenant is in arrears of rent of over eight weeks, then in virtually all cases the local authority must pay the rent direct to you if you request this. If you have a sympathetic local authority they may well be prepared to pay direct to you before the arrears reach this stage.

You could also consider serving the tenant with a section 8 notice claiming possession under the mandatory rent arrears ground 8, at an early stage. If your tenancy agreement provides for rent to be paid in advance (which most do) then serve the notice on the day after the second months rent falls due.

Once you have served your notice, send a copy to the benefit office, asking that the benefit be paid to you direct in future to prevent the tenant being made homeless. Hopefully this will result in the benefit office prioritising the case.

### Vulnerable tenants

The regulations provide that if a tenant is 'vulnerable' then the rent can be paid direct to the landlord. A tenant is generally considered vulnerable if they are incapable of managing their affairs. For example people with learning difficulties, some medical conditions, illiteracy or an inability to speak English, addiction to drugs, alcohol or gambling, people fleeing domestic violence, and people leaving prison.

If you think this applies to one of your tenants, note that representations will have to be made to the local authority, who will then investigate the matter and make a decision. They will generally need evidence, such as medical reports, information about past rent arrears problems and the like.

### Payment via a credit union account

It may be possible to arrange for the LHA to be paid to a credit union account in the name of the tenant. The credit union can then arrange to pay this to the landlord by standing order, so that the tenant is not tempted to use the money. As the account would only be used for this, there would be no risk of the money being swallowed up by the tenant's overdraft. The tenant would have to consent to this arrangement, but many tenants will prefer to have their rent money protected in this way to prevent arrears accruing. You can find a credit union online at [www.abcul.org](http://www.abcul.org).

If the Local Authority are unwilling to do this, tell them that the tenant is entitled to request that the money is paid to someone else under The Housing Benefit Regulations 2006 s94 (3) or (for senior citizens) The Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 s75 (3).

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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.



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### HOMEPLAN

Homeplan is a new service from Brent Private Tenants' Rights Group. The aim of the service is to assist families who are presently in poor quality private rented homes (or in temporary accommodation) to raise their sights, and to work with them to find something better.

*"It's not an easy option for families," commented Hardut Misir, one of Homeplan's co-ordinators. "If they are serious about achieving their aspiration for a better home, families know that it is likely to cost more, and wherever possible, they want to get themselves off benefits and paying their own way."*

Homeplan is working with families to identify training and employment opportunities, as well as looking at a range of housing options. For the minority, assisted purchase may be a possibility, and for others, their Home Plan may involve a move out of London. But the majority of families want to stay in or around the Brent area, not least because they want to avoid disruption to their children's schooling. That means private renting.

So we are looking for accredited private landlords willing to work with us to find suitable homes for families who are committed to work hard for a better life for themselves and their children. This commitment is a good indication that Homeplan families will make responsible tenants. But for those who need more, we can provide a tenant referencing service.

We'd like to hear from accredited landlords with properties in and around Brent who would be interested in finding out more about our work. Please call Jacky Peacock, on 020 7096 8240, or email

[jacky.peacock@bptrg.org](mailto:jacky.peacock@bptrg.org)



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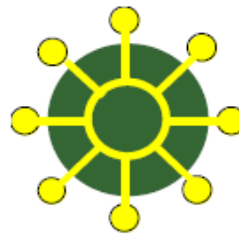
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- Long-term and medium term lets at market rates
- Maximising income by matching households to properties
- Free provision of legal documentation associated with letting the property, such as tenancy agreements, notices and sample inventory
- A full, free property survey to ensure it is fully compliant with the Housing Health and Safety Rating System as laid down in the Housing Act 2004.

Further information can be obtained from Croydon Council's housing specialist team on 020 8726 6100 or from [www.croydon.gov.uk](http://www.croydon.gov.uk)

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## Home Information Pack-hips get full rollout

The Government has announced that **From 14 December 2007** Home Information Packs (HIPS) are required for all properties being sold in England and Wales.

Since September 2007 all properties with 3 or more bedrooms have required a Hip before they can be sold, For more info on HIPS, please visit [www.homeinformationpacks.gov.uk](http://www.homeinformationpacks.gov.uk)

## Settling Disputes Without Going To Court

A government sponsored scheme, which may help you to resolve disputes without going to court is currently being across London.

The Dispute Resolution Service (DRS) based in Wandsworth is a government sponsored pilot scheme provided by Wandsworth Citizen Advice Bureaux Ltd in partnership with Her Majesty's Courts Service (HMCS).

The DRS aims to help people, including landlords, to settle their disputes and get access to advice about their options for resolving disputes rather than simply go to court, which is often more expensive and more stressful as well as time consuming.

### The Service is Free

The Service, which is free and confidential, offers you the opportunity to talk to an unbiased trained member of staff who will assess your case and help decide the best course of action to take to settle your dispute.

It offers free coaching and advice as well as facilitated negotiation, building on existing CAB processes, and seeks to resolve a dispute or offer the most appropriate advice to clients to enable them to do so without any direct intervention.

### Types of Disputes

The Service deals with a broad range of dispute types including, housing, neighbour and boundary disputes, small debt claims such as consumer, plumbing, electrical and personal injury, and other legal issues that would otherwise end up in the county court small claims process.

### What happens when you contact the DRS?

Clients, who contact the DRS, will be provided with confidential assistance, helping them to determine the precise nature of their dispute. Staff will explain to the customer the various courses of options open to them to help resolve their dispute. This may entail helping the customer to write to the other party to seek settlement, or offering to write or speak on their behalf. Alternatively, where the dispute could best be resolved by facilitated negotiation or by referral to a formal mediation provider through the National Mediation Help.

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line or if appropriate, to a local community mediation provider.

The Ministry of Justice is committed to promoting alternatives to more traditional methods of dispute resolution such as mediation. This pilot project allows HMCS to test the various methods of dispute resolution and prove the benefits to be gained from such a service.

### How to contact the DRS

If you would like to use the Service, please either contact the DRS direct on

**Tel: 020 8812 4747** and ask to speak to one of the advisors or

**Email** the DRS at [admin@DisputeResolutionService.co.uk](mailto:admin@DisputeResolutionService.co.uk)

Alternatively, you can write to:

**The Dispute Resolution Service, 2<sup>nd</sup> Floor, 61 Wandsworth High Street, Wandsworth, SW18 2PT.**

You can find more information about the Service on the Internet at: [www.disputeresolutionservice.co.uk](http://www.disputeresolutionservice.co.uk)



## Energy Efficiency

Energy efficiency improvements cost less than you think. Central heating, insulation, and double-glazing can increase the long-term value of your properties and make them more attractive to renters. What's more there are many grants available and they can reduce your income tax bills.

Here are some simple things you could do to improve the energy efficiency of your properties:

- Top up your loft insulation and insulate your walls. Your energy supplier is offering big discounts on prices for insulation right now make the most of them!
- Update your heating system with a high efficiency condensing boiler and effective heating controls
- Take advantage of significant discounts and buy a new, more energy efficient washing machine, fridge or freezer

Your tenants will benefit from lower running costs and a warm, comfortable living environment, making them more likely to stay longer in your property.

Energy efficiency improvements can also help you meet your legal requirements, whilst supporting your reputation as a landlord who takes the quality of their properties seriously and delivers a professional service for tenants.

### Energy Performance Certificates

From October 2008 all rental properties in England and Wales will be required to have an Energy Performance Certificate (EPC) prepared by an accredited Energy Assessor. These will offer opportunities for landlords to differentiate their property from their competitors and gain a distinct marketing advantage.

The energy efficiency and environmental impact of your property will be rated on a scale from A-G (where A is the most efficient and G the least efficient). Current running costs for heating, hot water and lighting will also be shown on the certificate, together with a list of recommended energy saving improvements.

An example of what the certificate is likely to look like is available at:

[www.communities.gov.uk/documents/housing/pdf/energy-certificate](http://www.communities.gov.uk/documents/housing/pdf/energy-certificate)

### Help is at Hand

A network of Energy Saving Trust advice centres operates across the UK. They provide impartial information on home energy efficiency and can advise you on any grants and offers that may be available to help you with the costs of installing measures.

To contact your local centre, simply call 0800 512 012. They are open from 09:00 – 17:00 Monday to Friday

### General Information

Energy Saving Trust – general information about energy efficiency in the home [www.energysavingtrust.org.uk](http://www.energysavingtrust.org.uk)

Useful information for landlords about energy efficiency [www.cen.org.uk/landlords](http://www.cen.org.uk/landlords)

Energy Efficiency: The Guide - everything you need to know about energy efficiency in your properties [www.est.org.uk/housingbuildings/localauthorities/theguide/](http://www.est.org.uk/housingbuildings/localauthorities/theguide/)

What to buy? Energy Saving Recommended products – a list of the most energy efficient household appliances and heating systems available [www.est.org.uk/myhome/efficientproducts/recommended/](http://www.est.org.uk/myhome/efficientproducts/recommended/)

### Funding Information

A searchable database of grants available across the UK for energy efficiency improvements. [www.est.org.uk/myhome/gid/](http://www.est.org.uk/myhome/gid/)

The Landlords Energy Saving Allowance – an income tax allowance for private landlords [www.hmrc.gov.uk/budget2004/revbn31.htm](http://www.hmrc.gov.uk/budget2004/revbn31.htm)

Details of the Warm Front grant (England only) – for energy efficiency measures if your tenants are in receipt of certain benefits [www.warmfront.co.uk](http://www.warmfront.co.uk)

### Technical Information

The Housing Health and Safety Rating System – What It Means For Landlords [www.communities.gov.uk/publications/housing/housinghealth](http://www.communities.gov.uk/publications/housing/housinghealth)

Guidance on integrating energy efficiency into property refurbishment [www.energysavingtrust.org.uk/uploads/documents/housingbuildings/CE83%20-%20Energy%20efficiency%20refurbishment%20of%20existing%20housing.pdf](http://www.energysavingtrust.org.uk/uploads/documents/housingbuildings/CE83%20-%20Energy%20efficiency%20refurbishment%20of%20existing%20housing.pdf)

Making Private Rented Housing Energy Efficient – the

Flagship Home case study [www.est.org.uk/download.cfm?p=1&pid=741](http://www.est.org.uk/download.cfm?p=1&pid=741)

## Help Brent Housing Service to meet the Government's B&B Target

If you have a property in Brent, which is empty, and in poor condition you may qualify for a grant of up to 60% towards cost of bringing it up to a lettable standard.

Brent Council has been successful in reducing the number of families in bed and breakfast accommodation. But, despite this success, Brent Housing Service still needs more flats and houses in the private sector to help it keep to Government targets for the minimum use of bed and breakfast accommodation.

In addition to refurbishment grants Brent Council also gives grants towards conversion costs of, for example, large houses, smaller self-contained units, commercial premises and residential buildings. All conversions are subject to planning consent.

Recent examples of grant-aided properties include: a house that had been empty for ten years; conversion of a Victorian pub into 12 top-class flats; conversion and refurbishment into four flats above shops that had been in the ownership of coal merchants in Willesden during the era of horse drawn provisions, and a house that had not been refurbished since it was built in the 1930s.

Not all properties given a grant are in long-term ownership or even empty for a long time. Brent Council Empty Property Officers work in partnership with many investors and developers who buy properties in poor condition and benefit from a grant of up to 60% to bring them up to a lettable standard.

Owners of empty properties who enter in to a five-year nomination agreement with the council can benefit from high-quality advice, management support and, for some leasing schemes, a guaranteed income.

If you would like more information about Brent Council Empty Property Grant Scheme, please contact the Empty Property Officers Hannah Worsfold and Driss Charrouf

Telephone: 020 8937 2535

Email: [emptyhomes@brent.gov.uk](mailto:emptyhomes@brent.gov.uk)

Website: [www.brent.gov.uk/emptyproperties](http://www.brent.gov.uk/emptyproperties)



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## Tower Hamlets 2008 Landlord Forum Dates

**Date:** 30 January 2008  
**Date:** 21 May 2008  
**Date:** 24 September 2008  
**Times:** 2pm to 4:30pm

All the Landlord Forums will take place at:  
**Room 101, Albert Jacob House, 62 Roman Road, London E2 0PG**

For further information please contact: Jamie Jackson on  
**Tel:** 020 7364 3558 or **Email:** [jamie.jackson@towerhamlets.gov.uk](mailto:jamie.jackson@towerhamlets.gov.uk)

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## London Borough of Hillingdon Half-Day Conference

London Borough of Hillingdon would like to invite you to a half-day conference to be held **at Brunel University in Uxbridge, Middlesex on Monday 11 February 2008 at 12.00pm.**

If you have tenants in the Hillingdon Borough and you are interested in knowing how Government changes from April 2008 will affect you then **please book a place at this event by calling 01895 556224.**

**The afternoon will start at 12.00 with a finger buffet and refreshments followed by speakers at 1.00pm.**

**Numbers will be strictly limited to 250 delegates,** with some parking available on site. Places will be allocated on a first come first basis.

### What is Local Housing Allowance?

Local housing allowance is a new government initiative to promote social inclusion for benefit claimants to empower them to budget for and pay their rent themselves. In addition the rent service have defined Broad Rental Market Areas, which will impact on the rent levels used to determine Housing Benefit.

It is being introduced on 7 April 2008, and will affect new and current tenants entitled to receive Housing Benefit who move into accommodation rented from a private landlord.

It will not affect people living in council accommodation or other social housing.

## HOUSING EVENT FOR CROYDON'S PRIVATE LANDLORDS

Private landlords with properties in Croydon are invited to attend a council organised event where they can find out more about national and local issues directly affecting them

In addition to the presentations there will be a Q and A session with a panel made up of specialist housing officers from the council and representatives from private sector housing.

The free event will be held on

**Date:** Thursday 31<sup>st</sup> January 2008

**Venue:** The Town Hall, Katharine Street and runs from **Time:** 4pm to 7pm

There is still time to reserve a place at the event. Private landlords interested in attending should contact

Croydon Council's Housing Specialist Team on

**Tel:** 020 8726 6100 or

**Joan Penfold on 020 8726 6100 extension 63837**

## Advertising Opportunity with LLAS

In future edition of the newsletters with special rates for accredited landlords and agents. For more info

**Email:** [LLAS@camden.gov.uk](mailto:LLAS@camden.gov.uk) or

**Tel:** 020 7974 1970

## Landlord is ordered to Repay Housing Benefit

Newham Council has become the first local authority in the country to use new legislation to force a private landlord to hand back almost £10,000 he obtained in Housing Benefit payments.

The council went to the Residential Property Tribunal Service to obtain a Rent Repayment Order against publican Wayne Ring of Cundy's Tavern in Connaught Road, Silvertown.

Rent Repayment Orders are a new measure introduced under section 73(5) of the Housing Act 2004 which are a means of repaying Housing Benefit to a local authority or rent to a tenant, where a landlord has failed to license a house in multiple occupation.

Mr Ring, who rented out 11 rooms above the pub to tenants who shared a kitchen and three bathrooms, had not applied to the council for a licence.

Since July 2006, the legislation has required that where five or more tenants live in properties of three or more storeys in height and share kitchen or bathroom facilities, the landlord must apply to the council for a licence to run a house in multiple occupation

Newham applied for a Rent Repayment Order relating to the amount of Housing Benefit that had been paid since August 2006 and Mr Ring was made 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.

Cllr Andrew Baikie, executive member for housing, process and business efficiency, said: "This decision should be a warning. We will pursue landlords of houses in multiple occupation who operate without a licence. The use of Rent Repayment Orders is important in making sure that Landlords do not profit from renting their accommodation illegally

Licensing of large HMOs helps to ensure Licensing of large HMOs helps to ensure that private tenants live in safe housing. Where landlords fail to comply with necessary requirements we will ensure that the full force of the law is brought to bear to ensure that tenants are not put at risk.

We are keen to hear from people who are

or think they may be living in unlicensed HMOs or where they are experiencing poor housing conditions. We may be able to take action to resolve the situation."

Where the council has taken action against a landlord, private tenants can also apply for a rent repayment order relating to any rent they have paid. Any previous tenants who lived in Cundy's Tavern between August 2006 and August 2007 and paid rent direct to the landlord may be able to apply for some of this rent to be repaid.

**Landlords who have yet to apply to the council for a licence should also contact Newham Council's HMO Team on 020 8430 4436 or 020 8430 3793.**

## Hounslow Landlord Fair - 12<sup>th</sup> February 2008

We would like to invite you as a exhibitor at our annual Landlord Fair held this year at;

**Venue:** London Borough of Hounslow, (Conference Suite), Civic Centre, Lampton Road, Hounslow, Middlesex TW3 4BR

**Date:** Tuesday 12<sup>th</sup> February 2008.

**Time:** 10am to 2pm

We will also be using this opportunity to promote the good working partnership and practises between the private and the public sectors to improve housing conditions across the borough. The Fair will cover a range of interesting topics such as; HMO licensing and Energy Performance Certificates with the general focus with the forthcoming changes in the Local Housing Allowance.

There will be a number of workshops on relevant landlord issues, and we will have representatives from the private sector, local housing organisations and housing staff will be on hand to answer any queries. A draft programme is attached to give you an overview of the day.

Spaces are limited so if you are interested in attending the event, please send back the slip attached, or call direct to confirm. **Please ensure that your reply is received by Friday 25<sup>th</sup> January 2008.** We look forward to seeing you and hope that you will be able to **stay and join us for a buffet lunch and refreshments at the end of the event**

For further information or if you have any special requirements, please contact **Jas Singh Sandhu**

**On Tel:** 0208 583 3925.

**Email:** [Jasvinder.Sandhu@hounslow.gov.uk](mailto:Jasvinder.Sandhu@hounslow.gov.uk)

## REFORM OF CAPITAL GAINS TAX

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

The surprise announcement in Alistair Darling's pre-Budget Report at the beginning of October of the radical proposed changes to Capital Gains Tax caused a furore amongst advisors and taxpayers alike. The changes are, due to take effect from 6<sup>th</sup> April 2008.

The main elements of the reform, which applies to individuals, trusts and personal representatives, but not to companies, are that Taper Relief is to be scrapped, any indexation built up for assets held before April 1998 is to be cancelled, and that Capital Gains will be charged at a flat rate of 18%.

An additional proposal is that any assets held on 31<sup>st</sup> March 1982 will automatically have their cost re-based to that date. The ability to choose between that date and the original cost is now withdrawn.

The annual exemption limit remains and there is no change to the ability to carry forward losses indefinitely, and Principal Private Residence Relief continues to be available.

There will of course be winners and losers, and the calculators will have to come out in each case to determine whether it is more beneficial to sell in this current tax year or to wait for the 18% rate to be available. However, as Taper Relief and indexation will no longer apply after 5<sup>th</sup> April 2008, there may be some taxpayers who have built up a significant level of Taper Relief on assets held or on deferred gains from earlier years, so that it may be more tax efficient to realise

gains earlier and pay the tax due before 5<sup>th</sup> April in order not to permanently lose any Taper Relief and indexation, which has been built up.

For higher rate taxpayers with investment properties who have a full 10 year Taper Relief, their effective rate of Capital Gains Tax is currently 24%. They will therefore be winners when the rate comes down to the proposed 18%. If however the taxpayers are at the basic rate, and the gains are relatively modest, then their effective tax rate increases from 12% to 18%.

Where gains are relatively low and the annual exemption (currently £9,200) is available, the Taper Relief rules will normally give a better result. For example, on a gain of £15,000 with a full 10 year Taper available, the chargeable amount would be reduced to £9,000, which would be covered by the annual exemption, with no tax due. However, after 6<sup>th</sup> April, the Capital Gains payable would be £1,044 (£15,000 less £9,200 taxed at 18%). In this situation, the break-even position is for gains of £33,733, both calculations giving a CGT charge of £4,416. Different figures will apply depending upon the length of ownership, and this merely underlines the need for individual calculations in every case. The table below gives a comparison of the tax payable between the current system and that proposed on a taxable profit of £100,000.

There are always further possibilities to reduce the charge to Capital Gains Tax by splitting properties between spouses, or even transferring a property in one spouse's name into joint names shortly before sale in order to obtain two separate annual exemptions.

|                        | <i>Current system</i> | <i>Proposed system</i> | <i>Saving under</i>    |
|------------------------|-----------------------|------------------------|------------------------|
|                        | <i>40% taxpayer</i>   | <i>40% taxpayer</i>    | <i>Proposed system</i> |
|                        | £                     | £                      | £                      |
| Held for under 2 years | 36,320                | 16,344                 | 19,976                 |
| Held for 2-3 years     | 34,504                | 16,344                 | 18,160                 |
| Held for 3-4 years     | 32,688                | 16,344                 | 16,344                 |
| Held for 4-5 years     | 32,688                | 16,344                 | 16,344                 |
| Held for 5-6 years     | 30,872                | 16,344                 | 14,528                 |
| Held for 6-7 years     | 29,056                | 16,344                 | 12,712                 |
| Held for 7-8 years     | 27,240                | 16,344                 | 10,896                 |
| Held for 8-9 years     | 25,424                | 16,344                 | 9,080                  |
| Held for 9-10 years    | 23,608                | 16,344                 | 7,264                  |
| Held for over 10 years | 21,792                | 16,344                 | 5,448                  |

### *Assumptions:*

1. Full availability of Annual Exemption
2. Property not held at 31st March 1982.
3. Indexation ignored.

There may also be ways of transferring properties to non-spouses and holding over the gain using Trusts.

At the time of writing, the final rules have not yet been announced. There is still a considerable amount of lobbying being done by interested parties, and any number of changes could result to the proposals. Alistair Darling has promised to announce any changes at around the middle of January.

Finally, I would mention that it is always important to keep in mind the wider commercial interests, and not to let the tax tail wag the investment dog. As always it is vital to get proper professional advice, and one should also bear in mind other tax consequences, which can flow from undertaking transactions without sufficient thought.

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 020 8416 3322 to discuss your specific situation.



## Fire Safety for Landlords –are you Complying?

In October 2006 the Regulatory Reform (Fire Safety) Order 2005 (RRO) was introduced. If your premises are not a 'single private dwelling' then the RRO will place specific duties on the responsible person (e.g. the landlord) to undertake a fire risk assessment of their premises and ensure that the general fire safety precautions are suitable and sufficient. If there is more than one occupant in your premises (i.e. family, tenancy) then your premises is classed as a House of Multiple Occupation (HMO) and as a Landlord you must ensure that you provide suitable and sufficient fire safety precautions for your tenants.

HMO's must have an automatic means of giving warning (i.e. smoke or heat detectors in a linked system). They should be located in vulnerable areas such as kitchens and should also be accessible in escape routes. Emergency escape lighting must also be present in escape routes and other areas as highlighted by your fire risk assessment.

Your fire risk assessment should also highlight the need for signage (including the correct exit signage) and fire fighting equipment

If your premises contain areas of high fire risk such as a kitchen, then you will need to provide the correct media (i.e. fire blanket, wet chemical extinguisher) and appropriate signage.

You must ensure that your escape routes are protected sufficiently; you must ensure that the walls, ceilings, doors, glazing staircases and staircase enclosures along the route to the exit door are capable of resisting fire

For at least 30 minutes. All final exit doors must be of a simple fastening, meaning that they must be opened from the inside, without the use of a key (i.e. push bar)

Generally speaking the more complex, or larger your premises the more precautions will need to be carried out. Any staff (i.e. potters) will need to receive sufficient and relevant training. But your fire risk assessment is your first port of call to justify your measures and to highlight what needs to be done.

For much detailed list of fire safety duties as a landlord and how best to comply with RRO, please visit our website at

[www.fire-safety.co.uk](http://www.fire-safety.co.uk) or alternatively call us on 020 8407 4151 for advice and how we can help you satisfy the requirements.



The Fire Safety People Ltd

The Fire Safety People Ltd, 68 Compton Road, Croydon, Surrey CR0 7JA

## Landlords Insurance

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## Your Tax Questions Answered

A large number of questions were sent in to us following the idea to have a Q & A column in the LLAS Newsletter on tax issues. There were too many questions submitted for all to be answered, and space considerations also had to be taken into account. Thus we have chosen to cover those questions, which will have a more general appeal. David Kibel of Lawrence Grant Kibel Limited, Chartered Accountants, has kindly agreed to provide answers, though he stresses that proper professional advice must be taken in all circumstances and the comments made are merely a guide as other unknown factors may well come into play

David Kibel can be contacted by email at [david@lawrencegrantkibel.co.uk](mailto:david@lawrencegrantkibel.co.uk) or by post at 37 Stanmore Hill, Stanmore, Middlesex HA7 3DS to give specific advice on specific problems

**A 15% discount to normal charges is available to LLAS members**

***Q: Is it the case that Landlords who have lived abroad for 5 continuous years could then sell their UK property without any liability for Capital Gains Tax?***

***What is the tax position for Landlords residing abroad long-term, in terms of income tax, tax allowances and Capital Gains Tax?***

**A:** Non-residents are not liable for Capital Gains Tax on assets held in the UK. Without going into the intricacies of how "residence" is determined, in simple terms, you must be physically absent in the UK in any year of assessment (6<sup>th</sup> April to 5<sup>th</sup> April) for more than 6 months to be treated as non-resident. In any year in which a person is resident for more than 6 months in the UK, then he is automatically deemed to be resident here for the whole of that tax year. Additionally, if a person visits the UK year after year, averaging 91 days or more per year taken over a 4-year period, he is to be treated as UK resident for those years (see HMRC booklet IR20).

If an individual is treated as non-resident in the UK, then any Capital Gains will be tax-free for UK tax purposes. However, where an individual leaves the UK for a period of temporary residence abroad, and is abroad for less than 5 full tax years, any Capital Gains arising on the assets owned when he left the UK in that intervening period would be charged on him in the year of return.

So long as he remains outside of the UK for more

than 5 years then any Capital Gains would not be chargeable to UK tax. Obviously the tax position in the overseas country must be considered.

Overseas Landlords are subject to UK income tax on rents received in the normal way. Additional considerations would include the question of whether the Non-Resident Landlords Scheme should apply (i.e. whether tax is deducted from the rental income at source), and whether or not personal allowances are available to the non-resident to offset against the chargeable income. All cases are different and must be considered individually.

For Inheritance Tax purposes, any UK based assets (including property) owned by any individual whether resident in the UK or not, are subject to Inheritance Tax, so that any assets over £300,000 in value could be subject to tax at 40% on that person's death. Where an individual is neither resident nor domiciled in the UK, if those assets are held through some form of offshore structure (i.e. a Company or Trust), then it is possible to avoid Inheritance Tax charges being levied. This is a very complex subject on which specialist tax advice must be taken.

***Q: I am a Landlord with a small portfolio and I have a part-time job to supplement my income. Should I pay my property tax via self assessment and my employment tax through PAYE as I am currently doing at the moment, or should I ask my employers to pay me on a self employed basis and pay my own tax via self assessment?***

**A:** All Landlords must prepare an annual Tax Return and submit it to HM Revenue & Customs. The Tax Return will include full details of the Property income (less any expenses which are being claimed) and all other income of the individual concerned, including any PAYE income (and tax deducted), interest etc. The total income of the individual is then computed, and the tax liability is established. Any tax will normally be paid through self-assessment, though it may be coded into an individual's code number (paying tax in this way is like giving an interest free loan to the Government, but some individuals prefer to spread the tax over the year in this way).

On the question of self-employment, this is only possible when there is a proper self-employed

business being operated. An employee cannot merely re-categorise himself as self employed; this is a hot topic with HMRC and care and proper advice should be taken by an individual claiming to be self employed.

We welcome questions from our members, which should be submitted to [jessica.alomankeh@camden.gov.uk](mailto:jessica.alomankeh@camden.gov.uk).

Please note that readers must take their own professional advice on all matters raised, and no liability will be accepted by the London Landlord Accreditation Scheme, in connection with any advice given.



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## 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 failing the Decent Home Standard.



## Useful links and Contacts

Department for Communities & Local Government  
<http://www.communities.co.uk>

### Direct.gov.uk

Advice for tenants and landlords on various issues including tax and other general housing advice  
<http://www.direct.gov.uk/HomeAndCommunity/fs/en>

### Residential Landlord

<http://www.residentiallandlord.co.uk/>

### National Landlords Association

<http://www.landlords.org.uk/>

### Landlord Zone

<http://www.landlordzone.co.uk/>

### National Federation of Residential Landlords (NFRL)

<http://www.nfrl.org.uk/homepage.htm>

### Accreditation Network UK (ANUK)

<http://www.anuk.org.uk/>

### Landlords UK

Links, guides, forums and information  
<http://www.landlords-uk.net/>