



JUNE 2010  
ISSUE 6

# CAMPAIGN NEWS

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



## AT A GLANCE...

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**Welcome** to the latest NLA Campaign Update.

Following, what seemed like endless negotiation the Country has a new Government. As a result it is all change on the housing policy merry-go-round.

It is still early days for the new administration, but the Coalition has now announced their programme for the forthcoming Parliament in the form of the Queen's Speech. Although landlords will be relieved to hear that there is no 'Housing Bill' for 2010, there are a number of proposals which may impact on landlords in the coming months and years. *(Please note that details of the following legislation has not yet been published.)*

- **Decentralisation and Localism Bill.** This bill proposes to abolish regional spatial plans, return decision-making powers on housing and planning to local councils, devolving greater power to local residents via referenda, and to create trusts to enable communities to provide more homes for local people.
- **Welfare Reform Bill.** This is intended to reduce the scope for fraud and costly errors in the benefit system and to simplify the benefits system, removing barriers to returning to work.
- **Energy Bill.** This aims to implement the 'Green Deal' to incentivise energy efficiency at home, utilising a 'pay as you save' approach. It also proposes the creation of a Green Investment Bank to support and drive investment in low carbon projects.

Aside from the primary legislation the first housing measure implemented by the new housing ministers was to suspend Home Information Packs (HIPs) – *while retaining Energy Performance Certificates.*

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### No 'Housing Bill' for 2010

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Following on from the State Opening of Parliament the first Conservative Budget since 1996 is scheduled for 22 June. Treasury officials are, as always, sworn to secrecy about details of the Budget Statement but thanks to the Lib/Con coalition agreement changes are expected to the Capital Gains Tax system to bring rates into line with income tax bands.

Such changes could have an enormous impact on the housing market, and more than 2,600 landlords have already joined the NLA's CGT campaign:

[NLA CGT Campaign](#)

## ***FOCUS: On the Housing Minister.....***

After three years as shadow Housing Minister, Grant Shapps MP will now be in the novel position of having to take decisions about housing which can actually be implemented. Given how long he's had his housing brief, how knowledgeable he is about the sector and the issues he is likely to face over the next few years, it will be interesting to see what direction housing policy will take under his guidance. It will also make a refreshing change to work with a housing minister who is able to point to a degree of job stability, following constant change which has characterised the last few years.



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*Hopefully this time the Housing Minister will have enough time in the job*

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Just before the General Election Shapps published a collection of speeches on housing yet they singularly lacked any mention of the private-rented sector or landlords. Perhaps even more worrying is the fact that the Housing Minister will no-longer be invited to attend Cabinet as his predecessors were. Hopefully this change is not representative of a downgrading of housing issues.

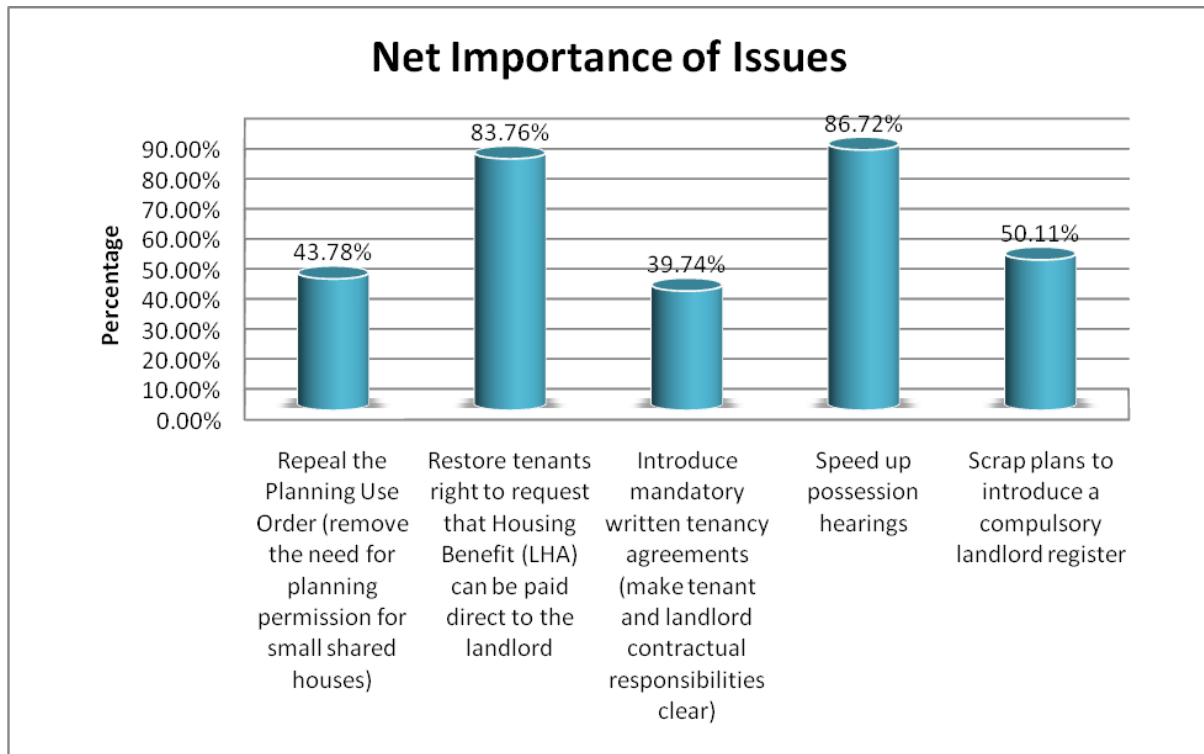
Despite this he has been supportive of the NLA over the last couple years. He attended our joint reception at Conservative Party conference (pictured) with the housing charity Crisis last year. He's also expressed this support recently by signing a parliamentary motion just before the last election calling on the last Government to revoke legislation which requires landlords of shared housing to obtain planning permission for new houses in multiple occupation.

Governing is always more difficult than Opposition and only time will tell how Grant will deal with the many competing housing issues that will come across his desk.

Hopefully this time the Housing Minister will have enough time in the job to tackle them.

# PRS RESEARCH:

A recent **NLA Focus** email asked landlords to rate, in their opinion, the importance of a selection of policy issues.



In reply to this straw poll, landlords indicated that direct payment of LHA and the efficiency of the possession process are key issues affecting their businesses. Although, as the breakdown below illustrates, all of the listed issues were ranked highly by those polled.

Issue	Not Important	Neutral	Important	Net Importance
Repeal the Planning Use Order (remove the need for planning permission for small shared houses)	9.23%	18.88%	71.89%	43.78%
Restore tenants right to request that Housing Benefit (LHA) can be paid direct to the landlord	1.71%	6.41%	91.88%	83.76%
Introduce mandatory written tenancy agreements (make tenant and landlord contractual responsibilities clear)	11.11%	19.02%	69.87%	39.74%
Speed up possession hearings	0.64%	6.00%	93.36%	86.72%
Scrap plans to introduce a compulsory landlord register	8.74%	16.20%	75.05%	50.11%

# Media Round-UP: *Press Highlights*

This month the Coalition Government's plans to increase Capital Gains Tax to 40 per cent caused a media frenzy.



**THE SUNDAY TIMES**

## How to fight a tax grab on your gains

The government has confirmed plans to raise capital gains tax, but investors are furious, write Alexandra Goss and Ali Hussain

MPs, landlords and investors are protesting against plans to raise capital gains tax on buy-to-let investments and shares. In the coalition agreement published last week, the new government confirmed it would seek to raise CGT from 18% to rates "similar or close to those applied to income" on non-business assets, that would mean a top rate of, probably, 40% when taxpayers come to sell. Further details will be confirmed in the emergency budget on June 18.

John Redwood is one of a group of 15 Tory MPs who has produced alternative proposals on CGT, including exempting all gains of more than five years. They are also pushing for a novel one dependent on how long an asset has been held. Redwood has been inundated with letters and emails from taxpayers who would be hit.

The National Landlords Association (NLA), the trade body for private landlords, is urging members to write to their MPs lobbying for buy-to-lets to benefit from the lower rate of CGT reserved for business assets.

Other groups, such as the Taxpayers' Alliance and the UK Shareholders' Association, have also voiced opposition.

Mark Fildes, 56, of Bournemouth, says he bought a half-time land-let after retiring three years ago from Glaxo, the defence firm. The NLA member has six buy-to-lets that are his sole source of income.

"I want to grow my business and may wish to sell some properties to finance it," said Fildes. "It is terrible what I could end up paying 40% tax on my gains."

The Tories and the Liberal Democrats are still wangling over whether the CGT personal allowance should come down from £12,500 to about £2,500.

Chris Hargrave, head of tax policy at Ernst & Young, the accountant, said: "It is likely we will see compromise the issue of the annual CGT allowance that a vast swathe of people would not need and so the tax returns to declare gains would have to be filed.

"The annual exemption limit was designed to make an administrative saving – lowering it would negate that benefit. The Treasury would have to employ more staff to deal with the range of additional paperwork."

Critics are angry that there has been no mention of a new, non-business-related, which reduces CGT the longer an asset is held, or an inflation relief, which accounts for inflation.

But has there been any indication of when the CGT rate will take effect, though it is anticipated before April. Accountants think it unlikely that any changes will be retrospective.

We answer your questions:

**What can I do with my buy-to-let property?**  
Experts are cautions against a sale of property in order to benefit from the lower rate of CGT while it lasts. Tim Cooper of Salford, Cheshire, says: "You would be likely to have to sell at a much reduced price and so any benefits could be more than outweighed. In other words, you shouldn't get the tax bill."

ing the more business-like".

As an alternative, you could give the property to a family member, paying 18% on the gains you are made in. Catherine Stewart of First Waterhouse Capital, the accountant, said: "The recipient of the gift will have to pay tax when they sell, but the capital gain is based on the increase in value since they took possession, rather than when you bought."

For example, if you bought a property for £100,000 and it is now worth £120,000, you would pay £20,000 in CGT when you gifted it. When the recipient sells, they will pay the same, higher rate of CGT on any gains made over £100,000, rather than over £100,000. Provided you live for seven more years, the recipient will not have to pay inheritance tax on the gift.

If you have made a loss on your buy-to-let, it may be best to delay selling until after the budget, until the announcement of the new CGT rates, which are likely to allow you to offset the lower, business-related capital gains taxable at the new, higher rates, even if

Plans to increase CGT to 40 per cent caused a media frenzy

The NLA led calls for lettings to be recognised as a legitimate business, and the NLA's comment and CGT campaign featured across the national papers, including The Daily Telegraph, The Daily Mail, The Times and The Sunday Times, to name but a few.



**The Daily Telegraph**

## Osborne offers rebels concession on tax

Jonathan Oliver and Mark Wood

OSBORNE'S CHOICE, the chancellor, last night offered back concessions to the critics of his proposed rise in capital gains tax (CGT) as a senior Liberal Democrat warned that the coalition agreement could "sunder" over the issue.

It is understood that Osborne has ruled out a reduction in the threshold for the tax on savings and investments, currently £10,000. He had been expected to use next month's budget to slash it to £5,000, a level that would hit small investors selling modest amounts of shares.

Osborne has also previously ruled out creating a 50% top rate of CGT.

However, Chris Huhns, the Lib Dem energy and climate change secretary, issued a warning against any further dilution of the coalition agreement on tax.

In an interview with The Sunday Times, Huhns claimed that the rebel Conservatives trying to block the planned rise

failed to understand "the world of government".

CGT is now 18% but the coalition agreement promised to increase the level of non-business capital gains to "similar or close" to the 40% rate applied to income.

The increase would be used to fund the Lib Dem goal of halving the top paid by coming the threshold of income tax, currently at £42,475. The party wants to use the threshold rise to cut down the cost of the five-year parliament.

Many Tories fear that any increase in CGT would penalise those who have bought shares or a second home to fund their retirement plans.

Last night Lord Lawson, the former Tory chancellor, became the latest to argue that long-term investors should be compensated.

Lawson, who is the interim equipped David Cameron's special adviser, said: "I hope they may come up with better ideas of tapering relief. That would be the more sensible option."

Under such a scheme, investors who sell assets that they have held for a long period would pay less tax than short-term investors.

Osborne has commissioned Treasury officials to draw up a range of plans but no final decision has been taken on that issue, which can benefit from the lower CGT rate.

Huhns, who worked in the City before entering politics, warned that any dilution of the Lib Dem deal on CGT would undermine the entire coalition agreement on tax.

"One of the things people might say is 'I don't like that, but they put it at that price of string and you find that all the rest of the really important stuff is sacrificed', he said. "You have to be very, very careful, if you agree something, everything else changes."

Identifying the leading Tory rebels by name, he added: "What I don't see in the debate from David Davis and John Redwood is an awareness of

the constraints that we're facing and the extent of competing priorities.

"It is incredibly easy to run a single-issue campaign saying we don't like this, but that doesn't take account of all the needs of government."

In the financial and business communities, concern is rising over the CGT rises that are likely to be announced in the June budget.

Mark Fildes, Tory MP for the City, last week convened a meeting of business organisations including the Institute of Directors, the UK Shareholders' Association and the National Landlords Association. They all fear that dipping capital gains tax with income tax levels will damage the economy.

Fildes said: "Everyone is realistic – there must be a change to capital gains tax. But these are sound reasons why capital and income are taxed differently. It is a question of finding the right balance."

George Osborne has his own duties, says a senior adviser, says a senior adviser, says a senior adviser.

Osborne's Message Board

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National broadcast was keen to get in the act too, and the NLA discussed CGT on BBC Radio 4's 'MoneyBox' and BBC Radio Five Live's 'Wake up To Money'.

In other news, NLA research into void periods found they remained high, at 52 per cent, but had stabilised. Better news came from the Landlord Optimism Index, which revealed landlords are at their most optimistic since 2007.

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

- The Property Ombudsman, Christopher Hamer reported complaints against letting agents had risen by 14.7 per cent in the first three months of 2010.
- Hamer also warned in his first interim report for 2010, that letting agents who include renewals commissions in their contracts must ensure they are clearly flagged up to landlords.
- The new Property Alliance, which includes the RICS, CML, British Property Federation, British Council of Shopping Centres and British Council of Offices, is campaigning for more house building, with construction aimed at expanding the private-rented sector through institutional investment.
- Diane Hayter, Chair of the Property Standards Board, has been made a life peer. Baroness Hayter of Kentish Town will take up her seat in the House of Lords shortly.

### Meet the NLA Campaign Team

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



**Simon Gordon**  
Head of  
Communications



**Steven Hilton**  
Media Relations  
Manager



**Chris Norris**  
Policy Manager



**Vincenzo Rampulla**  
Public Affairs Officer



**Ellie Irwin**  
Press Officer



**David Cox**  
Policy Officer

For further information, please go to [www.landlords.org.uk/campaigning](http://www.landlords.org.uk/campaigning) or contact the NLA Campaigns Team at [policy@landlords.org.uk](mailto: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.