



Chancellor acts to rebalance property market

The Chancellor of the Exchequer introduced a range of measures in his Autumn Statement on 25th November 2015, in part, intended to help rebalance the property market. Arguably, among the most significant measures to be introduced were the changes to stamp duty land tax (“SDLT”) which took effect on 1st April 2016.

The changes essentially mean that for some purchasers, higher rates of SDLT (3% on top of normal SDLT rates) may now be payable for most purchases of additional residential properties in England, Wales and Northern Ireland (3% extra LBTT in Scotland) where, at the end of the day of the transaction, individual purchasers own two or more residential properties and are not replacing their main residence.

To put this into context, someone buying a second property for £250,000, which was not going to be replacing their main residence, would have paid £2,500 before 1st April 2016, and £10,000 on or after 1st April.

Someone buying a second property for £400,000.00, which was not going to be replacing their main residence would have paid £10,000 before 1st April and £22,000 on or after 1st April.

With such significant savings to be had, it was inevitable that anyone buying a second property, which was not going to be replacing the main residence, was going to require completion to take place before 1st April. Consequently, I, like all of

my conveyancing colleagues at Attwaters Jameson Hill, have had to complete an extremely high volume of property transactions last month to ensure that our clients have enjoyed paying SDLT at the lower rates, saving our clients tens of thousands of pounds in the process.

Our clients beat stamp duty hike

I am pleased to confirm that every single one of my planned (and unplanned) transactions required to complete before 1st April completed, some in a matter of 4 - 5 weeks, and these would have been sooner, but for delays by mortgage lenders!

More than ever, in the rush to beat the hike in SDLT, the importance of instructing a responsive and rapid solicitor has never been so evident, with mortgage lenders often proving the “*weak link*” in helping clients meet the deadline to complete. I have found many lenders have been very slow in issuing mortgage offers, responding to disclosures and even releasing mortgage monies.

Interestingly, I have noticed that against a backdrop of a lack of properties on the market, and financial budgets, a number of my buy to let clients have purchased leasehold properties. For those that don't know, leasehold properties (mainly flats) are very different creatures to freehold properties (mainly houses). Leasehold properties are subject to leases (which essentially is a contract between the landlord and the tenant owner of the property). Leases often contain

restrictions, perhaps restricting subletting without landlord consent, or restricting the keeping of pets at the property. It is important when buying a leasehold property, that you are made aware as soon as possible of any restrictions which might affect your willingness to proceed with the purchase of the property.

Going forward, it seems that anyone buying a property to let will need to ensure that they are well versed on all of the changes on the horizon, in addition to current obligations and considerations to be had at this time. Such changes range from tenants being able to request consent from their landlords to carry out energy efficiency improvements to privately rented properties (which the landlord will not be unreasonably able to refuse), to not being able to rent out a property which does not have a minimum energy performance rating, to changes in “stress tests” in mortgage applications, to tax reliefs on their finance costs.

More help for first-timers

So, what of the first time buyer? Well, other measures introduced in the Autumn Statement, which are intended to help the property market include:-

- (1) Building more affordable housing (including starter homes to be sold at a discount for first time buyers);
- (2) Extending the right to buy scheme to housing association tenants;
- (3) Accelerating housing supply (by introducing changes to the planning system so it delivers more homes more quickly, releasing public land and re-designating unused commercial land for starter homes and extending loans for small builders);
- (4) Extending the Help to Buy scheme and lifting restrictions on eligibility criteria.

It will be interesting to see how the changes introduced in the Autumn Statement affect the property market, and whether they support the ever growing level of schemes already introduced to help buyers get onto the property ladder – see <https://www.helptobuy.gov.uk/> I do hope however that the measures introduced are successful in helping the first time buyer. After all, the first time buyer is all so important to the property market.

Whether you are a first time buyer, selling only, buying and selling or a buy to let investor, one thing you can be sure of is that at Attwaters Jameson Hill, your transaction is as important to us as it is to you. We realise that a property transaction can be an extremely stressful time for you, but rest assured, we will do all that we can to ensure your transaction goes through smoothly, keeping you informed, and working with your estate agent and mortgage advisor. We realise you are not a number but an individual and we never lose sight of this. To this end, your matter will always be personally dealt with by an experienced solicitor, legal executive or licensed conveyancer, who has been in your shoes and so understands exactly what you need.

If you are selling and or buying, please contact Nicasio Dino of Attwaters Jameson Hill Solicitors on 01920 481206.

