



FEBRUARY 2010
ISSUE 1

CAMPAIGN NEWS

...monthly update from the NLA Campaign Team...



AT A GLANCE...

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Welcome to the first Campaign News, a monthly update on the latest campaigning and policy developments from your dedicated team of lobbyists, policy workers and communications staff. Please let us know what you think and how we can improve at policy@landlords.org.uk

Most landlords will have been glad to see the back of 2009, the year where the recession really took hold. However, with new diaries still looking fresh and unused, 2010 is already promising to be a challenge. What is becoming clear is that as we approach a General Election some of the same prejudices about the private-rented sector are alive and well in Central Government. It is now decision time for policy makers and the NLA is occupied in making sure that landlords' views are understood and recognised in all three manifestos.

The recent announcement from the Housing Minister which will require landlords to apply for planning permission for new shared housing where three or more people lived together has left a large number of landlords bewildered. Perhaps even more daunting is a further Government proposal to allow councils to introduce licensing schemes without seeking permission from the Secretary of State. The question must be asked: does the Government have any understanding of the probable impact these decisions will have on local housing markets and of supply? Given the short timescales – new HMO rules will apply from 6 April – we are doing everything we can to communicate our grave concerns to Ministers, MPs and other decision-makers.

The NLA was the only nationwide landlords association called to give evidence before the House of Commons Select Committee inquiry into Local Housing Allowance. Simon Gordon, Head of Communications, explained to MPs the damage which LHA was doing and the strong feeling among landlords that a tenants right to choose where their rent is paid should be reinstated. The NLA has already secured a victory from the Conservative Party who have agreed to this change if they are elected.

Brian Iddon MP is bringing forward a Bill which will provide two months' notice for tenants whose landlord is repossessed. It essentially delays the lender evicting within this time. The NLA, alongside most other groups, is supporting this move.

Close work with HM Treasury continues in order to ensure any regulation of buy-to-let mortgages does not stifle growth in the sector. What would be the impact on your business model if buy-to-let mortgages became regulated through the FSA? Let us know at policy@landlords.org.uk

The only nationwide landlords association called to give evidence

FOCUS: *HMOs, Planning, Licensing*

The Government has recently announced major reforms which will massively reduce the supply of shared housing. Let's go through what they intend to do.

1. **More powers to local councils to manage the 'unplanned spread of HMOs in towns and cities'.** A consultation on this issue closed last year. The NLA responded offering a different model where local councils could use existing powers, i.e. local management action models. This would avoid the need for further legislation restricting HMOs. Essentially, the Government has now pushed ahead with its vote winning plans developed to win the hearts of Middle England who are under siege from 'bad landlords'

Essentially, the Government will be amending the Use Classes Order. The implication? Landlords will need to apply for planning permission in order to establish a new HMO with a change of use, for example when a family home is changed to a shared home with three or more unrelated people. These rules are expected to come in on April 6 and no further Government consultation is required.

2. A consultation has been launched which proposes to give councils extra flexibility to license landlords. In fact, the Government proposes to give general consent for councils to introduce licensing schemes without seeking permission from central Government. The idea is to give the power to make decisions to 'those who know best on the ground'. Councils will, it is argued, be better placed to deal with the 'worst landlords'. It talks about large numbers of 'substandard properties' being a magnet for community problems. If they know where the sub-standard properties are, why aren't they dealing with it already?

3. Detailed work is underway on the National Register. The NLA is confused as to why you need a Register if you can license the whole country and new shared homes need planning permission. So, our guess is that the Register will die a death and any Tory government is unlikely to resurrect it.

Our guess is that the Register will die a death.

So, what can be done? What is the NLA doing?

1. We are in the process of gathering evidence from other stakeholders about the potential impact across the housing market. We are convinced the Government has not thought through the implications of these announcements.

2. The NLA Campaigns Team is already getting answers to some questions. But there are many: when will a landlord actually need to get planning permission? The Government talks (in last year's Consultation) about only needing permission when there is a 'material change.' We need clarity as what precisely this means. The Government has made a big show of this NOT being retrospective, but this ambiguity raises serious questions. For example, is a student property left empty over the summer months, which is then re-let in September classed as a 'material change' and therefore needing planning permission.

More questions:

- How will the classification of a large number of houses on one street as HMOs affect property prices? Not just for landlords, but for the family homes which the Government claims to be trying to protect.
- Current HMO landlords find it tough to get mortgage finance. Is this going to make it almost impossible to finance new shared housing? What does that do for supply?
- Are councils going to police this? Or is this another way of pushing the worst landlords further under the radar? How much would this cost to police properly? Are councils going to get the funding?

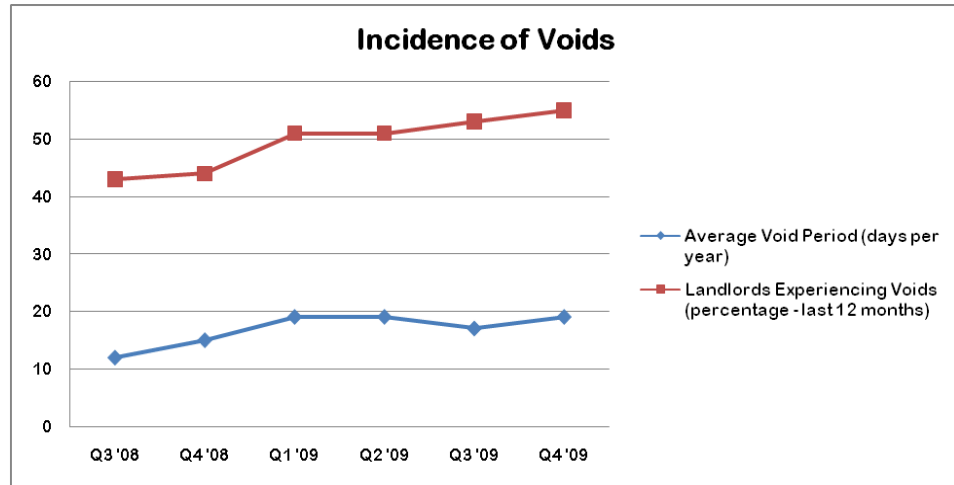
PRS RESEARCH: *Voids, voids and more voids...*

In order to ensure that the NLA is always on top of the issues facing landlords we undertake a ongoing programme of research concerning various aspects of the private-rented sector.

The information gathered from NLA members and the wider landlord community enables us to construct a comprehensive model of the sector and better identify the challenges, opportunities and issues facing the lettings industry.

This month we are highlighting the creeping rise in both the frequency and incidence of void periods.

55% of landlords have experienced a void in the last 12 months

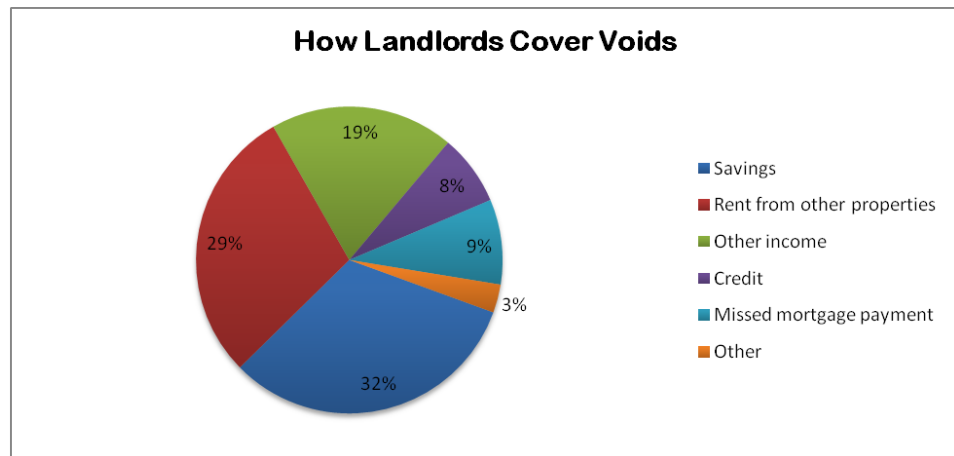


As the chart above illustrates, 55% of landlords have experienced a void in the last 12 months, compared with only 43% in autumn 2008.

Over the same period the average number of days void experienced by landlords surveyed increased from 12 to 19 per year – representing a further week of lost rent.

Methods for covering voids differ depending on a number of factors and is largely influenced by gearing and portfolio size. The most common are shown above.

A further week of lost rent



Media Round-UP: *Press Highlights*

Local Housing Allowance reforms, buy-to-let mortgage regulation and the latest NLA Recognised Suppliers (Sky, British Gas and E:ON) dominated the NLA's media hits until the Government announced changes to the HMO regime.

The Daily Telegraph and Evening Standard both covered the story using NLA material focusing on student homes (see below).

The Daily Telegraph

'A sledge-hammer to crack a nut'

Student ghettos facing legal curbs

By Robert Winnett
Deputy Political Editor

THE spread of so-called "student ghettos" in neighbourhoods close to universities is to be limited by the Government.

Landlords intending to let houses in three or more tenants, who are restricted, will in future have to apply for planning permission.

The changes, announced yesterday by John Healey, the Housing Minister, are designed to stop the growth of neighbourhoods dominated by students.

In many towns, these areas have been blamed for an increase in noise, litter and anti-social behaviour.

The neighbourhoods are also often empty during university holidays.

However, the changes may affect parents planning to buy houses for their children to live in at university - while renting spare rooms to fellow students.

Mr Healey said: "I am giving councils more local powers to crack down on the worst tenements and stop the spread of high concentrations of shared houses where it causes problems for other residents or changes the character of a neighbourhood."

Cities including Leeds, Nottingham and Manchester are considered to have the most examples of the "student ghettos".

Some streets in Huddersley Leeds, are more than 90 per cent occupied by students.

Councils and resident groups have lobbied for the changes, but the plans were attacked by landlords and students who described them as a "three-pink reaction".

David Salisbury, the chairman of the **National Landlords Association**, said: "What we have before us is draconian and is quite simply using a sledgehammer to crack a nut."

"The Government has bowed to a small minority who wanted the ban."

The National Union of Students said: "The lobby says that students are the cause of problems in the community, but actually what they are describing is a tension between young and old people's lifestyles."

The rules will only apply to newly built properties in multi-occupancy dwellings in the future and will not be retrospective.

90%
The proportion of houses in some streets in Huddersley, Leeds, occupied by students

London Evening Standard

New rules to hit student flat-shares

Mira Bar-Hillel
Property Correspondent

SHARED houses and flats in London could become a thing of the past if ministers changes the rules, it was claimed today.

Under the proposals by Housing Minister John Healey, planning permission would have to be obtained if an owner wanted to let a property to three or more unrelated people.

About 20 per cent of privately rented homes are shared. The figure is higher in London and rising as home ownership and private renting become dearer. Sharing is the only option for many students and the low-paid.

David Salisbury, chairman of the National Landlords' Association said: "London needs shared housing and what we have is a 'nimbys' charter' which will create no-go areas for landlords, students, young professionals and low-income families."

The National Union of Students said it would force students to live in large ghettos outside the community.

Mr Healey said: "I am giving councils powers to crack down on the worst landlords and stop the spread of high concentrations of shared homes where it causes other residents problems."

Inside Housing raised NLA concerns about whether councils would be equipped to use such powers.

INSIDE HOUSING IBP Website of the Year

News, views and jobs in social housing

Home News Analysis Need to know Community Announcements

Problem shared

Inside edge

Thu, 23 Jan 2010 | By Jules Birch

Print Email Save

Local authorities are about to get extensive new powers over the private rented sector but are they equipped to use them?

Housing minister **John Healey** confirmed yesterday that new houses in multiple occupation (HMO) will need planning permission and that councils will be able to introduce new selective licensing schemes in areas with substantial numbers of substandard properties without permission from central government. Meanwhile a new national register of landlords will be part of a package of new reforms due shortly in the government's response to the Rugg review.

The proposed new use class for HMOs - defined as properties shared by three or more people who are not part of the same household - has already drawn protests from landlords and cheers from local campaign groups.

The National Landlords Association (NLA) accused Healey of 'taking a sledgehammer to crack a nut' and warned that it would reduce the supply of shared homes (20% of the private rented sector and rising) and create no-go areas for students and migrant workers.

Industry News: *NLA ear to the ground...*

Reluctant renters:

- ARLA's survey reveals a reluctant renters, who are forced to rent. NLA disagrees, adding that renting is no longer the ugly sister of the housing market. With many choosing to rent for the flexibility.

Tenancy Deposit Protection:

- TDS, one of the three government authorised tenancy deposit protection providers, announced a 23% price increase. This followed last year's decision by TDS to accept only 'accredited agents'. Concerns are growing about the potential cost to both agents and landlords.

Finance becomes Frustrating:

- LSL Property Services Plc has published research suggesting that half of landlords who want to expand their portfolios are being frustrated by the lack of mortgage finance.

*Renting is no longer the
'ugly sister' of the
housing market*

Meet the NLA Campaign Team

As this is the first edition of Campaign News, please meet the NLA Campaign Team:



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Ellie Irwin
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For further information, please go to www.landlords.org.uk/campaigning or contact the NLA Campaigns Team at policy@landlords.org.uk

The National Landlords Association (NLA) exists to protect and promote the interests of private residential landlords. With over 20,000 individual landlords from around the United Kingdom and over 90 local authority associates, it provides a comprehensive range of benefits and services to its members and strives to raise standards in rented accommodation. The NLA seeks to safeguard landlords' legitimate interests by making their collective voice heard by local and central government and the media. The NLA seeks a fair legislative and regulatory environment for the private-rented sector while aiming to ensure that landlords are aware of their statutory rights and responsibilities towards their tenants.