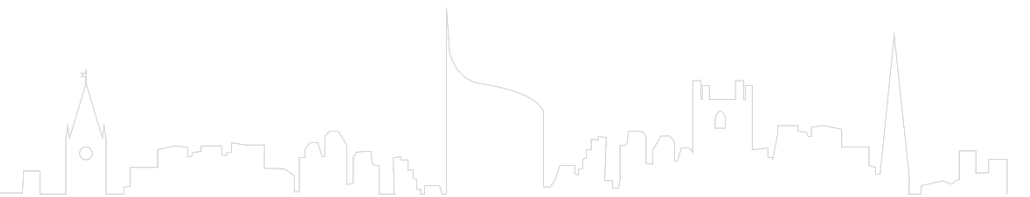




# How the Budget and Renters' Rights Bill will change the Reading rental market

Thursday 7 November 2024

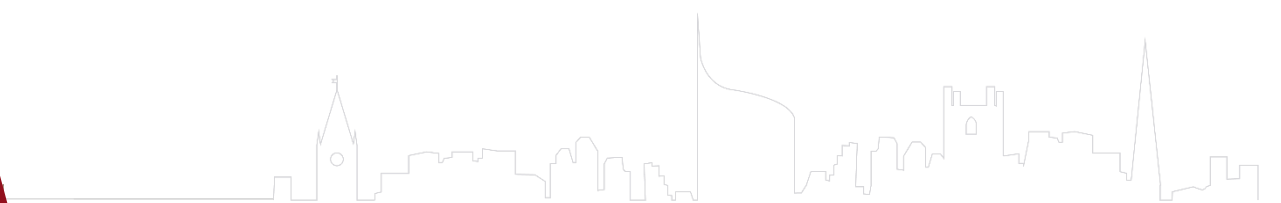




# Glass half-full or half-empty?

## The impact of the Renters' Rights Bill

Dan Channer  
MD of Haslams Group



# Agenda



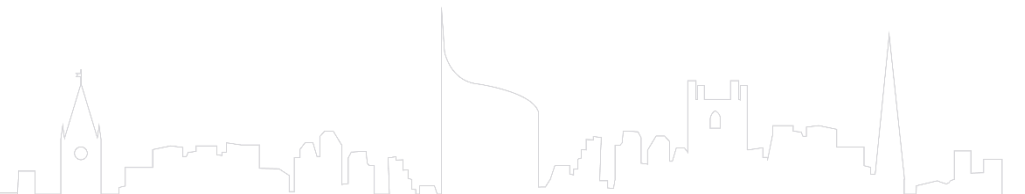
- A warning: we are glass half-full!
- A sector used to change
- RRB Timing
- Policies – Sub-optimal
- Policies – Okay
- Policies – Good
- Glass half empty?
- Glass half full & reasons to believe
- What can you do next?



# A sector used to change



- EICR – **compulsory**
- EPC F and G rating – **banned**
- Carbon Monoxide alarms – **compulsory where relevant**
- Tenant Fees – **banned**
- Deposit registration – **compulsory**
- Section 24 tax change re. mortgage payments – **LLs adapted; spike in formation of Ltd Co's**
- HMO Additional Licensing – **widespread in UK; coming soon to Reading – probably**
- HMO Selective Licensing – **widespread in UK; coming soon to Reading (Battle, Park, Redlands) – probably**
- SDLT changes – **every couple of years**



# Renters' Rights Bill – Timings

- Estimated Summer 2025 – **Soon**

 **Bill started in the House of Commons**


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-  1st reading
-  2nd reading
-  Committee stage
-  Report stage
-  3rd reading



 **Bill in the House of Lords**

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-  1st reading
-  2nd reading
-  Committee stage
-  Report stage
-  3rd reading

 **Final stages**

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-  Consideration of amendments
-  Royal Assent



# Policies Sub-optimal



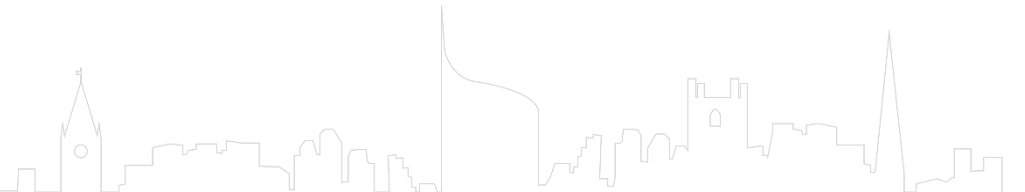
- All tenancies become **periodic** – no fixed-term, no AST and no renewals
- Annual increase in rents via Section 13 (s13) but this can be challenged for £0 by TT; rent is assessed by First Tier Tribunal. The increase will only come into effect after the FTT has judged.

We are concerned about ability of FTT to cope

Rent increases will be slowed

All s13 notice must be based on comparable market evidence

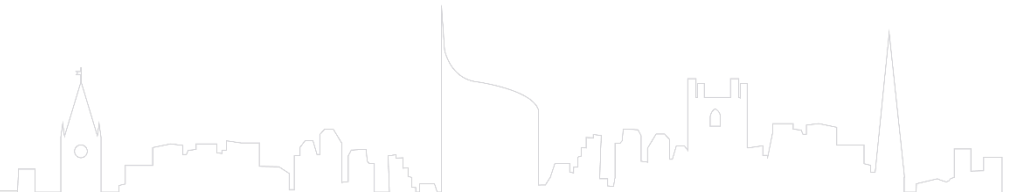
- The TT can give two months notice from day one – **A worry but do not panic. This puts pressure on agent & LLs to deliver a good service and keep property in good condition**
- TT cannot pay rent in advance – **it will disadvantage students and those from overseas / We expect 'guarantor' products to become popular**
- TT must be 4 months in rent arrears (up from 2 months) to start eviction proceedings – **We advise all LLs to have Rent Guarantee Insurance**



# Policies – Okay



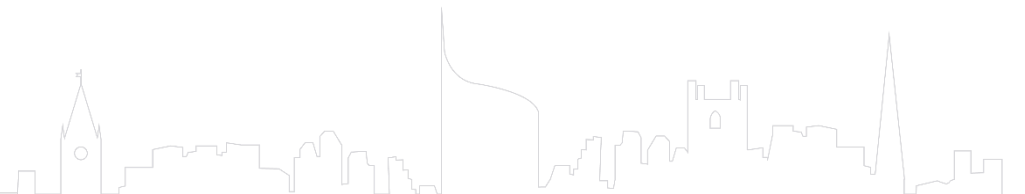
- No Section 21 “evictions” – [this is fine, ignore the media. We hardly use it beyond rent arrears](#)
- Right to a Pet – can ask for insurance – [this is a big long-term trend but guidelines not clear yet](#)
- Can only get property back if selling or moving back in... [The crux of the RRB](#)
- ...cannot sell property in first 16 months of a tenancy. [This is reasonable \(Questions on detail remain\)](#)
- Ban on ‘bidding wars’ – you cannot let a property for more than the advertised price. [No problem](#)
- Must list property on PRS database – [Seems ok](#)
- All LLs must be part of a redress scheme – we already are – [this is duplication but fine](#)



# Policies – Good



- Awaab's Law re. responding to serious issues (Consultation ongoing) – No problem for managed LLs – may threaten Letting Only clients
- Decent Homes Standard (Consultation ongoing) – Properties with Cat 1 Hazards or in very poor condition will be illegal. Questions around enforcement.
- Cannot discriminate against those with children or in receipt of benefits – this is equitable

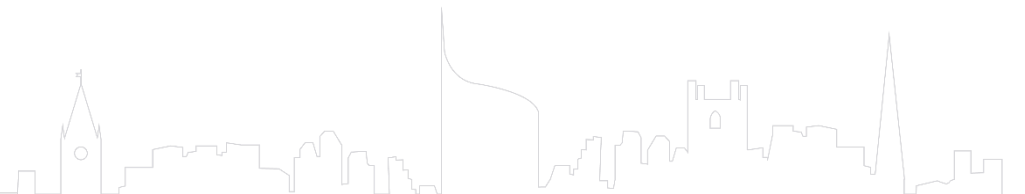




# Glass half-empty?



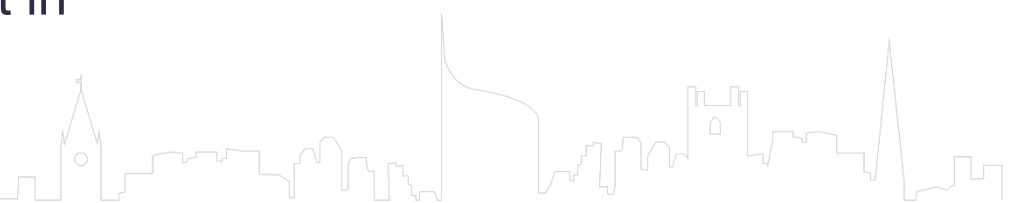
- Strange to not know when the tenancy ends – **this is a big philosophical change**
- Panic re. Section 21 fuelled by the media
- Fear re. TT not paying rent – 4 months arrears plus the time to evict
- Irritation re. TT giving notice early in a tenancy
- Irritation re. potential problems with s13 rent increase process



# Glass half-full?



- Most tenancies will be the same: TT moves in, pays the rent, stays 12-18 months, moves out
- A market changes and good LLs will adapt
- If some LLs leave the sector, those who stay are well-placed for rent increases (less supply)
  - 2019-2022 = PRS went from 20% of UK to 19%; demand went up, rents went up 15%...
- Gross yields now at 7% on many properties – returns best for 10+ years
- Strong fundamentals (amazing employer base in wider Reading & Wokingham)
- Limits on amount of new build homes
- Residential property is a hedge vs stock market in a portfolio (this is not financial advice 😊)
- SDLT surcharge is a one-off capital cost – factor it in



# What can you do now?



- Ensure all properties are up to market rent by June 2025
- Ensure properties are in good market standard condition – TTs can walk out whenever they want (with 2 months' notice) if they feel the property is dirty, unsafe or if the LL is refusing to fix repairs
- See Rent Guarantee Insurance as ongoing 'cost of doing business'





# Autumn Budget 2024

## Impact on UK Property

### Investors

Re-shaping planning strategies

November 2024

Smart decisions. Lasting value.

# Welcome



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Josh is a Tax Manager working in our private client team from our Thames Valley office.

He joined the firm in May 2018 and has over 11 years of experience in dealing with all aspects of personal taxation for high-net-worth clients and their families, most of whom own UK land and property.

Josh's role involves looking after a portfolio of clients, ensuring their tax compliance is kept in good order and provides tax planning services for Crowe's private clients.

Scan the QR code to add Josh on LinkedIn.

Tell me about Crowe U.K. LLP

[phil.smithyes@crowe.co.uk](mailto:phil.smithyes@crowe.co.uk)

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# Capital Gains Tax



# Capital Gains Tax – Rate Changes

Basic Rate	General rate	Residential property rate
Prior to 30 October 2024	10%	18%
From 30 October 2024	<b>18%</b>	18%

Higher Rate	General rate	Residential property rate
2023/24	20%	28%
From 6 April 2024 to 29 October 2024	20%	24%
From 30 October 2024	<b>24%</b>	24%

Annual exempt amount – reducing.

Tax Year	Annual Exemption	Extra Tax @ 24%
2022/23	£12,300	
2023/24	£6,000	
2024/25	£3,000	£2,232

Date of disposal for CGT is the exchange date.



# Stamp Duty Land Tax





# Stamp Duty Land Tax (SDLT)

## Tax Rates

- Increase to the higher rates of SDLT on purchases of additional residential properties – from 3% to 5%.
- Non-resident surcharges are on top of this (additional 2%).
- Increase to the SDLT rate payable by companies on acquisition of residential property in excess of £500k – from 15% to 17%.
- Changes apply to transactions with effective date (typically completion) on or after 31 October 2024.

## Thresholds

- Thresholds for when SDLT is payable on residential properties are decreasing from 1 April 2025 (from £250k to £125k)
- Threshold for first-time buyers purchasing residential property also decreasing from 1 April 2025 (from £425k to £300k).



# Income Tax



# Income Tax – Fiscal Drag & Quarterly Reporting

## Income Tax Thresholds Frozen Until 5 April 2028

Threshold	Amount	Tax Rate
Personal allowance	First £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	Above £125,140	45%

## Making Tax Digital

- From 6 April 2026,  
> £50k turnover - landlords and sole traders.
- From 6 April 2027,  
> £30k turnover - landlords and sole traders.
- From TBC (before the end of parliament),  
>£20k turnover - landlords and sole traders.



# Furnished Holiday Lettings (FHL)

- FHL treatment to be abolished from 6 April 2025.
- Income and gains from FHL will then form part of person's UK or overseas property business, therefore:
- Loan interest restriction will apply - 20% relief for loan interest.
- CGT rate on disposal – 18% or 24% (no longer lower BADR rate).
- No holdover CGT relief available on disposal.
- No longer earned income (net relevant earnings) for pension purposes.
- No relief for capital allowances.



# Inheritance Tax



# Nil Rate Band & Residence Nil Rate Band

- The nil-rate band of £325,000 will be held until 5 April 2030.
- The residence nil-rate band will continue at £175,000 until 5 April 2030, and the residence nil-rate band taper will continue to start at £2 million, with £1 lost for every £2 the tapering threshold is exceeded.
- Qualifying estates can continue to pass on up to £500,000 and the qualifying estate of a surviving spouse or civil partner can continue to pass on up to £1 million without an inheritance tax liability.



# Agricultural Property Relief (APR) and Business Property Relief (BPR)

From 6 April 2026

- The existing APR and BPR 100% rates of relief will continue for the **first £1 million** of combined agricultural and business property.
- Any amount **over the £1 million** will see relief reduced to 50% resulting in a tax rate of 20%.



# Unused Pension Funds & Death Benefits

**From 6 April 2027**

- Unused pension funds and death benefits payable from a pension into a person's estate will be subject to Inheritance Tax (IHT).
- As part of these changes, it will be the duty of pension scheme administrators to report and pay any IHT due on unused pension funds and death benefits.

(HMRC have launched a technical consultation on the intended changes which closes on 22 January 2025).





# Summary



# Property Tax - Summary

TAX	TOPIC	FROM
Capital Gains Tax	General rate changes – from 10% to 18% for Basic Rate Taxpayers and 20% to 24% for Higher Rate Taxpayers	<b>From 30 October 2024</b>
SDLT second property surcharge	From 3% to 5%	<b>From 31 October 2024</b>
SDLT – First Time buyer and 0% band	0% band going down	<b>From 1 April 2025</b>
MTD for Income Tax	Reconfirmed and reducing turnover limit	<b>From April 2026</b>
Furnished Holiday Lets	Reconfirmed abolition of regime	<b>From 6 April 2026</b>
IHT BPR	Restriction on APR/BPR at £1m – Property developers	<b>From 6 April 2026</b>



# Thank you

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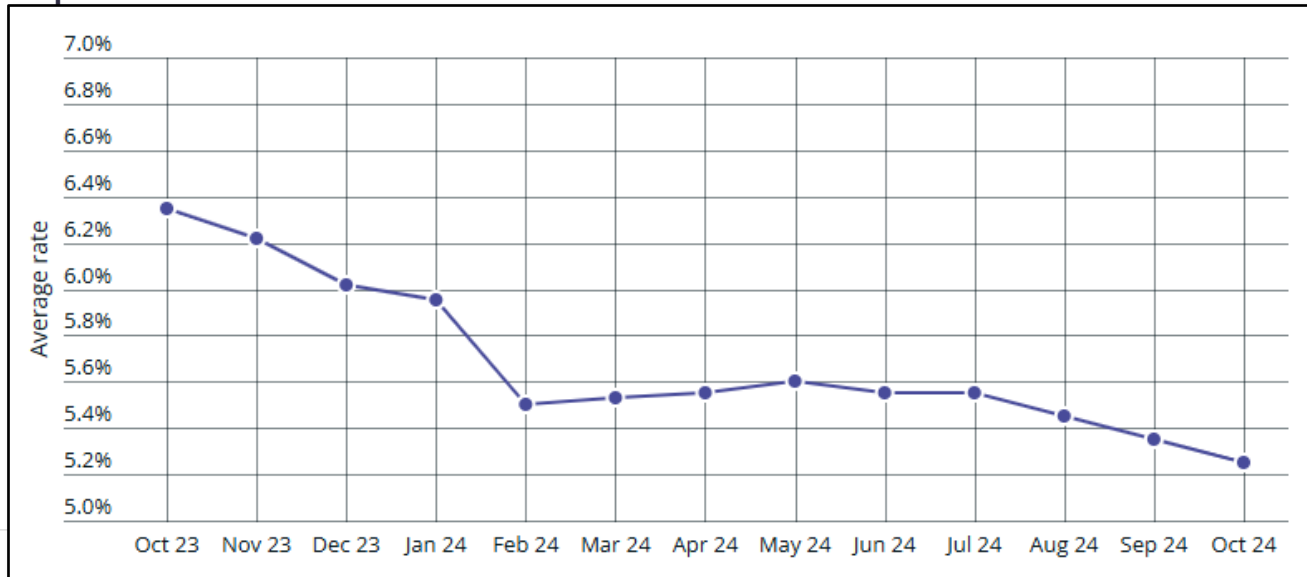


Tom Wheeler  
Sales Manager



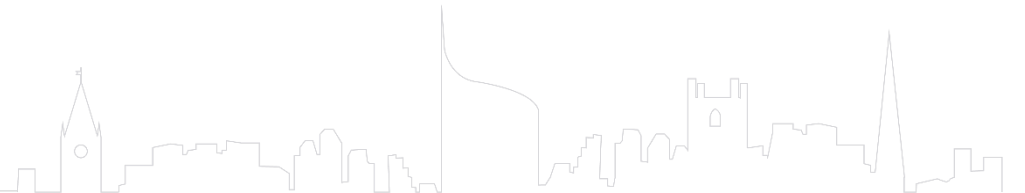
# Current state of play

- Buy-to-let (BTL) mortgage rates have dropped to their lowest point since September 2022
- Period of high inflation led to multiple increases in the Bank of England's base rate, with average BTL rates reaching a peak of 6.79% in August 2023
- Current average fixed BTL rate is 5.25%, lower than the 5.96% recorded two years ago but still significantly higher than the 3.15% seen five years ago
- As a result, landlords remortgaging after a two- or five-year term will experience higher repayments
- Landlords staying in the market increasingly restructuring their portfolios through limited companies - approx. 50,000 BTL companies established in 2023



# Best rates on Buy-to-Let mortgages

- The following tables display the current lowest initial rates (excluding products with fees in excess of 4%) on two- and five-year fixed-rate buy-to-let mortgages on purchases, remortgages and the difference between individually owned BTL's and LTD companies
- Some rates are noticeably more attractive, however, there are trade-offs to consider. The lowest interest rates typically have substantial up-front fees, which should be included in your total cost comparison. Some of these fees can be as high as 7% of the loan amount
- Fee-free BTL mortgages are rare, though some options offer lower up-front fees, typically around £999–£1,500



# Rates on purchase BTL mortgages

## 2 year fixed – Purchase (Personal names)

Loan-to-value	Lender	Rate	Fees
60%	The Mortgage Works	3.24%	3% of the mortgage
75%	The Mortgage Works	3.59%	3% of the mortgage

## 2 year fixed – Purchase (LTD company)

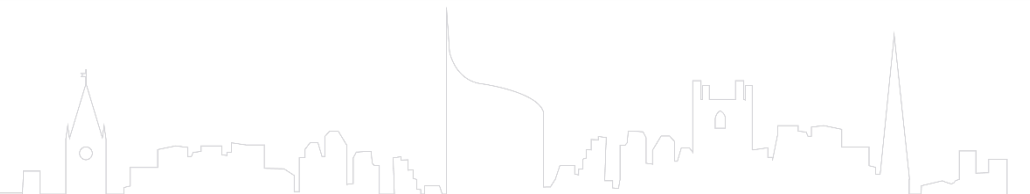
Loan-to-value	Lender	Rate	Fees
60%	The Mortgage Works	4.68%	3.5% of the mortgage
75%	Aldermore	4.99%	3% of the mortgage

## 5 year fixed – Purchase (Personal names)

Loan-to-value	Lender	Rate	Fees
60%	BM Solutions	3.87%	3% of the mortgage
75%	The Mortgage Works	4.49%	£1,495

## 5 year fixed – Purchase (LTD company)

Loan-to-value	Lender	Rate	Fees
60%	LendInvest Mortgages	5.24%	4% of the mortgage
75%	Molo Finance	5.49%	3% of the mortgage



# Rates on BTL remortgages

## 2 year fixed – Remortgage (Personal names)

Loan-to-value	Lender	Rate	Fees
60%	Virgin Money	3.57%	3% of the mortgage
75%	BM Solutions	3.87%	3% of the mortgage

## 2 year fixed – Remortgage (LTD company)

Loan-to-value	Lender	Rate	Fees
60%	CHL Mortgages	4.92%	3.5% of the mortgage
75%	Molo Finance	5.49%	2.5% of the mortgage

## 5 year fixed – Remortgage (Personal names)

Loan-to-value	Lender	Rate	Fees
60%	BM Solutions	4.14%	£3,999
75%	Virgin Money	4.26%	£2,195

## 5 year fixed – Purchase (LTD company)

Loan-to-value	Lender	Rate	Fees
60%	LendInvest Mortgages	5.34%	4% of the mortgage
75%	Molo Finance	5.49%	3% of the mortgage







Contact us for more information on mortgaging and remortgaging:

**Tom Wheeler**

07585 114 143

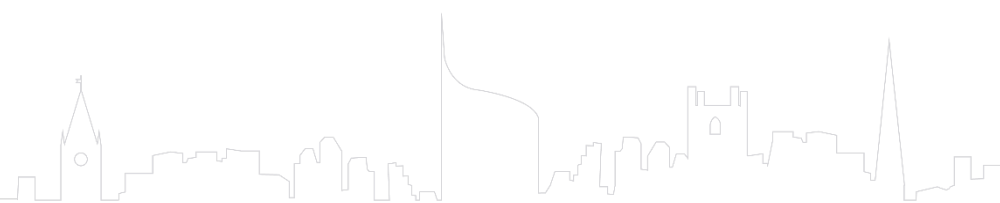
[t.wheeler@mab.org.uk](mailto:t.wheeler@mab.org.uk)



**Ellie Stevens**

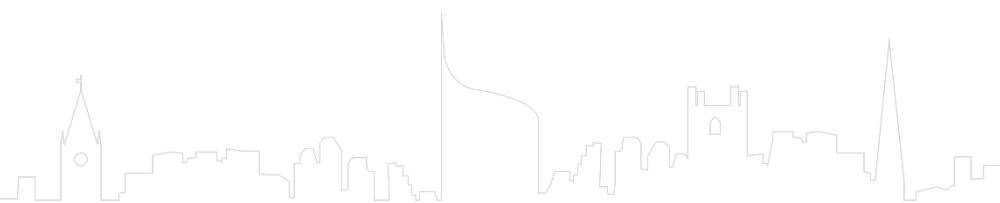
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# Q&A





# Thank you

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