

## July 2025 Property Newsletter

**Welcome to our monthly newsletter for property landlords.  
We hope you find this informative.**

### **Government Spending Review: Rent and Housing measures**

In the Spending Review on 11 June, Chancellor Rachel Reeves announced that she will almost double the government's spend on affordable housing, with a 10-year £39 billion investment in a new Affordable Homes Programme. Investing in infrastructure and land remediation to deliver new housing schemes in partnership with the private sector is one of the ways in which the government intends to meet its commitment to build 1.5 million new homes.

The government will also address high home energy costs by looking to improve energy efficiency through the Warm Homes Plan. The Warm Homes Plan plans to help cut bills by hundreds of pounds per year for families across the country by upgrading homes through insulation, heating and solar panels.

From July, the government's UK-wide Mortgage Guarantee Scheme will become permanent to ensure mortgages remain available for buyers with small deposits.

Another measure announced by the Chancellor was a commitment to end using hotels to house asylum seekers by the end of this parliament.

To meet this commitment, the government has tasked contractors to source landlords with properties that can be used to house asylum seekers. One of the contractors, Serco, is seeking landlords in the North West, Midlands and East England with traditional HMOs, vacant family property, former care homes or residential/student accommodation. The scheme offers guaranteed rent over a five-year period and landlords are invited to apply through Serco's online platform.

### **MTD for Income Tax: It's just around the corner!**

With just nine months to go until Making Tax Digital for Income Tax (MTD for IT) becomes mandatory for the first cohort of sole traders and landlords, now is a good time to check what you need to do to get ready if you haven't done so already.

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Individuals with a combined turnover from self-employment and/or property over £50,000 in 2024/25 will be mandated to comply with the new rules from 6 April 2026. They will need to use MTD-compatible software to keep details of each item of business/property income and expenditure, then send a quarterly summary of their transactions to HMRC each quarter. This is in addition to the requirement to finalise their business results and declare any other income in an end-of-year tax return.

Those with lower turnover will be mandated in subsequent years.

The range of available MTD-compatible software is vast and varied, from spreadsheets for those with the simplest tax affairs to cloud-based packages with AI-enabled optical character recognition.

#### **A property business or a second home?**

Real estate company Colliers has published research into what it describes as homeowners 'flipping' their holiday homes into the business rates system in order to avoid paying the increased council tax premiums for second homes in parts of England and Wales.

Current regulations mean that the second property can be classed as a business if the owner makes it available as a holiday let for 140 days of the year, and it is let to holidaymakers for at least 70 nights in total. As a small business, the owner can elect to pay business rates instead of council tax and claim 100% relief on the business rates payable if the rateable value is less than £12,000.

Colliers analysed properties in Cornwall, Devon, Dorset and Somerset, finding that 21,678 owners opted to pay business rates and claimed 100% relief. Based on current council tax rates for second homes, Colliers estimates the loss of revenue to be around £105 million.

Colliers is calling on the government to reform the council tax system.

#### **Scotland: Continued Progress on Housing Bill**

The Housing (Scotland) Bill has now completed Stage 2 scrutiny by a cross-party committee of MSPs.

The Bill was introduced to Parliament last year to strengthen tenant protections and

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introduce a range of duties designed to prevent homelessness.

Measures include giving social tenants greater protection against damp and mould, as well as setting out how rents can be capped in rent control areas.

Social Justice Secretary Shirley-Anne Somerville said she was pleased the Committee has completed its Stage 2 scrutiny and is looking forward to working on the next and final stage. The Bill has now entered the final Stage 3 process.