

Landlord News

Incorporating Landlords Link

For Landlords and Letting Agents in Carmarthenshire

Issue 6 Dec 07



Welcome to the latest edition of landlords news.

It is with sadness I have to report the sudden passing away of Byron Jones from the Rent Office.

A colleague, friend and a great character, I would like to express our condolences to his family.

Byron was always ready to help landlords and had a great depth of knowledge in his field.

I hope you enjoyed the conference which was held in the Ivy Bush earlier this year. It was pleasing to see another good turnout from landlords. As well as informative presentations, there was a good mix of trade stands and it gave an opportunity to meet County Council representatives and other landlords.

Attending the conference and forum meetings are the best way to keep in touch with all the changes that are

affecting the rental market. These changes include the holding of bonds/deposits, the law for houses in multiple occupancy, accreditation schemes, housing benefit and energy performance certificates, to name but a few. Carmarthenshire County Council also benefit from feed back from landlords and it is important your views are known.

Future landlord forum meetings will be held during the evenings to make it more convenient for landlords to attend. The next meeting will take place at 6pm on Monday 10th December 2008 at Carmarthen Business Mens Dining Club, Lammas Street, Carmarthen (opposite Boars Head Hotel). New landlords are welcome and I look forward to seeing you then.

In the meantime I would like to wish you a Merry Christmas and a prosperous new year.

David Crane

Chairman of Carmarthenshire's Landlords Forum

Trade Discounts for Landlords at Travis Perkins



Whether you are a landlord with one or two properties or a property investor with a large portfolio, a new scheme which has been introduced between the Council and Travis Perkins could help save you money.

Travis Perkins is one of the largest suppliers of timber, building and DIY materials in the UK with more than 740 branches nationwide and local branches in Carmarthen, Llanelli, St.Clears, and Kidwelly. As a personal trade cash card holder you can have access to substantial discounts on over 120,000 product lines including general building materials, timber,

plumbing and heating, bathrooms, landscaping materials and tool hire.

To receive your card you must be interested in becoming an accredited landlord with the Council or have already received the accreditation mark. The voluntary accreditation scheme, which is free to join, promotes good quality, well-managed rented properties.

If you would like to apply or receive further information then please complete contact **Laura Moore, Home Improvement Team, 3rd Floor, Ty Elwyn, Llanelli, SA15 3PP.**

Tel 01554 742375 or E-mail LAMoore@carmarthenshire.gov.uk



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Warm homes – happy tenants!

Improving the energy efficiency of your properties will benefit landlords in many ways:

- The value of your property will be increased
- There will be less chance of problems with damp, condensation and mould growth
- You can get a tax rebate on energy efficiency spending
- Your tenants will enjoy warmer, more comfortable lives, as well as spending less money on fuel bills
- Your tenants may be able to get a grant to pay for energy efficiency work
- You will improve your Energy Performance Certificate rating
- You will be helping to reduce carbon dioxide emissions, which has been linked with climate change

Making homes more energy efficient

In properties which do not have insulation, around 35% of energy is lost through the walls, and 25% through the roof. A further 15% is lost through draughts, 10% through single glazed windows, and 15% through the floor.



Insulation significantly reduces this, saving money on fuel bills.

Grants for tenants

Tenants on many state benefits may be able to get grants to pay for free insulation.

These include:

- British Gas scheme – to find out about this tenants should telephone the helpline on 0845 9717731 quoting their postcode and the reference CSC.
- Home Energy Efficiency Scheme (HEES) – this is a Welsh Assembly Government Scheme for loft and cavity insulation, as well as replacing boilers. Tenants on many state benefits can apply for funding through the scheme, and can get a grant of up to £3600 for a gas boiler (or £5000 if they are having oil fitted). Applicants over the age of 60 will automatically get a grant for up to £500, and those over 80 will get the full grant irrespective of income.

To get more information, tenants should contact HEES on 0800 316 2815

Landlords' Energy Saving Allowance (LESA)

The Landlords Energy Savings Allowance (LESA) gives landlords a tax break to help with the cost of energy efficiency improvements. Under the scheme landlords can claim £1500 tax relief for expenditure on the following energy efficiency measures for each building they own:

- Cavity wall and solid wall insulation
- Draughtproofing
- Hot water tank and pipe insulation
- Loft insulation

For further information on LESA please visit www.hmrc.gov.uk

Landlord Conference 2007

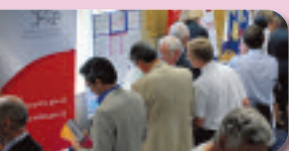
Carmarthenshire's third annual landlord conference proved as popular as ever when it was held in June this year. Staged at the Ivy Bush Hotel in Carmarthen the event was run in conjunction with the Welsh Assembly Government and their senior officials gave landlords useful presentations regarding the importance of the role of private rented sector in Wales, The Tenancy Deposit Scheme and Important changes to Housing Benefit.

In addition to the Council and other statutory bodies, there were a wide variety of private sector organisations providing trade stands. These stands provided

information on different aspects of the rental business, including, mortgages, insurance, leasing, furnishings, lettings and so on.

The landlord forum always strives as a group to increase awareness of issues affecting landlords and agents, and provide support to help landlords meet the changes they face.

For further information about the Landlord Forum, or for anyone wanting to get involved please contact Richard Brice, Private Sector Development Officer on 01554 742398, E-mail RBrice@sirgar.gov.uk



Commercial Property: The next step for Buy to Let?

Advertising feature by Kingswood Associates, Property Finance Consultants

Many buy-to-let investors are now favouring offices, shops and factories to the houses and flats they originally made their fortunes in. Residential Landlords are finding that whilst the giant rises in house prices have meant tremendous capital growth they are finding it increasingly difficult to acquire new properties for their portfolios. With rental yields barely covering mortgage payments for most properties investing in residential has become a long-term strategy to accumulate wealth, rather than generate an income in the short term. As a result attention is being turned to the commercial property market.

There are a number of reasons why investors are turning to this type of property:

Increasing value – Total returns for commercial property last year averaged at just over 18%, mainly due to healthy capital growth. When gearing is factored in the return on investment can be in excess of 50% per annum.

Growing rental yields – Rent reviews are often built into a lease and happen at pre-defined stages. When a new rent is agreed upon it is always higher than or equal to the existing rent, meaning rental income can never go down.

Long-term, reliable tenants – Tenants often sign leases lasting up to twenty-five years, saving the landlord tenant-find fees charged by letting agents every six to twelve months. An added bonus for the landlord is that businesses are known for their location, so are less likely to move due to rent increases.

Lower ongoing costs – If a Fully Repairing and Insuring contract is signed then maintaining and insuring the building become the tenants' responsibility. Once a property is up and running there is little a landlord has to do, meaning minimal time commitment and expense.

Less overall risk – An increasing number of investors are hedging their bets with a mixed portfolio of residential and commercial properties.

No qualifying for loans – The income produced by a commercial property is the primary concern of commercial lenders when determining financial risks, therefore it is the property that qualifies for the loan instead of the borrower.

Reduced Personal Risk – If appropriate the loan can be made to a Ltd company which in many cases means that the personal liabilities of the directors can be reduced significantly and the borrowings secured purely on the assets within the company itself.

Even owner-occupiers can be a lot better off by investing in their own property. We have arranged finance for many clients where monthly repayments on their premises have been less than the rent they were paying before taking the plunge.

With so many reasons to enter the commercial market why are many investors still holding back? Research shows that the major hurdle seems to be knowledge. Most residential investors lack an understanding of the commercial market and do not have the confidence to buy properties as readily as they have been. Other issues are lower Loan to Value ratios, meaning large deposits are needed, and higher interest rates on mortgages.

While there is still money to be made in residential buy to let, investors should at least consider entering the commercial property market. Kingswood regularly assists investors of all types, from those making their first commercial purchase to experienced commercial landlords looking to continue growing their mixed portfolios.

If you would like advice on how to finance a commercial property, either as an investment or for your own business, then call the Kingswood commercial mortgage team on 029 2035 3080.

Just a few of the commercial mortgages that Kingswood is securing for clients right now:

0.8% tracker at **85%** Loan to Value on a commercial investment property

0.99% tracker over 3 years on an owner-occupier guest house

5.99% fixed for 5 years on a semi-commercial investment property

1.25% tracker at **80%** loan to value on a semi-commercial, 15 bedroom HMO.



4 MUSEUM PLACE, CARDIFF, CF10 3BG

Tel: 029 2035 3080

Email: enquiries@kingswoodassociates.co.uk

www.kingswoodassociates.co.uk

Disclaimer : This is an advertorial and Carmarthenshire County Council will not be held responsible for the accuracy and content of this feature.



Biggest Change to Hou

Local Housing Allowance to be introduced in April 2008



The introduction of the Local Housing Allowance in April 2008 will represent the biggest change to the Housing Benefits scheme for over 20 years. Julian Gwizdak, LHA Implementation Officer with Carmarthenshire County Council addresses the main questions around the new initiative.

What is Local Housing Allowance (LHA)?

Local Housing Allowance (LHA) is a new type of Housing Benefit (HB) for tenants on low incomes who live in privately rented accommodation. It does not replace HB. It uses a flat rate allowance based on the size of the tenant's household and the area in which they rent property to decide the amount of benefit they will receive. **For landlords, the biggest change is that in most cases, payments will be made direct to the tenant, and not to them.** The amount paid is not directly related to the rent that is charged so the benefit that the tenants receive may be higher or lower than the contractual rent. The rate of LHA that customers receive will be reviewed on an annual basis. Other circumstances, such as the money that the tenant has coming in or other people living in the household, will still affect the amount of benefit paid so the tenant may not always receive the full rate of LHA.

Why are the changes being made?

LHA is part of the Government's agenda to modernise public services and help to give everyone access to decent housing. The fundamental objectives of LHA are to promote:

- **Fairness:** The new scheme will generally pay the same amount to tenants with similar circumstances living in the same area
- **Choice:** Tenants will be able to choose between paying more to stay in a property that is larger or keeping the difference if they move to a cheaper property (up to a maximum of £15 per week)
- **Transparency:** It will be easier for tenants and landlords to know in advance how much rent could be covered by HB
- **Personal responsibility:** Paying LHA to customers hands back responsibility to them for budgeting and paying their rent themselves. Accepting this responsibility while on benefit will make it easier to manage the move into work.
- **Financial inclusion:** Most people will have their LHA paid into a bank account and set up a standing order to pay the rent to their landlord.
- **Increased work incentives:** Greater certainty about what in-work benefit tenants could receive will remove barriers to take the step from welfare into work.
- **Simplicity:** There will no longer be a need for complex rent determinations and restrictions that contribute to the delay in processing claims.

Will all landlords be affected by LHA?

LHA will affect any landlord who enters into a private tenancy agreement with a person who is awarded Housing Benefit.

Will LHA affect current tenants?

The LHA will not affect tenants already claiming housing benefit until they make a new claim or there is a change in their circumstances. A change of circumstances occurs if they move to a different address or there is a break in their claim of one or more weeks.

Housing Benefit in 20 Years

How is LHA calculated?

The LHA is calculated by the Welsh Assembly Government's Rent Officer Service for individual areas, known as Broad Rental Market Areas (BRMAs), each month. It is based on the median rental figure for that particular area depending on the size of the property. There will be 2 BRMA's within Carmarthenshire, the one which will cover Carmarthen includes Llandeilo, Llandovery and the Teifi Valley. The other which is part of Swansea's BRMA will include Llanelli, Ammanford, Burry Port and Kidwelly.

Who decides LHA rates?

The Rent Officers are responsible for calculating the LHA for different sizes of property for each BRMA. Once the Rent Service has determined the LHA rates for an area, an individual customer's benefit will depend on their age and the size of their household. For example a person aged under 25 will receive the shared room rate whilst a couple with one child will receive the two-room rate.

When will LHA rates be published?

They will be published at the end of the month before they come into force. For example, the April rates will be available at the end of March to allow customers looking for accommodation in April to know how much benefit they can expect. LHA rates are reviewed monthly by the Rent Service and will be made available to local authorities.

Who will LHA be paid to?

In the majority of cases, LHA will be paid directly to the customer and they will be responsible for making their own payments of rent to their landlord. Only in certain circumstances can LHA be paid directly to the landlord. Personal responsibility and financial inclusion are two key aims of the LHA

What circumstances would allow LHA be paid direct to the landlord?

Local authorities will have discretion to pay LHA direct to the landlord where there is evidence that the customer would be unlikely to pay their rent and making direct payments would be in the interests of the customer. An application for this will need to be made and the following factors, which are not exhaustive, may be

considered when deciding on whether direct payments should be made :

- The tenant may have learning difficulties, a medical condition or educational needs that suggest that they may have difficulty in handling their own financial affairs;
- The tenant may not be able to read or have language difficulties;
- The tenant may suffer from drug or alcohol addiction; or have debt problems;
- The tenant may have demonstrated, through their past behaviour, that it is improbable that they will pay their rent;
- If eight weeks arrears have built up.

If you require further information regarding Local Housing Allowance please phone our LHA Landlord Liaison Officer on 0800 2889002.

Alternatively you can email us at housing.benefits@carmarthenshire.gov.uk We are planning to hold informal discussions with landlords in the New Year, details of this event will be sent to you nearer the time. We will also be available to talk to you in the next Landlords Forum meeting on Monday 10th March 2008.

LHA rates for both BRMA's will be published in the next newsletter, in the three Customer Service Centres and on our website from March 2008. Visit www.carmarthenshire.gov.uk

If you would like your tenants to seek guidance on money advice then you can direct them to the following useful website www.nowletstalkmoney.com/



Loans available for Landlords!



Carmarthenshire County Council has introduced equity based loans for landlords interested in improving the quality of the homes they let.

There are two types of loans available, one is called "Rented Property Assistance"

– This involves the provision of an equity-based loan up to a maximum of £5000 to deal with critical safety matters, such as fire detection and electrics. The aim is to ensure private sector tenants are properly protected. This form of assistance is available to landlords who seek to improve their properties to an appropriate standard in line with the Council's accreditation scheme.

The other type of loan is called "Enhanced Rented Property Assistance" – This will involve the provision of repairs, improvements and any required safety measures. It will involve an equity-based loan up to a maximum of £10,000. This form of assistance will be available to landlords who seek to improve their properties to an appropriate standard in line with the Council's proposed accreditation scheme. A criteria of this loan would involve the Council gaining nomination rights to re-house people.

These loans are available on a limited basis for properties which are either currently occupied or have been empty for any length of time.

For further information please contact Gareth Williams, 01554 742109 or E-mail GaJWilliams@carmarthenshire.gov.uk

Date for your diary

Monday 10th March 2008

Landlords Forum Meeting @ 6pm

Carmarthen Business Mens Dining Club,
9 Lammas Street, Carmarthen, SA31 3AD
(opposite Boars Head Hotel)

Free Admission and Refreshments
New members welcome

To register your attendance or receive
further information please contact
Laura Moore,

Tel 01554 742375 or

E-mail LAMoore@carmarthenshire.gov.uk

Advertising Opportunities

Does your organisation provide services to the private rented sector?

Would you like the opportunity to reach out to over a thousand landlords in and outside of Carmarthenshire?

If so we would like to hear from you.

Opportunities exist for organisations to have a presence at the annual landlords conference. There are also advertising opportunities available within this newsletter.

If you would like to find out more information then please contact Laura Moore,

Tel 01554 742375 or

E-mail LAMoore@carmarthenshire.gov.uk

Contact us



Home Improvement Team

Tel: 01554 742375

Email: hit@carmarthenshire.gov.uk

Housing Benefits

Tel: 01554 742100

Email:

Housing.Benefits@carmarthenshire.gov.uk

Or Alternatively call into your nearest Customer Service Centre at:

3 Spilman Street, Carmarthen

Ty Elwyn, Llanelli

Town Hall, Iscennen Road, Ammanford

If you require this information in large print, Braille or audio tape please call 0845 6580445