

WHY READING A NOVEL IS KEY TO HAPPINESS Pages 28&29

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Pay housing benefit direct to us, say landlords

AS landlords report an increase in tenants being unable to pay their rents, property insiders say that calls for a government bail-out of the rental sector may be misplaced.

According to the Association of Residential Lettings Agents, 65% of all UK landlords have reported tenants having difficulties paying their rent in the last six months, and 93% say they have been approached by tenants looking to take advantage of the current economic situation to secure a reduction in rent.

It's not just the big lettings companies that are effected either. According to

Matt Thomas

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figures released by the Council for Mortgage lenders 1,700 buy-to-let repossessions took place in the first quarter of this year.

Carmarthen-based landlord Kevin Green says that very often tenants failing to pay their rents are the cause of these repossessions.

"Tenants in arrears are becoming a very obvious and very serious problem," said green, who owns 300 houses in Wales, Ireland and Scotland.

"Last year my business lost something

like £23,000 on account of this precise issue.

"I've had to employ somebody specifically to sit in my office and keep chasing tenants.

"As people are losing their jobs and making the switch over to benefits, it's very easy for them to get into arrears and the current situation with the payments there doesn't make things any easier."

The situation referred to by Green is the Government's decision, as part of changes in the Welfare Reform Act, to pay local housing allowance to tenants, rather than directly to their landlords.

He believes that changing this ruling, rather than establishing the mortgage relief schemes being called for by the National Landlord Association, is key to stabilising the lettings market.

"The best thing to do would be to restore the option of paying landlords the rent directly," he said.

"That would do a lot more than pouring more money into the situation, which would help out individual landlords in the short term but does nothing to address the root of the problem.

"It would be better for the tenants as well, as it would take away that problem at what is a difficult time for them."

Adding to the problem is the fact that the changes in the Welfare Reform Act say eight weeks of arrears must build up before landlords can make a claim, but some local authorities allow the period to extend to up to 12 or 13 weeks.

Some landlords are finding it hard to give their tenants leeway during this time, according to Paul Shampolina, director of Landlord Action, a company specialising in tenant evictions in England and Wales.

"We have been trading for 10 years

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and, in the last year, have seen a 20% increase on a national basis in instructions from landlords to evict problem tenants," he said.

"Many landlords have been victims of the recession with tenants failing to pay rents due to the increase in job losses and the general debt situation and my seminar on 'how to avoid a bad tenant' has never been busier."

According to Shampolina, the best defence against landlords finding themselves in the unpleasant position of having to call for his services is to plan ahead.

"We would urge landlords to carry out stringent referencing to ensure that their tenant is sound," he said.

Not all landlords are feeling the effects of tenant arrears however.

Andrew Thomas of Cardiff-based estate and lettings agent Chris John and Partners says his tenants have been able to meet their rents without too much trouble.

"Perhaps it's because of the relatively high number of public sector employees here in Cardiff, people are holding onto their jobs and still managing to keep the rents coming in," he said.

"But who knows what the future holds?"

"We actually had more of a problem with this sort of thing two years ago, but since then it's been pretty good."

According to Thomas, the best thing for both landlords and tenants to do if rent arrears become an issue is to be up-front about the problem.

"The sooner you come to some sort of arrangement the better," he says.

"That way the landlord gets his rent and the tenant can pay off the debt before it becomes a large lump sum and completely unmanageable."