

RESIDENTIAL
LANDLORDS
ASSOCIATION

ANNUAL
REPORT
2015

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CHAIRMAN'S LETTER

Dear member,

It is something of an understatement to say that 2015 was a tough year for the residential landlord. And renting in 2016 is not getting any easier to predict, given the current political climate.

Many breathed a sigh of relief after the Tory landslide in the general election. But this relief was shortlived, with cuts to Mortgage Interest Relief, a Stamp Duty surcharge and Capital Gains Tax changes announced with breathtaking speed.

Now more than ever landlords need someone on their side. Someone to campaign on their behalf in Westminster and at local level. They need access to training to help them navigate the complex network of Government legislation. And they need good solid advice from a source they can trust.

In short there has never been a better time to be a member of the RLA. The statistics speak for themselves. In 2015 we welcomed 3,000 new members – an increase of nearly 19% on the previous year - and saw turnover up by 20.4%.

This is money that we will plough into improving services for landlords and campaigning against the unfair charges being brought in by the Government that are threatening landlords' livelihoods.

Almost 2,000 members were trained by the RLA in 2015 – with the number of calls answered by our dedicated Landlord Advice Team surging by 25% to average 124 a day. Web traffic has grown exponentially, with the number of visits to the website up by 56% on 2014 and feedback from members has

seen us retain the top 5-star rating on independent website TrustPilot.

For landlords across the border in Wales we have launched a new dedicated website, RLA Wales and were one of the first trainers given accreditation to provide Rent Smart Wales training.

As a result of our lobbying work in Westminster the Government has set up a working group to investigate our landlord registration plans, and is now considering our proposal to allow landlords to send documents to tenants electronically.

We continue to oppose the Government's unfair tax-grab - Clause 24 - and campaign on issues from Universal Credit to EPC ratings - backed by those landlords who lobbied MPs and councils.

We are moving in the right direction, but there is still work to be done. We are increasing membership year on year and are strengthening our reputation as the association that landlords can trust

to advise, inform, educate, protect and represent them.

We now need to build on this success to fight for the rights of our members and make renting better for all.

On your behalf I also pay tribute to and thank the dedicated RLA staff who run the best landlord association in Britain. My email address is below and I appreciate the comments and information you send me.

Alan Ward - RLA Chairman
award@rla.org.uk



What our members think of us

Great and to the point advice. Really good site, lots of information documents and best of all someone to discuss any further problems with without any extra cost.

October 2015.

Being a member of the RLA reinforces the landlords professional status and gives him peace of mind that a team of quality personnel are behind him, especially when the going gets tough.

April 2015.



FINANCIAL REPORT 2015

Turnover was up by 20.4% in 2015, with income coming, mainly from membership subscriptions, training and commissions.

This built on a 13% increase the previous year.

Cost of sales was also up on 2014, but pre-tax profits were still up by almost three times.

Office costs, including wages are up 4% as a result of the increased membership, leaving a pre-tax profit for the year of £30,897, with reserves at £453,894.

All the costs incurred were part of our budgets. Monthly management accounts were produced and performance regularly monitored. All of our creditors were paid in accordance within their terms and conditions and there were no bad debts.

The books and records are kept up to date throughout the year and all bank and control accounts are reconciled at the end of each month

POLICY REPORT

2015 saw a sustained attack, on private renting and individual private landlords, in particular.

General Election

The RLA produced a manifesto for the PRS and was also a core partner of Homes for Britain – a coalition seeking to raise the profile of housing.

Our election site outlined parties' housing pledges and enabled members to e-mail local candidates at the click of a button.

The RLA secured an early meeting with Brandon Lewis MP, who was reappointed Housing Minister, and the All Party Group for the PRS was re-formed.

The result was welcomed by many in the PRS. However, warning signs appeared as the Prime Minister announced the roll out of Right to Rent checks and a review of mandatory HMO licensing

Tax and Finance

New restrictions on finance costs for landlords (Clause 24) in a Summer Budget marked the start of a sustained attack on the sector, with SDLT

and the loss of the Wear and Tear allowance for furnished properties announced. The Bank of England was also to get powers of direction over the buy-to-let mortgage market.

The RLA opposes the restriction of mortgage interest relief. RLA research showed the changes will lead to increased rents, fewer rental homes, deteriorating standards all meaning tenants are the losers.

Further research was undertaken, exploring alternative tax measures to present to Treasury and HMRC officials.

The RLA has met MPs and Peers across the political spectrum, drafted questions to be asked in Parliament, made submissions to the Autumn Statement and 2016 Budget process and given evidence to Parliamentary Committees. The association has met the Bank of England, there have been three meetings with the Treasury and a director met the then Chancellor, George Osborne, to share landlord concerns.

In December, a QC advised the RLA that prospects for a legal challenge were poor. Given our advice, and the fact that another challenge was underway, it would be negligent for the RLA Board to put subscription fees at risk by taking forward a legal case that could bankrupt the association. Instead, a multi-level political approach has been adopted by the RLA, while supporting the challenge mounted by Messrs Bolton and Cooper.

Our tax campaign pages made it easy for landlords to write to their MP and more than 400 lobbied their MPs on the impact the changes will have.

Regulation and enforcement

A string of 'hangover' legislation affecting the PRS was rushed out at the end of the Parliament, for implementation later. Some welcome, such as moves to address tenancy deposit protection anomalies, fee transparency for agents and restrictions on selective licensing. Some expected – smoke and CO detector requirements, and minimum energy efficiency standards. Others, including restrictions on use of s21 and measures to tackle retaliatory eviction, ill-thought out.

A new Housing and Planning Bill seeks to introduce a 'rogue' landlord/agent list, banning orders, civil penalties for housing offences and the extension of

rent repayment orders.

We have highlighted issues with enforcement at local authority level and the need for criminal landlords to be tackled using existing legislation. The RLA believes councils should use council tax registration to identify PRS homes and landlords and the Government set up a working group to investigate this.

We are also promoting a system of self-regulation for private renting, co-regulation that would see landlords who signed up regulated by an industry scheme freeing up resources to tackle criminals.

As a result of our campaigning the Government has also agreed to look at changes to regulations that would allow landlords to provide prescribed information such as tenancy deposit scheme details and EPCs via email, instead of paper forms.

The RLA vigorously opposed the roll out of the Right to Rent checks and the proposed criminalisation of landlords in the new Immigration Bill.

The Government has proposed extending the scope of mandatory HMO licensing, removing the 3 storey requirement. The RLA responded to the consultation, expressing concern that many local authorities cannot adequately enforce the current regime. However councils continue to bring forward local licensing schemes. The RLA has objected to over 20 such proposals in 2015.

A new resource for landlords and tenants – the RLA Safe and Secure Home website – was launched giving advice on the most common hazards in private rented property.

Energy and Environment

Landlords seeking to comply with new minimum energy efficiency scheduled for 2018, that will prevent homes with an EPC rating of F and G being let, faced a triple blow: Green Deal funding was killed off; Landlord Energy Savings Allowance scrapped; and an adverse EU ruling on reduced VAT rate in energy saving materials.

The RLA is pressing for tax relief on energy saving measures, a review of EPC ratings for solid wall properties that could see an additional 100,000 properties achieve an E rating with no further work; and a replacement for Green Deal.

New Policy Director

The RLA welcomed a new Policy Director, Dr David Smith, a well-known expert in landlord and tenant law, a regular contributor in the media and conference speaker.

Welfare Reform

Budget pressures have seen welfare funding slashed, housing allowances frozen for four years and the roll-out of Universal Credit has been beset by problems



Landlords are being deterred from providing accommodation to UC claimants, and local authorities are struggling to meet their homeless obligations, without PRS housing.

The RLA is campaigning for landlords to be given the right to receive direct payments from the Government and is demanding that any arrears that build up can be deducted from their benefit, should the tenant move.

LANDLORD ADVICE TEAM 2015

The Landlord Advice Team (LAT) continues to be one of the most popular services.

By the end of 2015 we were receiving 3,500 calls and e-mail enquiries, an annual increase of 25%. Despite increased demand service levels remained strong with more than 96% of callers speaking to an advisor when they needed to.

In order to deal with this increased demand, new advisors were recruited and by the end of the year we had seven professionally trained advisors. Furthermore we have improved advisor training and provided more access to reference materials.

2015 saw a major change in legislation with the Deregulation Act of 2015 and the resulting changes to the serving of section 21 notices (Form 6A) from 1st October 2015. After this we saw a significant increase in the calls to the LAT as members struggled to keep up with the complex regulatory burden.

Deposit protection – though a legal requirement since 2007, is still very much a daily problem for our members, especially in relation to the serving of Section 8 and Section 21 notices.

MARKETING REPORT 2015

In 2015, membership grew to over 19,000 subscriptions, up 3,000 on 2014 and an annual increase of nearly 19%.

The website has never been more popular with traffic to the RLA website growing by over 56% compared to 2014. This positive trend reflects the changes we have made to our website as well as the large amount of legislative changes affecting landlords. Interestingly in 2015, on average, more than eight pages of RLA website content were read every minute

Our referral scheme, launched for members in 2014 has contributed greatly to our 2015 growth. The scheme continues to recognise members who introduce new members, reducing their next renewal by £15.

Feedback from our members has helped the RLA maintain its 5-star rating on TrustPilot®, which provides a true independent view of our members' experience.

It is always reassuring to receive so many positive comments about the services we offer. Our members' reviews can be seen anytime on the TrustPilot website

We extended our partnership network in 2015 with a new affiliation with the North West Property Owners Association (NWPOA). We value the opportunity to work with regional associations, supporting them to retain their local identity and influence.

2015 has seen our marketing team improved with the addition of a new campaign and events executive and design and social media executive.

The marketing team now delivers stronger branding across all communications channels, much greater social media presence. On Twitter our followers grew by 22%. We would like to encourage all members to contact us on any of our social media sites:

twitter.com/rla_news
facebook.com/therla
plus.google.com/+RlaOrgUK
youtube.com/LandlordAssociation

WALES/ RLA CYMRU 2015

Renting in Wales received a radical makeover in 2015, with sweeping legislative changes transforming the sector.

Welsh landlords and letting agents saw the introduction of mandatory registration and licensing scheme Rent Smart Wales – with agent hit particularly hard – facing fees exceeding £3,700.

RLA Wales campaigned for fees to be revised, as a result of which a new fee schedule, based on the number of properties an agency manages has come into effect.

The new Renting Homes Act requires landlords to issue written contracts, with a minimum six-month occupation period, and landlords must ensure the property is fit for human habitation. Discussions of the Act's implementation plan and further required



regulations are now taking place, and the RLA will continue to closely follow this process.

Additional licensing continues to feature significantly in the political agenda, and the RLA has been involved in relevant consultations relating to the renewal of existing schemes, particularly in the Cathays area of Cardiff.

RLA Wales is a partner of the Homes for Wales campaign, along with CHC, Home Builders Federation, Shelter Cymru. This campaign was instrumental in raising housing on the political agenda ahead of the May 2016 elections.

We launched a new website www.rla.wales and we now provide exclusive newsletters, magazine content, documents and guidance specifically for the Welsh market.

Much work remains to be done to keep checks on overzealous policymakers who continue to hastily usher in broad changes, without understanding the sector and often to the detriment of PRS landlords.

ECONOMIC AFFAIRS 2016

We have serious concerns about the negative impact of Government changes to economic models in the private rented sector as they will inevitably reduce investment and increase rents.

We have offered alternative ideas that will support the government's drive for home ownership such as removing capital gains tax for landlords who sell to tenants and will continue to campaign against the tax changes.

The Chancellor followed the income tax changes with an announcement to change stamp duty rates for second homes.

Although these changes did not come into effect until April 2016 it was a clear attempt to stop the growth of the private rented sector. Given the shortage of homes this approach seems illogical.

We continue to commission valuable research to support our lobbying and campaigning activities. Professor Ball reviewed his original report from 2012 to confirm that the tax changes proposed by the government would be detrimental to the sector and bad news for tenants.

TRAINING 2015

Almost 2,000 delegates have been trained by the RLA in 2015, building on the successes of the last few years.

We increased the number of courses available to landlords, with one of our most popular sessions a one day course on legionella introduced after new legislation was brought in in 2014.

Other new courses introduced covered topics such as Leasehold, Gaining Possession, Electrical Safety and HHSRS Safety. Feedback from delegates has given our courses and tutors a 91% satisfaction rating – a great achievement and recognition of our professional approach.

In 2015 we worked closely with other organisations to improve the education of landlords and agents. We contributed significantly to the CIH plans to develop and launch of a new professional qualification for Landlords.

We applied and received funding from the TDS Charitable Foundation to support the development of a training module and consulted with NAPIT to develop an electrical safety course.

The RLA was re-selected for another term with the London Landlords Accreditation Scheme as a training provider and we have developed classroom and online Rent Smart Wales training courses.

For the second half of the year investment was channelled into the development of an automated booking system for both classroom and online courses.

CONCLUSION

2015 has been a time of great change for landlords, compounded by fears for the future as former chancellor George Osborne declared war on the private rented sector.

The work of the RLA is now more important than ever – and now we must build on our most successful year to date to continue to provide the very highest level of service, to advise, inform, educate, protect and represent our members to make renting better for all.

