

Welcome to the National HMO Network Conference and AGM
We will be commencing at 12:30
You should be able to hear classical piano music playing in the background.
If not, please check your audio settings or rejoin as necessary
Music: Reverie - Debussy



The National HMO Network

AGM & CONFERENCE

May 2024



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AGM & CONFERENCE
May 2024

Introduction

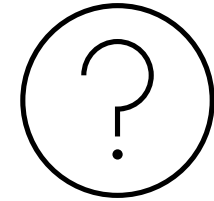
35th Year of the National HMO Network



What is the National HMO
Network?



Mo Talukder
Chair



Why do we do
conferences?



Agenda

- TREASURER'S UPDATE
- AGM & VOTING ON ACCOUNTS
- ROBIN STEWART - LEGAL ROUND UP
- QUESTIONS

For your information



CPD Certificates

Please remain logged in and attentive during the session

Emailed to you within 24-48 hours.



Steering Group

Want to become part of the National HMO Network steering group?

Particular interest in anyone from local authorities.

Details on our website.

Professional development including CPD



Autumn Conference

35th Anniversary
In person conference

Drinks reception evening before

Networking Coffee and Lunch breaks included

Range of HMO topics covered

Treasurer's Update

- The accounts still show a small amount of income for the year at £4,162, this is the amount received from Eventbrite grossed up for the fees charged by them, the fees are shown separately in the P&L.
- Some monies were received into Eventbrite from May 2023 to August 2023 but these relate to bookings for the November conference, therefore have been treated as income in advance and will be recognised as income next year.
- As agreed by the members last year, we have now moved the amount received from the old (Nationwide) account and treated that as other income in the year, this means the overall result for the year is a surplus of £13,045.

Accounts

NATIONAL HMO NETWORK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £	2022 £
Turnover		4,162	-
Cost of sales		<u>(2,855)</u>	<u>-</u>
Gross surplus		1,307	-
Administrative expenses		(10,754)	(5,281)
Other operating income		<u>22,492</u>	<u>-</u>
Operating surplus/(deficit)		<u>13,045</u>	<u>(5,281)</u>
Surplus/(deficit) before tax		<u>13,045</u>	<u>(5,281)</u>
Surplus/(deficit) for the financial year		<u>13,045</u>	<u>(5,281)</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Accounts

NATIONAL HMO NETWORK LIMITED

(REGISTRATION NUMBER: 04866481)

BALANCE SHEET AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Current assets			
Debtors	4	1,249	-
Cash at bank and in hand		<u>5,583</u>	<u>15,007</u>
		6,832	15,007
Creditors: Amounts falling due within one year	5	<u>(1,645)</u>	<u>(22,865)</u>
Net assets/(liabilities)		<u>5,187</u>	<u>(7,858)</u>
Reserves			
Retained earnings		<u>5,187</u>	<u>(7,858)</u>
Surplus/(deficit)		<u>5,187</u>	<u>(7,858)</u>

Accounts

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

3 STAFF NUMBERS

The average number of persons employed by the company (including directors) during the year, was 3 (2022 - 3).

4 DEBTORS

	2023	2022
	£	£
Other debtors	1,145	-
Prepayments	104	-
	<u>1,249</u>	<u>-</u>

5 CREDITORS

Creditors: amounts falling due within one year

	2023	2022
	£	£
Due within one year		
Accruals and deferred income	1,645	372
Other creditors	-	22,493
	<u>1,645</u>	<u>22,865</u>

VOTE NOW

Do you accept the accounts
just presented?



Yes



No



Abstain

Robin Stewart

Anthony Gold Solicitors LLP



Robin is a Partner at Anthony Gold. He specialises in property litigation, especially landlord and tenant disputes, and the regulatory law relating to rented property.

Robin's practice involves acting for landlords, tenants, property professionals, homeowners and businesses. Robin often acts in tribunal appeals, including appeals against improvement notices and prohibition orders, rent repayment order cases, and financial penalties under housing and consumer rights legislation.

Robin also advises on consumer law and trading standards and advises property professionals with updating their terms of business and tenancy agreements.

Legal Update

ROBIN STEWART

ANTHONY GOLD SOLICITORS



Legal Update

- Renters (Reform) Bill
 - Progress and implementation
 - What it means for HMOs
- Council Tax Changes to HMOs
- Other legal developments affecting HMOs
- Questions

Progress of the Renters (Reform) Bill

- Compromise reached between Government and Tory backbenchers
- Significant amendments at final House of Commons stage
- Bill now progressing through Lords
- Still questions about implementation timetable

Second reading in the Lords on 15 May 2024

➤ Baroness Swinburne yesterday in HoL:

“After listening to concerns from the sector, we have also made changes to protect the functioning of the student market by introducing a new ground for possession to ensure that student landlords can continue to offer tenancies which align with the academic year.”

Second reading in the Lords on 15 May 2024

➤ Baroness Swinburne yesterday in HoL:

“In the new system, after the minimum six-month initial period at the start of a new tenancy, either party will be able to end the tenancy when they need to. <...> The Government are also exploring potential exemptions to the minimum six-month initial period where it is absolutely necessary for the tenant to end the tenancy early. This could include, for example, where a tenant has died, instances of domestic abuse or where a landlord has not remedied a serious health hazard such as severe damp or mould.”

Second reading in the Lords on 15 May 2024

➤ Baroness Swinburne yesterday in HoL:

“We have committed to ensuring that county courts are ready to deal with our tenancy reforms so that landlords and tenants can benefit from a modern, efficient possession system. To ensure the courts are ready, we will work with the Lord Chancellor to assess the readiness of the county courts ahead of abolishing Section 21 for existing tenancies.”

Second reading in the Lords on 15 May 2024

➤ Baroness Swinburne yesterday in HoL:

“Following Royal Assent, a raft of secondary legislation is needed to switch on the Section 21 ban, alongside important consequential amendments to other legislation. Guidance is being developed so that the sector is fully prepared for the new system. Court rules and systems need updating to reflect these new rules, and we have already committed to aligning changes to the tenancy system with improvements in the courts. ...

Second reading in the Lords on 15 May 2024

➤ Baroness Swinburne yesterday in HoL:

“... We are working closely with the Ministry of Justice and His Majesty’s Courts & Tribunals Service to digitise the county court possession system, and we are investing some £11 million this year to design this new digital system. Other target areas for improvement include the prioritisation of certain serious cases such as anti-social behaviour and improving bailiff enforcement by enhancing recruitment and retention practices. We will also provide early legal advice and better signposting for tenants.”

R(R)B – key recent amendments in outline

- Minimum period of time before tenant can terminate tenancies
- Increased rights for student landlords
- RROs significantly strengthened

Clause 92 – RROs

- RROs against superior landlords
 - How does this affect the risk of engaging in rent to rent?
- Maximum amount increased to 24 months rent (from 12 months)
 - How much does this increase the risk to landlords for licensing errors?

Clause 93 – RROs – liability of directors

- Where an offence is committed by a landlord which is a company or similar entity, and the offence is committed with the consent or connivance of a director or other relevant person, or is a specified offence attributable to any neglect by that person, they, as well the body corporate, is treated as having committed the offence and consequently may be subject to a rent repayment order.
- Who is a ‘manager’ or ‘similar officer’ of such a corporate body?

Clause 94 – unlicensed HMOs

- Expands and simplifies the range of people who can commit an offence of managing or being in control of an unlicensed HMO to specifically include:
 - The landlord or licensor of the occupiers
 - Superior landlords
- Clarifies (extends?) the scope of reasonable excuse defence
 - Defence if did not know, and had reasonable excuse for not knowing, that property was HMO
 - Defence if can prove took all reasonable steps to ensure HMO was licensed

Grounds for Possession – 4A (Students)

- New ground 4A - will allow the annual cycle of student letting to continue.
- Not limited specifically to HMOs anymore

New ground 4A

The following conditions are met—

- (a) the landlord or, in the case of joint landlords, at least one of them, gave the tenant, before the beginning of the tenancy or on the day on which it began, a written statement of the landlord's wish to be able to recover possession on the basis that— (i) at the beginning of the tenancy, as regards each tenant either— (A) the tenant was a full-time student, or (B) the landlord reasonably believed that the tenant would become a full-time student during the tenancy, and (ii) the landlord intends to let the dwelling-house, on the next occasion on which it is let, to people who are full-time students or who the landlord reasonably believes will become full-time students during the tenancy;
- (b) at the beginning of the tenancy, as regards each tenant either— (i) the tenant was a full-time student, or (ii) the landlord reasonably believed that the tenant would become a full-time student during the tenancy;
- (c) the relevant date falls within the period beginning with 1 June and ending with 30 September in any year;
- (d) the landlord seeking possession intends, on the next occasion on which the dwelling-house is let, to let it to people who are full-time students or who the landlord reasonably believes will become full-time students during the tenancy

Grounds for Possession – 6A

- New ground 6A - provides that landlords can regain possession when they are subject to enforcement action and or in breach when a property is overcrowded or an HMO licence has been revoked.

Clause 5 - ASB in HMOs

- Section 9A amended to require the court to have particular regard for effect of tenant's ASB on other occupiers who share accommodation or facilities in HMO.
- How much difference will this make?
- Other ASB-related changes are underwhelming:
 - Hearsay amendment has almost no effect
 - Amendment to nuisance ground makes minimal difference

Rent in advance problem?

- Clause 1 amends section 4A Housing Act 1998:
 - (1) Terms of an assured tenancy are of no effect so far as they provide –
 - (a) for a tenancy to be a fixed term tenancy, or
 - (b) for periods of the tenancy to be different from the periods for which rent is payable (“rent periods”).

- Rent periods are limited to 1-month or 28-day maximum
 - Can landlords impose an obligation on a tenant to pay multiple months’ rent to be payable in advance without breaching this provision?

Decent Homes Standard

- Much detail still to follow in regulations

Decent Homes Standard

- Explanatory Notes:

The Bill gives the Secretary of State power, subject to the affirmative resolution procedure, to set requirements for the minimum standards that properties in the private rented sector must meet, thereby introducing the Decent Homes Standard to the private rented sector. The Bill amends the Housing Act 2004 to provide means of enforcement where properties do not meet the new requirements, for example by way of an enforcement notice. For landlords who have failed to take reasonably practicable steps to keep their properties free of serious hazards, local councils will be able to issue fines of up to £5,000, and powers are also available for local councils to prosecute or impose a fine of up to £30,000 for non-compliance with such earlier enforcement action.

Decent Homes Standard

- How does this change things?
 - Fines for poor property conditions in HMO and non-HMO properties
 - HMO management regulations may become less significant?
 - More even standards across different tenures of letting

R(R)B – phased implementation

- Royal Assent – Act in force for purpose of making regulations
- Different parts of the Bill are due to come into force at different times
- Clause 126 mandates assessment of possession process by Lord Chancellor before section 21 abolition can fully be brought into effect (i.e. “extended application date”)

R(R)B – phased implementation

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R(R)B – phased implementation

- Royal Assent
- “the commencement date” date appointed by the Secretary of State by regulations
- “the extended application date” a date appointed by the Secretary of State by regulations

R(R)B – phased implementation

- Royal Assent

Gap of at least six months expected

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New tenancies will now be governed by the new rules; “new tenancies” includes periodic tenancies at end of fixed term

- “the extended application date” a date appointed by the Secretary of State by regulations

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Gap of at least six months expected

- “the commencement date” date appointed by the Secretary of State by regulations

New tenancies will now be governed by the new rules; “new tenancies” includes periodic tenancies at end of fixed term

- “the extended application date” a date appointed by the Secretary of State by regulations

Any remaining AST tenancies will transition to the new system on the extended application date

Phased abolition of Section 21 notices

➤ Baroness Swinburne yesterday:

“To ensure the courts are ready, we will work with the Lord Chancellor to assess the readiness of the county courts ahead of abolishing Section 21 for existing tenancies.”

Schedule 6 – Transitional Provisions

- Paragraph 4: where a valid section 21 notice has been issued before the extended application date, the tenancy will remain an assured shorthold tenancy and the section 21 notice will remain valid until proceedings in reliance on the notice become time-barred
- Prior notice grounds – sometimes possible to give notice to existing tenant before “extended application date”

R(R)B – phased implementation

- What are landlords doing about this?
 - Carrying on as usual
 - Granting periodic tenancies only
 - Granting only fairly short fixed terms now (so that tenancies are periodic before the commencement date)

What are the courts doing to get ready?

- Some clues in the Minutes of the Civil Procedure Rule Committee
 - New online process to start possession claims
 - DLUHC wanted the committee to get started on new rules before the Bill is finalised
 - Judges sceptical about automatic prioritisation of ASB cases

Council Tax for HMOs

- The Council Tax (Chargeable Dwellings and Liability for Owners) (Amendment) (England) Regulations 2023 came into force on 1 December 2023
- Changes the definition of HMO for Council Tax purposes and gets rid of disaggregation problem

Council Tax for HMOs

➤ Previously:

- A property was an HMO for council tax purposes if it was let room by room
- The whole property would normally be taxed
- Disaggregation by the Valuation Office (VOA) would 'split' the HMO into single units for council tax purposes, so landlords and tenants were liable to pay the council tax for each room, instead of the property as a whole.
- Disaggregation meant that tenants paid significantly more council tax than they normally would, making the property more expensive for tenants than a non-disaggregated property.

Council Tax for HMOs

- Since 1 December 2023:
 - HMO definition for Council Tax largely the same as Housing Act 2004 test.
 - Self-contained flats are excluded from the new regulations - such flats will have their own council tax liability.
 - An HMO is considered as a single dwelling for council tax - no disaggregation.
 - Who is responsible for paying the Council Tax?

Who is liable to pay the Council Tax?

- NRLA guidance note published January 2024:
- Where the HMO meets the self-contained house or flat test and is let on a joint basis, then Government guidance to local authorities suggests that all owners of HMO properties are liable for council tax as of 1st December 2023. However, it appears that is not the case and joint tenants may be held responsible for the council tax where they have a tenancy for the entire property.

Who is liable to pay the Council Tax?

- NRLA guidance note published January 2024:
- Given the above guidance, it is likely that councils will seek to bill the landlord for council tax. If that is the case then you can point them to Section 2A of the Council Tax (Liability for Owners) Regulations. This makes the person, or persons, with an inferior interest in the whole HMO liable for the council tax (ie the tenants).

Council Tax for HMOs

- Getting HMOs re-banded:
 - Many HMOs will not need re-banding
 - Licensed HMOs: VOA using data from local authorities to proactively re-band HMOs that are currently not aggregated to a single property
 - Unlicensed HMOs: landlords should contact the VOA to get properties re-banded where necessary

Council Tax for HMOs

- Contractual requirement for the Tenant to pay council tax permitted by the Tenant Fees Act

Payment in respect of council tax

8(1) A payment to a billing authority in respect of council tax is a permitted payment.

SDLT: Multiple Dwellings Relief

- MDR will be abolished with effect from 1 June 2024
- MDR will be abolished for transactions which complete, or which substantially perform, on or after 1 June 2024
- Purchasers who exchanged contracts on or before 6 March 2024 remain eligible for MDR regardless of when the transaction completes, provided there is no variation of the contract after that date.
- What does this mean? Significantly higher upfront costs for landlords expanding their portfolios.

Empty Property Relief

- The ‘reset period’ will be extended from 6 weeks to 13 weeks from April 2024. This relief provides a council tax exemption for qualifying properties left vacant for specified periods.
- Government: “This will disincentivise the widespread practice colloquially known as “box shifting”, in which landlords repeatedly occupy properties for short periods of time in order to claim further Empty Property Relief.”

Capital Gains Tax

- A reduction in the higher CGT rates applied to residential properties. This will be cut from 28% to 24% starting in April 2024. Private residence relief will remain unchanged.

Furnished Holiday Lets

- Announcement that FHL tax relief to be abolished from April 2025

Improvement Notice case

- Tabassam v Manchester City Council [2024] UKUT 93 (LC)
 - Landlord Mrs Tabassam served with improvement notice at address supplied on Land Registry. That counted as effective service.
 - Mrs Tabassam's did not receive the notice and was unaware of its contents.
 - Mrs Tabassam had not "disappeared" as the council could have traced her down from tax records.
 - The failure to update her Land Registry address was a technical error - not a deliberate or reckless breach. When landlord became aware of the issues at the property, she took prompt action.

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When are documents deemed served?

- Upcoming Court of Appeal case: D'Aubigny v Khan & Anor
- Court will consider whether Section 7 Interpretation Act 1978 applied to the prescribed documents required to be given to the tenant before service of a section 21 notice – EPC, GSC, How to Rent Guide.
- Where it applies that provision creates a rebuttable presumption that service has been effected by correctly posting a document.
- Very technical case – but potential to spark much wider attention on the law of service of documents.

Future legal issues HMOs?

- The future of licensing
- Managing tenant behaviour without section 21 notices
- Is rent-to-rent going to survive?
- Increased focus on discrimination prohibitions
- Planning reforms?
- More tax reform?
- Rent control and local housing allowance under a Labour Government?

Questions

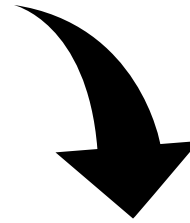
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Become a steering group member



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join-the-steering-group/](https://nationalhmonetwork.com/join-the-steering-group/)

Thank you!