

Annex B: York Residential Landlords Association Response

Sadler, Frances

From: Niall McTurk [niall@yorkrla.co.uk]
Sent: 28 October 2013 12:02
To: Sadler, Frances
Subject: Review of Article 4 Directive

Dear Frances

I am sorry for the delay in replying to your email; quite honestly we've had somewhat of a lengthy debate on whether to send in a response at all, but more of that later.

We have sought the opinions of our members (now in excess of 500) on the effect that Article 4 is having on them as landlords and on the Private Rented Sector in general. Not unsurprisingly, we have had an enormous amount of feedback. The views expressed by our members fall broadly into three groups.

A small but significant minority feel that as a Landlords Association we should totally disengage with City of York Council; they feel that despite the fact that we are one of the two major stakeholders in the PRS, our views are totally ignored. This group of members cites amongst other things our original objection to the introduction of Article 4 and more recently our opinions on Landlord Accreditation as prime examples of CYC ignoring the views of landlords and the public repeatedly saying: " how important it is that we (CYC) support the PRS and help encourage it to grow".

The second group of opinion is larger, and although still in a minority, are in favour of CYC keeping the Article 4 in place. This tends to be the view expressed by older landlords and/or those not wishing to invest in further improvements and/or do not wish to expand their portfolios. They feel that Article 4 has already, and will in future reduce competition thereby enabling them to increase rents and spend less time and money improving their houses. There is certainly evidence that the rents from some private landlords and some Letting Agents have risen disproportionately more in the last year than in previous years. It is difficult to determine how much this is to do with Article 4 and how much it is to do with the knock on effect of the high rents demanded in private sector purpose built accommodation, such as The Boulevard, driving up landlord expectations. Many landlords in this group are also delighted that CYC have, perhaps unwittingly, increased the value of their portfolios by 20% to 30%. As a result of this many have put some or all of their rental properties on the market to 'cash in' on this additional profit.

The majority of opinion however, is that Article 4 is bad for tenants and bad for the City's economy. This group acknowledge that it is good for existing landlords in the short term but that it will be very damaging in the long term. The following views have been expressed by numerous members:

- **it is wrong for any local authority to try and 'engineer' the market to restrict where people can live. The free market should be allowed to rule the PRS to increase competition in rents and quality. Surely this can only serve to be beneficial for our tenants?**
- **how can Councillors ignore the lack of evidence presented in Frances Sadler's report on Article 4 AND then go ahead to ignore her recommendation which, as I recall, was "not to introduce Article 4 and to undertake further consultation? They must be crazy"**
- **this Article 4 is a form of Social Engineering which will only serve to disadvantage tenants who will see higher rents, less choice in where to live and lower standards as competition amongst landlords reduces.**

- how can CYC ignore the views put forward in 2011/2012, not only by our Association but also by The Chamber of Commerce? Where are our current and future young professionals going to find low cost accommodation in the City?
- everyone, both nationally and locally in York, acknowledge that the PRS needs to grow to meet the huge, current (and forecast ongoing increase) demand and yet CYC seem hell bent on stopping investment in the PRS in York
- since April 2012 there has been a huge drop in the number of houses bought for letting in York specifically as a result of Article 4. This can be evidenced by speaking to any Estate Agent in York. If the PRS needs to grow to meet the ever increasing demand, how is CYC going to achieve this ?
- whilst previously unlet houses are taking longer to sell, despite being cheaper, houses that have been let as HMO's are selling at an ever increasing premium. This is great for us that are selling our rental properties now but it cannot be a good thing to create a two tier house price system whereby two identical houses in the same street can vary in value by 20% to 30%.
- do the small group of owner occupiers who campaigned in favour of Article 4 realise their house has now dropped in value by tens of thousands of pounds?
- York is generally a low income economy where large numbers of people work in Hotels, bars, restaurants, museums and in low paid admin/call centre jobs etc. The majority of these people cannot afford a one bedrooomed apartment and need high quality rooms in a shared house. If they can't find suitably priced accommodation they will leave our City to the detriment of our economy. CYC are crazy!

I am sure you will appreciate that I have tried to give you a response that reflects all the varying views of our members. However, the official view of York RLA concurs with the views of the vast majority of our members in that this Article 4 should be withdrawn.

I hope you can incorporate our views in your report in the context that we represent one of the major stake holders and we also request that our views are given more emphasis than isolated opinions you may receive from one or two landlords who, with all due respect to them, may not see the larger picture and who (like me) are undoubtedly currently gaining from all the benefits that less competition gives landlords as a result of Article 4.

We look forward to CYC Councillors finally listening to and acting upon our valued opinions.

Regards

Niall

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