



MAY 2010  
ISSUE 4

# CAMPAIGN NEWS

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



## AT A GLANCE...

### Inside this issue

- 1 At a glance
- 2 Focus
- 3 PRS Research
- 4 Media Round-Up
- 5 Industry News

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

During General Election campaigns Government departments are limited in what activities they may engage. However, that did not stop a flurry of activity leading up to the dissolution of parliament on 12 April, some of which could have a major impact on the PRS.

- The Secretary of State for Communities and Local Government (CLG) granted general consent for local authorities to establish discretionary licensing schemes without gaining individual approval from central government. Previously, in order to impose a selective or additional licensing scheme in a particular area local authorities required the permission of the Secretary of State on a case-by-case basis.
- As forewarned by the April Campaign Update, CLG has introduced legislation requiring landlords to apply for planning permission before they can establish new shared accommodation consisting of more than two unrelated-sharers (This does not apply to existing shared homes).

The NLA continue to campaign for this unnecessary measure to be rescinded, and has even become embroiled in the election campaign as a result. [Denham accuses Cameron of doing favours for NLA](#)

***An election special Campaign Update will follow as soon as the full results are known.***

---

***CLG has introduced legislation requiring landlords to apply for planning permission***

---

## **FOCUS: *Landlord registration by the back door?***

While the last Government's proposals for a new 'National Landlord Register' may have grabbed the headlines, a far more subtle policy has been implemented, enabling local authorities to introduce their own licensing schemes without specific government approval.

Following the Housing Act 2004, local authorities have been able to establish their own selective and additional licensing schemes. However, prior to April 2010, no scheme could be established without direct consent of the Secretary of State. This requirement has now been removed meaning that provided that a local authority can demonstrate that they have consulted local landlords and other stakeholders consent is deemed to already exist.

The NLA strongly opposed the removal of this requirement as it eliminates the check and balance provided by central government and undermines the necessary system of quality control in regard to landlord consultation.

NLA members also received special mention by the Government in their summary of consultation responses. Although more than 260 NLA members wrote to their member of parliament via our website, CLG chose to disregard their concerns and grant general consent for new schemes.

If your local authority proposes a new selective or additional licensing scheme in your area please let the NLA know by emailing: [hmo@landlords.org.uk](mailto:hmo@landlords.org.uk)

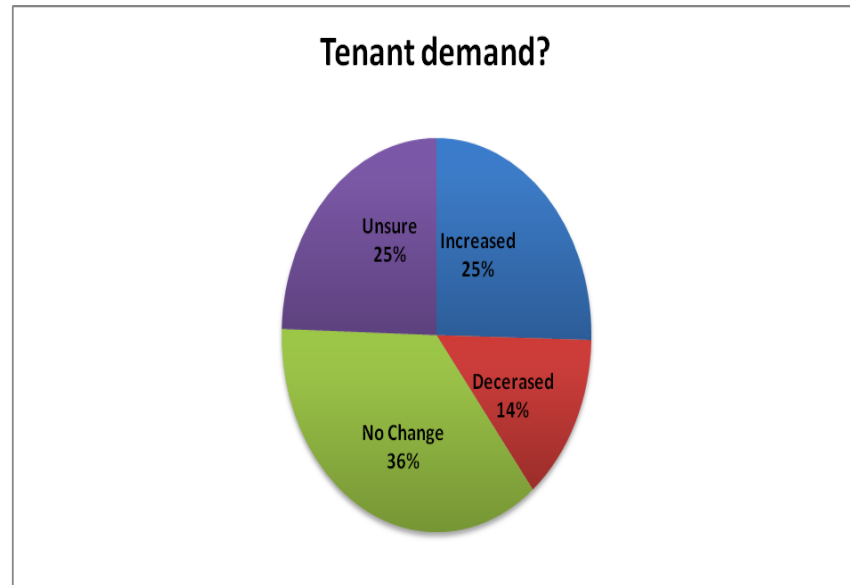
---

*260 NLA members  
wrote to their member  
of parliament*

---

# PRS RESEARCH: *Tenant demand*

The all-important issue of tenant demand is focus of this month's research snapshot. All data is taken from the NLA's latest quarterly landlord survey.



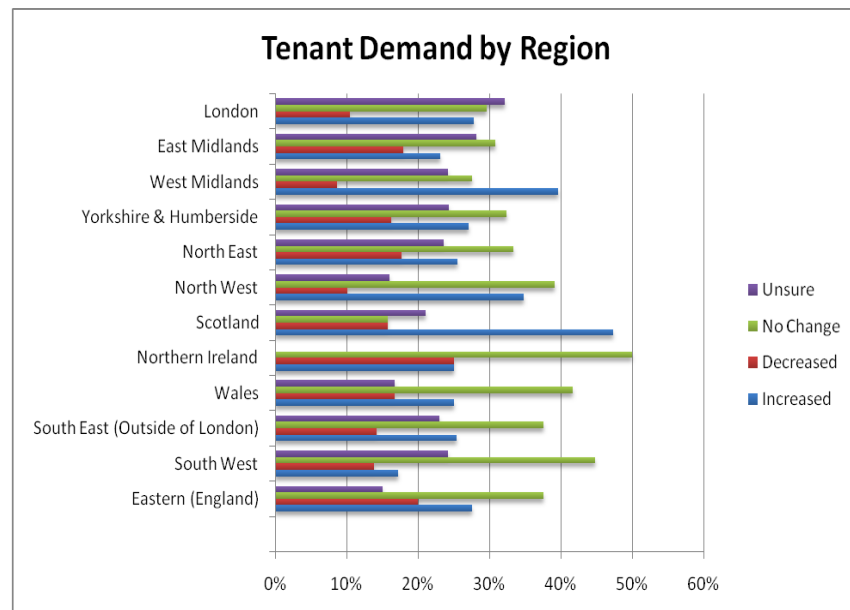
---

*36% of landlords have experienced no change in rental demand*

---

As the above chart illustrates one quarter of all landlords surveyed believe that tenant demand is increasing, although an equal measure remain uncertain. Only 14 percent feel that tenant interest is decreasing.

Proportionally landlords with property in the West Midlands and Scotland reported the strongest tenant demand.



## Media Round-UP: *Press Highlights*

The AST threshold increase, news that void periods remain high but stable, and the NLA Property Women Awards 2010 dominated NLA media coverage, until Denham's extraordinary outburst on shared housing.

His comments that David Cameron was acting at the 'behest of the NLA' were picked up across the trade press, including Inside Housing.

---

*David Cameron was acting at the behest of the NLA*

---



Property Investor News include an interview with NLA about the upcoming AST threshold increase, covered in previous Campaign Updates:

## Further Legislation on AST's is Implemented

Donia O'Loughlin reports

Further changes in legislation in the private rented sector (PRS) have recently been announced by the Department of Communities and Local Government (CLG), this time regarding Assured Shorthold Tenancy (AST) agreements. The rent threshold is to be increased to £100,000 from 1st October. It is currently set at £25,000.

The threshold is 'retrospective', meaning that it will apply for all tenancies currently in place and is not transitional. Now all tenancies that are already in place which receive an annual rent of £25,000-100,000 will automatically become ASTs in October. Tenancies that fall outside the Housing Act 1988, such as lettings to companies, will be unaffected by this.

Below is an extract from the CLG's consultation entitled *The Private Rented Sector: Professionalism and Quality - Summary of responses and next steps*. 'There was overwhelming support from respondents for an increase of the threshold for ASTs from £25,000 to £100,000 in annual aggregate rent. Changes to the threshold can be implemented through secondary legislation. Given the strong support for this proposal, and subject to the availability of Parliamentary time, we plan to lay a Statutory Instrument changing the threshold to £100,000.'

According to Ian Potter of the Association of Residential Lettings Agents (ARLA), this

has been in the pipeline for some time. He said: "The pressure for the Government to do this came from the National Union of Students (NUS) and they've been lobbying for this for some time now."

The proposal to increase the threshold has been broadly welcomed as an attempt to offer greater clarity and transparency for landlords and tenants.

Chris Norris of the National Landlords Association (NLA) said: "This has been a long time coming as the £25,000 threshold does not reflect market changes or inflation. Some tenancies that should have been in this threshold fell outside of it due to rental increases. Luxury accommodation was not supposed to come under the AST bracket but in today's market properties that receive £30,000 annual rent are often not luxury properties."

Potter added: "The threshold has not been increased since the Housing Act 1988 so it needed to be brought into line to reflect current rents, therefore it's a good thing and it gives more protection to more vulnerable tenants such as those in the student market."

Alan Ward of the Residential Landlords Association (RLA), said: "It's time it was updated as property values have changed hugely since then and so rents need to change along with this to match them proportionately."

The threshold will affect properties in London, the South East as well as student

properties in large university cities, according to Potter.

The main implication for landlords is that, by the changeover date, deposits will need to be put into protection with a Government-approved scheme or they will be in default.

Ward said: "The implementation date was originally in April and this has been moved to October. Those tenants that have been on long-term tenancies will need to get a deposit together and landlords need time to get their deposits registered as it's retrospective."

A positive aspect from a landlord's perspective is that higher-rent landlords will receive the benefits of ASTs from October.

Ward said: "The procedure for evicting tenants will then be the procedure laid out in the Housing Act 1988, so landlords will need to serve a Section 21 or a Section 8 notice first - no longer a 'Notice to Quit' as currently set out."

Norris added: "Regaining property possession with an AST could be less costly for the landlord as the process will be simpler for them and Section 21 is a relatively straightforward process."

However, the NLA believes the proposals have the potential to be damaging to a significant number of landlords who entered into contractual tenancy agreements in good faith.

David Salisbury, chairman of the NLA, said: "Although we are still piecing together

Meanwhile, the NLA appeared on the renting and letting panel on BBC Radio 4's MoneyBox Live, and NLA advice to make checks on prospective tenants featured in The Times.

## Industry News: *Ear to the Ground*

The General Election has dominated industry chatter this month. For information on the political parties' pledges prior to polling please see the NLA website: [Manifestos](#)

**BPF Chief Executive, Liz Peace**, welcomed the Labour Party Manifesto saying that it: *“presents an informed and realistic overview of the market that takes into account the fact that there are a million more renters than a decade ago.”*

**‘Money Marketing’** reports that, landlord favourite, Paragon Mortgages may be about to re-enter the buy-to-let market.

**Countrywide**, the biggest chain of estate and letting agents move all of their deposit protection from TDS to mydeposits.

---

*Paragon Mortgages  
may be about to re-  
enter the market*

---

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.

Copyright NLA 2010