



## Property Bulletin

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# Housing Bill puts landlords under greater scrutiny

New laws could see landlords face £30,000 fines as well as bans from letting properties

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Welcome to the latest Grunberg & Co Property Bulletin, our publication to keep you up-to-date with news from the property sector and the accounting and financial services that our firm can offer you and your clients.

In this edition, we look at the new Capital Gains Tax regime for non-resident investors in UK real estate and the latest research on the best places to invest in property for the strongest returns.

We will also explore the increased scrutiny faced by landlords in the Housing Bill and the response to it from the National Landlords Association.

If you would like to find out more about Grunberg & Co's tax and accountancy services for you and your clients, please get in touch with us by calling +44(0) 20 8458 0083 or emailing [alexk@grunberg.co.uk](mailto:alexk@grunberg.co.uk)

## Housing Bill puts landlords under greater scrutiny

New housing laws proposed by Government could see landlords face fines of up to £30,000, as well as bans from letting properties.

The new legislation is designed to ensure that rented homes are safe and will give tenants the right to take legal action when landlords fail in their duties.

The Private Member's Bill on Homes (Fitness for Human Habitation and Liability of Housing Standards) was introduced to Parliament in July last year.

Landlords working in both the social and private sector must "ensure that their property is fit for human habitation at the beginning of the tenancy and throughout," under the new rules.

If the landlord fails to comply, "the tenant has the right to take legal action in the courts for breach of contract on the grounds that the property is unfit for human habitation".

At the time of its launch, Former Communities Secretary, Sajid Javid said: "Everyone deserves a decent and safe place to live. Councils already have wide-ranging powers to crack down on the minority of landlords who rent out unsafe and substandard accommodation.

"However, public safety is paramount and I am determined to do everything possible to protect tenants. That is why this Government will support new legislation that requires all landlords to ensure properties are safe and give tenants the right to take legal action if landlords fail in their duties."

It is understood that the Bill, which is supported by the Residential Landlords Association (RLA) and National Landlords Association (NLA), will not introduce any new standards but rather increase enforcement penalties on those already active.

Richard Lambert, chief executive of the NLA, said: "As the Bill progresses through Parliament, the NLA will seek to ensure that proper protections remain in place so that landlords are not faced with vexatious claims, nor face punishment for conditions that result from the tenant's actions."

If you have any queries about our specialist services for the property sector, please contact us.



# New Capital Gains Tax regime causes concern among property investors

According to a new study, 61 per cent of property investors are worried about the impact of the new regime for taxing gains made by non-resident investors in UK real estate.

The survey revealed that, ahead of the changes to Capital Gains Tax (CGT) in April 2019, 32 per cent intended to alter their portfolio structure with a further 22 per cent considering their options.

Under the regime, non-resident investors will pay CGT on disposals of all types of UK real estate.

This will go beyond taxing direct disposals and will also apply to disposals in 'property rich' entities where the person making the

disposal holds, or has held in the last five years, at least a 25 per cent interest in the property rich entity.

This will mirror existing rules that currently apply to residential property, creating a single regime for disposals of commercial and residential real estate and removing any disparities between UK and non-UK based investors.

Despite these concerns, 40 per cent of investors confirmed that they had maintained

or increased their investment in UK property over the last 12 months – ensuring that the UK remains one of the leading locations for overseas property investment.

The new CGT regime will fundamentally change the international property investment landscape, and whilst there are options for some to restructure or rebase their property disposals before April 2019, it is essential that those managing portfolios for overseas investors seek professional advice now to ensure they aren't affected by these changes next year.

## Where to invest next?

Ever wondered where the best place in the UK to invest in property was? Well, new research has revealed that the Essex town of Colchester may offer the best returns.

A new study by LendInvest has revealed that the historic town, once the capital of the country, is the best location for property investment.

On average, rental yields in Colchester offer returns of 3.71 per cent, capital appreciation of 9.98 per cent, rent rises of 3.41 per cent and sale volume growth of 2.79 per cent.

Colchester was followed by:

- Northampton
- Leicester
- Luton
- Birmingham
- Manchester
- Ipswich
- Brighton
- Rochester
- Norwich

According to the study the Midlands and the South West have performed particularly strongly in terms of house price growth, with Truro and Birmingham recording the most significant growth.

Allison Thompson, Lettings Managing Director at property specialist Leaders, says: "The benefits of buying to let are considerable; the major challenge for most



investors is picking the right property in the right location to ensure the maximum return.

"Colchester offers a combination of excellent rents, high capital growth and a busy market. It is the perfect place for landlords to expand their portfolios.

"Every investor is different, with some focused on short-term capital growth benefits and many others preferring to prioritise rental returns and overall yields.

"Taking all factors into consideration and striking the right balance is the key to making a shrewd investment and professional support will guide you in the right direction."

While London and the South East continue to offer good returns, if you are looking to expand your network of properties and would like advice on enlarging your portfolio in the most tax efficient manner, please speak to our team.