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YOUR PROPERTY NETWORK

www.yourpropertynetwork.co.uk

BACK TO UNI!

HAVE STUDENT LETS SURVIVED THE LOCKDOWNS?

While working on this month's lead feature about investing in student accommodation, I couldn't help reminiscing about my own student digs up in Manchester. In my first flat outside halls, I not only had a random shower cubicle in the corner of my bedroom but, because I'd pulled the short straw, my bed was sandwiched between two walls and I had to clamber in from the bottom. At least I couldn't fall out …

From hearing the stories from our contributors, I am delighted to hear that the standard of student rooms is indeed on the up. We have tried to cover a wide variety of areas, from large student cities to small market towns, from remote investing to using several purchasing strategies.

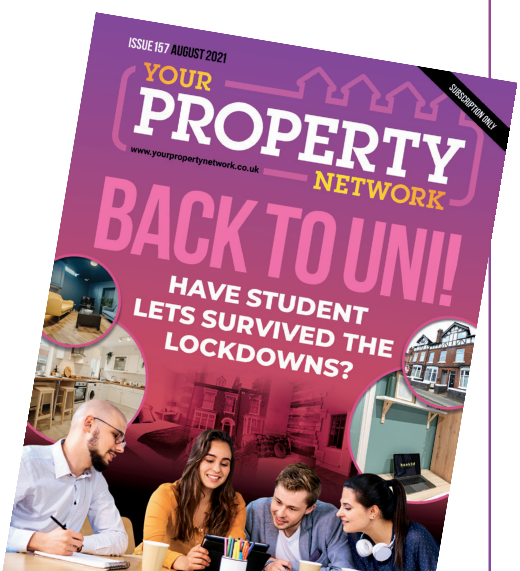
After one of the most difficult years for students in living memory, it was so interesting to hear what each of these investors has done to help, and how they're planning to move forward. And is online learning truly here to stay? You'll have to read on to find out.

Furthermore, our regular contributors have written some cracking articles this month, from **Mary Latham's** honest account of finding tenants peak pandemic, to **Katrina Jones** explaining how to get your rent-to-rent business off the ground.

Finally, a huge thanks to you, our readers, for continuing to support YPN. We couldn't do it without you.

Happy investing!

Angharad



In this issue …

FEATURES

LANDLORDS AND INVESTING

LIFESTYLE AND INSPIRATION

SPECIALIST COMMENT

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FREE!

FIRST TIME CENTRAL HEATING (FTCH) GRANTS FOR LANDLORDS AND HOMEOWNERS ARE NOW AVAILABLE

January 2020 was the start for the new government backed ECO3 scheme which includes First Time Central Heating (FTCH) for Private Landlords and homeowners whose properties have never had a gas central heating system before. Plus most councils now offer a scheme that works alongside the Government backed ECO3 scheme called FLEXIBLE ELIGIBILITY (LA FLEX). The local council sets its own qualifying criteria for LA FLEX so whether or not the tenant/ homeowner receives benefits they may qualify for FTCH.

Our installers will assist with connecting the gas pipeline (Free within 23 meters of the gas mains) and gas meter and will install for free:

- **A rated Worcester Bosch Combination gas boiler with 2 year parts and labour guarantee**
- **Radiators with Thermostatic Radiator Valves (TRV'S) and pipe work throughout the property**
- **Remote Control Thermostat**

We are looking to install **FTCH** in houses and certain flat types that currently have Electric Boilers, Electric Panel Heaters, Electric Storage Heaters or gas/ coal fires etc. (basically any property that has never had radiators fitted before).

We will also insulate lofts, cavity walls and under floor insulation which is included in the **FTCH** scheme.

It's difficult finding properties that have never had a gas central heating system before, which is why we are contacting Private Landlords and homeowners through the **Your Property Network** to see if they have any properties in their portfolios that might qualify for **FTCH** and would like to upgrade them with a full gas central heating system for free.

The **ECO3 grant** is aimed at helping low income families in fuel poverty areas and the government hitting their 2050 CO2 emissions target ergo helping to reduce bills and aid in preventing global warming so a win win for everyone.

The **FTCH** scheme is also available to Limited Companies (not social housing/ HMO,Charities).

The qualifying benefits are:

- Armed Forces Independence Payment
- Attendance Allowance
- Carer's Allowance
- Child Benefit
- Child Tax Credit
- Constant Attendance Allowance
- Disability Living Allowance (DLA)
- Guarantee Credit
- Income-related Employment and Support Allowance
- Income-Based Jobseeker's Allowance
- Income Support
- Industrial Injuries Disablement Benefit
- Personal Independence Payment (PIP)
- Severe Disablement Allowance
- Universal Credit
- War Pensions Mobility Supplement
- Working Tax Credit

Please ask your tenants/ homeowner if they receive any of the above benefits.

To arrange a survey or for further information please contact:

David Dickson
ECO3 Lead Generator
M. 07305596080
Email: davedickson55@hotmail.com

CREATIVE ACQUISITION STRATEGIES LEAD TO FASTER GROWTH

HOW KIM OPSZALA REPLACED HER INCOME WITH A MIX OF STUDENT AND PROFESSIONAL HMOs

Interview and words: **Angharad Owen**

Multi award-winning solicitor Kim Opszala and her husband Mike founded KoMo Properties and started investing in property to allow themselves more time freedom. Together, they have accumulated a portfolio using a mixture of rent-to-rent, PLOs and purchasing, using the BRR model. Until last year, they focused on renting to professionals, but they recently branched out into student lets and haven't looked back. In this article, Kim tells their story and shares what they have learned along the way.

BACKGROUND

I've been a corporate solicitor since 2012, and specialise in buying and selling businesses, shares, joint ventures and anything to do with company law and commercial contracts.

In 2016, I was working for the largest law firm in the world. It involved working crazy hours and it was so stressful that it started to affect my physical and mental health. This wasn't what I wanted for my future, so I decided to somehow replace my income to have other options and be my own boss.

After reading Rich Dad Poor Dad on holiday, we started to look at investing in property. At first, we invested with someone on an earn-and-learn basis. He was doing exactly what we wanted to do so we shadowed him and followed his live projects, while continuing to top up our knowledge by listening to podcasts and reading magazines. Eventually, I enrolled on Simon Zutshi's Mastermind programme.

Prior to being educated, our original plan was to slowly build a portfolio of BTLs by saving a deposit every few years, but replacing my salary using this method would take quite a long time.

The first investment property we bought was a block of three flats in Birmingham, which revealed to us the power of having multiple income streams from one property. After learning about the different strategies, we realised the quickest way to build cashflow was through HMOs.

> Implementing a mixed-strategy approach for acquisitions was key for us, as it allowed one pot of cash to achieve a lot more. Over the years we have utilised rent-to-rent and purchase lease options as well as buying our own properties.

We really advocate rent-to-rent, as it's a relatively risk-free way to test a strategy. It's also fantastic for quick cashflow, which we use to build deposits for our acquisitions. Finally, it was a great way to establish if HMOs were a good fit for us. Through trial and error, we now have fantastic systems in place, so that when we were ready to buy our first HMO, it was a smooth process because we'd made all the mistakes already!

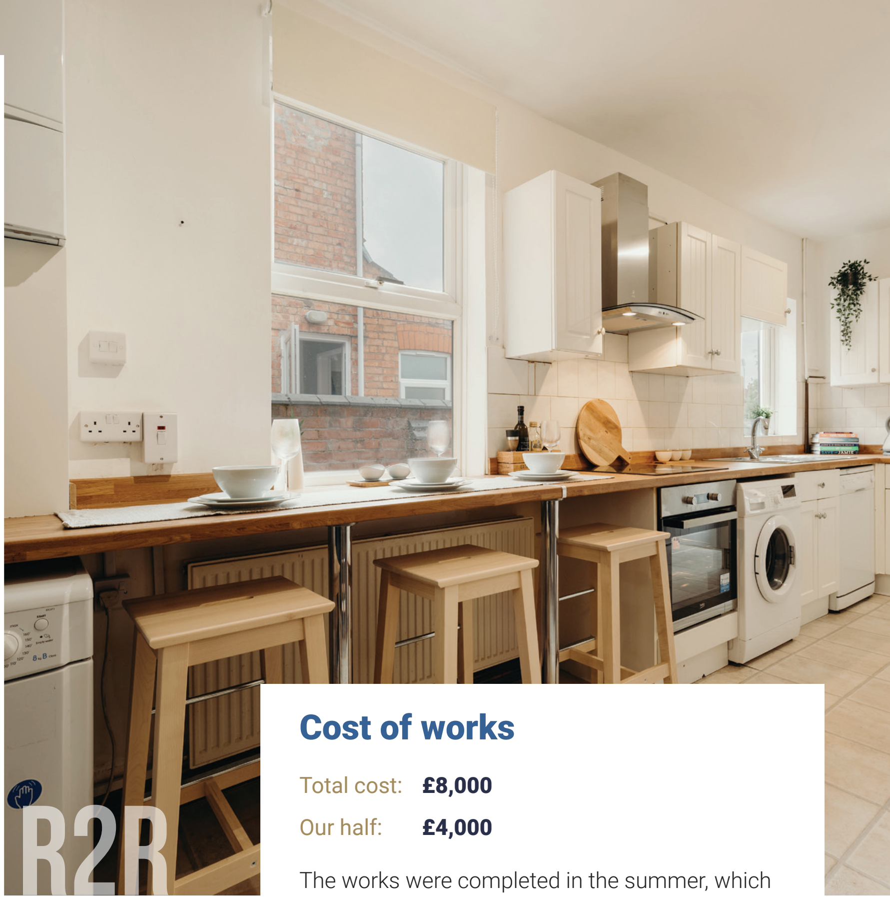
LOCATION

Mike and I invest in Birmingham, Milton Keynes and Northampton, the latter being where all our student properties are, because there's no university in Milton Keynes where we are based. The University of Northampton has a big focus on vocational subjects.

As there was a lot of concern at council level about saturation of student lets and other HMOs, Article 4 is in place. Just like many other university cities, there are a lot of HMOs but most of them are bog-standard.

Back in 2018, the University of Northampton, previously sited north of the city, opened a new campus on the south side. There were a lot of student HMOs in the old location that were suddenly no longer in demand after years of no voids. Many were in poor condition and when we started investing in the area, several student landlords approached us about offloading their properties.

The new campus also has some purpose-built accommodation, which further upset the market. However, we find most students don't want to live in halls throughout their time at university; they want to move into a house with their friends so it's absolutely possible to compete, because we offer a completely different product.



SWITCHING TO STUDENTS

We established our first student HMO in 2020, and despite it being a universally challenging year, we've had huge success. Covid fallout has taught us how important it is to have a diversified portfolio. Previously, we relied solely on the professional markets in our investment areas.

It all began when a landlord we already work with on a rent-to-rent basis had another property becoming vacant and asked us to take it on. A local agent advised us that it would work well for students. We didn't know much about the student market but decided to go with their recommendation.

Acquisition

Strategy:	**Rent-to-rent**
Length of agreement:	**5 years**
Monthly rent to landlord:	**£700**
Deposit paid:	**£0**

After viewing it and seeing how much work needed to be done, we asked the landlord if he would be happy to split the costs 50/50 and he was happy to do so.

The structure of the house was sound but it was very tired inside. The kitchen was dated, it needed new bathrooms, new carpets, and redecoration throughout, particularly in the basement. Due to stock shortages as we came out of lockdown, we upcycled as much furniture as we could and negotiated a rent-free period while the works were taking place.

Cost of works

Total cost:	**£8,000**
Our half:	**£4,000**

The works were completed in the summer, which was the wrong time of year to rent to students. Regardless, we decided to put it on the market to see how it would perform, and it was snapped up straight away by a group of five international students.

At the time, many other landlords were experiencing turmoil with non-paying students, because a large number of students returned home as lectures moved online. Although we've been conscious of that, we've not yet had any problems with tenants leaving or refusing to pay rent as a result of Covid.

Our rents last year were guided by the agent's recommendation. This year, we did some more detailed due diligence and set our rents slightly higher (see below).

Profit

Monthly income:	**£2,800**
Bills:	**£550**
Net monthly cashflow:	**£1,550**
ROI:	**465% (initial costs paid back in just over 2 months)**

It wasn't too long before we realised the student model, in comparison to professionals, was more hands-off from a management perspective, so we wanted to give it another go. Around the corner, we had another property on a purchase lease option that had been a professional let for the past two years.

The owner was initially interested in a rent-to-rent agreement, but wanted a high monthly rent. We tried to negotiate a figure that worked for us both, but couldn't make it work because he wanted too much. After months of negotiation, he mentioned that he wanted to get rid of the property, but was unable to sell at the time without incurring an early repayment charge as three years remained on his fixed-term mortgage. A PLO was the perfect solution, as we could take it off his hands now, and buy it when the fixed term ended.

The owner wanted his mortgage covered (£700pcm), as well as extra for his living expenses (£1000pcm). In the end, we agreed to cover the mortgage and his expenses (see figures), but half of the total amount we would pay over the term would be taken off the final purchase price. He agreed, and is happy because he doesn't have to worry about the house anymore.

> "Because of my legal experience, I was able to structure this PLO uniquely."

Acquisition

Strategy:	**PLO**
Length of agreement:	**5 years, but we can exercise the option after 3**
Open market value:	**£325,000 (estate agent's valuation at the time of PLO in 2019)**
Agreed purchase price:	**£310,000**
Additional acquisition costs:	**£1,000 for legals**
PLO monthly payments:	**£1,400 — but £700 per month comes off the eventual purchase price as we are repaying a capital payment mortgage**

During our due diligence it transpired that the property had been operating as an illegal HMO. The owner had a licence, but not planning permission – it's in an Article 4 area. We paid and applied for the planning to convert from a C3 to C4.

I'd done a lot of research beforehand on whether we'd be successful based on the saturation requirement. There were several other HMOs on the same road, but fortunately, most of them did not have planning permission so we used that to our advantage. Now that ours is registered, if anyone nearby applies to convert to C4, they'll likely get rejected.

Over the years we've gained a lot of experience with planning permissions and certificates of lawful use, because we've had to do it with pretty much every property. The landlords that we've worked with have been letting for years but don't know about the planning obligations. So far, we have a 100% success rate. I do a lot of analysis on the likelihood of it being granted, though — if we're not going to get it then there's not much in it for us as it affects the mortgageability of the property.

Cost of works

Planning costs:	**£1,000**
Refurb costs:	**£3,000 (we did a lot of the works ourselves — we were rookies!)**

Earlier this year, we served the required six-month notice on the existing tenants, re-marketed it to students and it was let a few days later. We hope to exercise the option to buy within the next year, and it will continue as a student let going forward.

Profit

Monthly income:	**£2,850**
Bills:	**£580**
Net monthly cashflow:	**£870**
ROI:	**208% (based on original rents as a professional let)**

In April 2021, we completed on two more purchases in the same area, which will also be student lets. The refurbishment on one was recently finished and it has been let for two years. Again, we marketed at completely the wrong time of year, so we were a bit nervous and prepared to let to professionals for a while. At the time of writing, the second property is still being refurbished, but it should be completed in time for the start of the 21/22 academic year.

To summarise, we started with rent-to-rent, tested the model, converted our lease option property and then bought two more. In total, we have four student lets as well as our existing professional lets. Although we love this strategy, we have no intention of converting the entire portfolio to student lets — I like that we have a mix of professionals, single lets, and now, student lets.

IMPACT OF LOCKDOWNS AND COVID

When we signed our first property in the summer of last year, we had just come out of lockdown and everything was more or less normal. It was empty when the tenants viewed it so there weren't any safety issues. In November, when viewings for the 21/22 academic year took place, Northampton went into Tier Two, so we had to implement some additional measures. The current tenants had to leave the property for the day while we conducted the viewings, we only allowed two people from each potential group to visit, everyone had to wear face coverings and we provided hand sanitiser.

They were allowed to take videos to send to the rest of the group, but they ultimately had to make the decision on behalf of everyone. Our marketing photos and videos of the property were made available too. It was the only way we could do it safely, as we couldn't have seven or eight groups of people walking through the house. It worked well and we conducted viewings on the lease option property in that way too.

As many of our tenants are vocational and international students, they aren't in a position to study from home during lockdowns. As a result, if it happens again this year, I'm not hugely concerned.

INTERIORS

The great thing about student properties is the ability to be bold. Our first house was inspired by my Cuban heritage, where biophilic interiors are common. We love it when the elements of nature are incorporated into the design, so we used wooden furniture paired with bold colours. The basement cinema lounge is one of our most popular images across social media platforms.

In terms of specification, we've found that students don't have the same requirements or expectations as professionals. The latter will want a high spec with additional appliances and en-suites whereas students don't need a bathroom each as they're friends and happy to share, but wifi and communal space is crucial.

The focus for us was to make sure that the rooms were nicely decorated, had a good space to study as well as a nice outdoor space. Mike and I met at university and lived in some awful accommodation, so we just thought back to what we would have wanted. I believe that's why we stand out from the competition.

MANAGING STUDENTS

When students move into a house, it's often the first time they've lived away from home, so, as landlords, there are some additional challenges. They sometimes have higher expectations of us, meaning that more time is needed at the beginning of the tenancy to explain their responsibilities to them. They don't have the life experience that professional tenants usually have.

That being said, over a 12-month period, the overall management is easier than with professional lets. There's only one check in and check out, there's no council tax, each tenant has a guarantor and cleaning costs are lower — monthly or every other month, compared to weekly or fortnightly for professionals.

Our students pay rent at the beginning of each term in September, January and April to coincide with their student loan payments. The downside to this is keeping on top of cashflow as bills still need to be paid monthly.

We like having both students and professional tenants and will never go back to having a portfolio of just one tenant type. We see the benefits of both and I teach my coaching clients that a diverse portfolio is key.

WHAT WE LOOK FOR

It's all about location. In every town or city, there is an area where the students gravitate to, and it's usually within walking distance of the bars, restaurants, city centre and university campus.

We always buy below market value so we can generate some equity by adding value. Since 2018, all of our deals have been done directly with vendors, so we're able to negotiate decent discounts in return for speed and certainty.

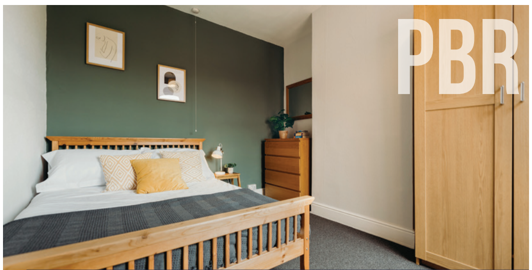
LOOKING FORWARDS

I replaced my income within 18 months, so I'm now able to choose if and when I work, which was our main goal when we started. Investing in property was always about having time to enjoy life, rather than hitting financial targets or getting a certain number of units. If the right opportunities come up, we will always buy, but we're not actively marketing at the moment. If we could find one more deal this year, that would be great, but we aren't putting any pressure on ourselves.

Our original plans for 2021 involved travelling and enjoying life a bit more, especially since having our son just before lockdown. Obviously, with the current situation, we don't know when we're going to be able to go abroad, so we have just finished a van conversion (with ensuite and kitchen facilities, of course!) to drive around the UK, and hopefully Europe eventually.

On the management side, we self-manage but have fantastic systems in place so that it doesn't take up too much of our time. A virtual assistant takes care of office admin and we have a part-time local lettings manager who arranges and carries out viewings and check ins/check outs. This allows us to go travelling without worrying about the portfolio.

We'd love to do some flips next year if the local market allows, partly to replenish our cash pot, and partly to try out a new strategy. Although, now that we have a lot of experience and a proven formula, we regularly work with private investors to raise finance.



CONTACT

If you want to get in touch with Kim to find out more about what KoMo Properties are up to or to enquire about coaching, you can find her here:

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RESEARCH PAYS!

STUDY IS NOT JUST FOR STUDENTS ...

Interview and words: **Julie Whitmore**

David Croissant reveals how careful research resulted in returns of 37%+ ROI.

Wanting to do more than just work until he reached retirement age, long time investor David shares in this article how he met his business partner on a training course and how they went on to identify a remote investment area to build a student HMO portfolio. They undertook thorough research and analysis before committing, and once they started, implemented effective, efficient systems and processes to manage the business at a distance.

David also outlines how they have now diversified from their original investment strategy to manage the risk of being dependent on student lets.

YPN: Can you tell me a bit about yourself and how you got started in property?

David: I worked in a corporate environment in IT software development, management and project management. Turning to property investment was a case of wanting to do more and not just work until I was old.

I attended a training course through the Rich Dad Poor Dad brand where I met my business partner Alan Scott. We agreed to JV on the cost of the next level training course and things grew from there.

We went on to buy three houses in Northampton and were looking to secure tenant-buyers, as this was very much the early days of Rick Otton and lease options and the 'Rent-to-Buy' strategy. However, we struggled to get any tenant-buyers and therefore had to look at alternatives, which is how we started in the student market.

The company I worked for was subject to a takeover in 2010 and the new culture wasn't something that suited me. In addition the new company did not require the number of senior managers currently in post. Given that at this point we had some HMOs operational, it enabled me to leave the environment and made the transition to full time property much easier.

THOROUGH RESEARCH BEFORE INVESTING

YPN: How did you decide on your geographical investment area?

David: We used the Local Housing Allowance rates as a benchmark and compared these against house prices in addition to considering transport links, area growth potential, unified development plans, impact and logistics of travel and how this would work for us in management terms. We then reviewed the information against area rental prices.

The three property purchases were before the area became subject to Article 4.

However we have purchased properties since this came into force and taken them through planning to obtain the HMO licence. We did not buy these with a subject to planning condition though as we would have turned them into family lets if the planning application had been unsuccessful.

The initial properties purchased were all three beds although we also now have properties with more bedrooms. We did not reconfigure them to provide more bedrooms; it was more important to us to consider the space for tenants – you must think about what it's like for the people living in the property. We do not want tenants falling over themselves, and we find that approach helps in terms of desirability and improves tenant retention rates.

We sourced the properties through estate agents (EAs) and are always straight with them – if we say we are going to purchase a property, we proceed. That has helped to build credibility with the EAs.

YPN: How do you manage the business remotely and how are the work activities managed between you and your business partner?

David: We each have line management responsibility for different properties in the portfolio. When you manage remotely, it forces you to think about systems and processes. We use an online fault reporting system that I have created, which is unique and bespoke to our business.

Case Study

ESSEX STREET, NORTHAMPTON

Type of property:	**3-bedroom HMO**
Year purchased:	**2010**
Purchase price:	**£95,000**
Open market value:	**£110,000 at time of purchase**
Purchase costs:	**Legal, broker, survey – £2,000**
Funding:	**Cash deposit using own funds/refinance – £19,000 80% LTV Mortgage – £76,000**
Borrowing rate(s):	**4.98%**
Total money in:	**£21,000**
Personal money in:	**£21,000**

COST OF WORKS

Duration of project:	**3 months**
Total costs:	**HMO conversion costs – £5,000**

MONTHLY FIGURES

Monthly income:	**£1,389 (Joint AST)**
Bills included?	**Yes**
Monthly mortgage payment:	**£315**
Monthly costs:	**£450**
Net monthly cash flow:	**£624**
Gross yield:	**17.5%**
Net yield:	**7.9%**
% Return on money left in:	**39.4%**

As my background was in IT software development, I had the skills to do this. We also use Trello for tenant enquiries, and that is linked to our suppliers for maintenance etc, enabling all parties to see the workflow. We also have a lead generating site which feeds through to Trello.

YPN: How do you deal with tenant inspections etc, and how did you build a power team remotely to manage the properties?

David: We usually complete a house visit once a month and our team are responsible for the completion of the regular Health and Safety checks. We used to get the maintenance team to visit and go through the house with a check list. This is now set up through Google Docs forms to cover all the checks that need to be undertaken, ie alarm system, lights, carbon monoxide monitor, etc. This also helps to build an audit trail of the inspections.

We have cleaners, a maintenance person who undertakes the day-to-day activities, and build teams completing conversions who can also do the heavier stuff. The maintenance contact will also liaise with other trades when required. It is a continuous effort thinking about the teams and providing cover longer term, as things can start to slip with suppliers.

Sometimes we have found people through recommendation and have also used online sites like Trusted Traders; we have even stopped tradespeople in the street and asked to review their work! We do have a reputation for being quick to pay our bills, which really helps to keep good tradespeople as cash flow is important when you are self-employed.

RAISING FINANCE

YPN: How did you fund your initial purchase and how do you approach funding now?

David: For the initial purchases, we used joint venture cash from family and friends in the form of standard loan agreements from Alan's family. They felt their investment was more secure through a family member, although there were no formal security arrangements in place against the loan.

We have also worked with other joint venture partners, high net worth individuals, and these have been more formalised arrangements and agreements.

In addition to loans, we have done profit splits with funds secured against the asset. These have always been with people who know us and have approached us about investment opportunities. Over time, for the most part we have bought them out by refinancing, and they have walked away quite happy with the money that they have made from residual cash flow and the profit from refinancing. We now have a small amount of money left in from family and friends. In the main, the larger tranches of money have been paid back.

YPN: What is your current focus with regard to acquisitions? Are you still interested in purchasing student properties?

David: We are currently focusing on taking over properties for other landlords because we have the systems and processes in place for maintenance and cleaning etc. That means we can now leverage this for other people and this has been my main focus for nine years.

We hold the student properties in our own names and live off the income from them; we complete self-assessment tax returns. We always consider the requirements for student property along with demand, because of the impact of apprenticeships vs universities. Student numbers are consistent but you need to evaluate the risk of bigger players coming into that space as well, even though their price point is significantly different to the private rental sector.

We are currently looking for property via sourcers in the non-HMO area, and in the last two years we have been purchasing houses and turning them into flats; this forms our current focus.

COVID-19 IMPACT

YPN: Were your properties and rental income impacted during the lockdown period?

David: It was our best year ever, and occupancy was strong for us. There were other properties we could have purchased in terms of house to flat conversions, but we decided to sit on the cash as a bit of a war chest in case it all went south! You currently have the National Union of Students pushing for rental accommodation, the renters' union talking about strikes and student bodies not wanting to pay rent on property where universities are not allowing students to attend on-site.

Our properties have very fast internet services, which really helped to support students working from home. A lot of universities are starting to open again now, including Northampton, whilst others may not be starting face-to-face lessons until at least October onwards.

All our students are UK based although we do have the occasional overseas student. This makes it interesting from the guarantor perspective because they do not have one. You also get UK students with poor guarantors – people that are not suitable. To compensate, we either charge a year's rent upfront or request a rolling three-month advance payment.

We offer 12-month contracts with a half price rent retainer over the summer months. Strong guarantors are the key to student lets. We credit check the guarantors, including a land registry

Case Study
ELYSIUM TERRACE, NORTHAMPTON

Type of property:	**6-Bedroom HMO**
Year purchased:	**2015**
Purchase price:	**£240,000**
Open market value:	**£250,000 at time of purchase**
Purchase costs:	**Stamp, legal, broker, survey – £4,500**
Funding:	**Cash deposit using own funds/refinance – £36,000 85% LTV Mortgage – £203,995**
Borrowing rate(s):	**5.19%**
Total money in:	**£38,000**
Personal money in:	**£38,000**

COST OF WORKS

Duration of project:	**Existing HMO – no conversions work needed – new tenants moved in 2 hours after completion!**
Total costs:	**Some furniture and white goods costs only – about £1,000**

MONTHLY FIGURES

Monthly income:	**£2,623 (Joint AST)**
Bills included?	**Yes**
Monthly mortgage payment:	**£890**
Monthly costs:	**£600**
Net monthly cash flow:	**£1,100**
Gross yield:	**13.1%**
Net yield:	**5.7%**
% Return on money left in:	**37.8%**

check which some landlords do not seem to do. It is getting more difficult with less people owning houses, in which case we need to see their payslips and understand their employment situation in addition to talking to them – you do sometimes need to take a risk and can get a feel of the person from talking to them. At the end of the day the student is getting a grant for the most part anyway.

Online study is not for everyone as the interaction is all part of the university experience. If everybody wanted to study online they could complete an Open University course. This is something that we have always been aware of: students can save money on living costs and stay at home, working part-time. Going to university is a rite of passage, however; it is the whole experience, including the opportunity of membership to societies in addition to all the other aspects, which make up university life.

YPN: What returns are you achieving on your HMOs?

David: With the HMO properties, we use the rental income as our day-to-day income, so we look at how much we draw out of that part of the business. For other property, I work on a return on capital employed approach (ROCE).

YPN: What is your plan for the next few years, what's your overall goal?

David: We are not driven by numbers, but more by a direction of travel in terms of how many acquisitions we can achieve year on year with the funds we have available. We are self-funding for the main part as these are the funds we can guarantee, and will work on a rolling five-year cycle for refinancing. We want to grow slow and steady; it's not about growing big and fast – we want to do it with minimum risk. We never set out to create jobs for ourselves; the focus is sustainable income.

In theory we get most of our investment money back out of deals, although we choose to leave some money in, eg £20,000 per flat, as that provides a strong ROCE. We are not using this money for living, it's for compounding growth.

We are renovating to a high design standard on the flats to make them more desirable as rentals and they also let faster. Whilst we have some money left in them, we are also recouping money from the cashflow rental income, and there are other factors to consider as well, such as the impact of inflation. We prefer a lower loan to value and let inflation compound it down for the longer term.

YPN: Did your accountant advise you on the structure you are using with income from the HMOs under self-assessment and other property in a limited company?

David: We did look at various schemes to transfer ownership of the properties into a limited company and carefully considered the benefits it would provide. There were also other considerations such as transferring beneficial interest. The other consideration is how to take the money out of a limited company if you need it for day-to-day living. This is more difficult to do and has a cost impact.

The accountant prepared a comparison report, and I still had concerns. Putting the properties into a limited company, and the process required to do so, was not right for us. There are benefits to both options though, it's not a one size fits all. Some people are touting the transfer as the perfect solution, however in some cases they may have a vested interest in selling a service for this. Everyone needs to look at their own circumstances and do what's right for them.

There are also some hybrid solutions involving the use of an LLP to get the benefits of self-assessment and the compartmentalised part of the limited company as well. This is something that we will review in the future as we grow.

YPN: Looking back, what have been the key lessons for you and what key points would you share with other investors?

David: Streamline communications as much as possible and utilise tools that are freely available to your business, or consider how you can use them to make your life easier, eg Trello. Also understand how to use systems effectively, eg Rightmove.

Give the tenant tools to report issues and keep it frictionless. Make it as easy as possible for them to communicate without having to speak to you, as not all tenants want to speak to their landlord. Providing them with a systemised process removes the need for direct communication. Some tenants can be very wary and suspicious of landlords!

The tools you use must provide acknowledgement and ownership to ensure any matters reported are dealt with, especially when working remotely with teams. It's also essential to make sure that suppliers are paid promptly for the work undertaken. Whilst all our team are self-employed, we manage them as if they worked directly for us. If you give people complicated systems, those systems won't get used and will put people off.

Keeping on top of costs and understanding your KPIs and cashflow forecasting for your business is important. We complete a three-month forecast at the start of each quarter. With HMOs, if you get the cashflow wrong it can knock you out of the game. You need to know your operating costs. Ensure that you get best value for money on services, but not to the detriment of cutting corners on quality of service.

Knowing your numbers as a business helps you scale and grow. Cash and capital are the things that keep you going and keep you growing.

YPN: What do you do outside of property? How do you relax?

David: I am lucky enough to live on the south coast, a couple of minutes' walk from the sea. Walking along the sea front is a lovely way to start the day. I like to eat healthily, go to the gym and I've also practiced Kung Fu most of my life. I try and lead a healthy lifestyle with a balanced work/life approach with my wife Floss. For me, the reward is the journey, not the destination!

Listen to the full conversation with David here.

https://bit.ly/3xEg6Eh

BEYOND THE BIG CITIES
GREAT RETURNS FROM STUDENT PROPERTY IN SMALLER TOWNS

Interview and words: **Angharad Owen**

Having spent her career working in the property industry, Alison decided to start investing in student HMOs to supplement her income. Investing in the lesser-known Newcastle-under-Lyme, she explains why she chose a small market town and how her strategy has been successful. Over to Alison ...

BACKGROUND

Before investing, I worked in property marketing for over 25 years. My roles included working as an estate agent, being a lettings manager for a housing association and working as a property finder for Phil Spencer's business, which was a dream job until I lost it in the midst of the 2007 property crash. I had to quickly switch to a digital marketing agency role, but later returned to national roles with an estate agent, two luxury student accommodation providers and finished my career back in a housing association.

I've always been involved in property-related businesses, but had never invested myself. After my Dad passed away, I inherited a small amount of money and I had the opportunity to take an early redundancy package. I decided to do some property education with Tigrent – now Asset Academy — and I then saw the light on the whole investing thing.

I've applied all the skills I've learned and developed over the years to my investing. Throughout my career, I always enjoyed designing and staging properties for marketing, especially whilst working in the luxury student rooms sector, which led me to focus on a student investment strategy.

I had an allegiance of sorts towards Newcastle-under-Lyme. When I was starting, some friends of mine had a supported housing business there and were doing really well with multi-lets. In case student lets didn't work out, I knew it would be a great second exit. Through attending the local Stoke PIN meetings, I was recommended a great local broker and a managing agent. I had a good feeling about them and the town itself, so I bought my first property.

My plan was to keep recycling the cash for as long as I could, which was exactly what I did. Looking back, my first investment was probably my best one. It was a classic distressed property with no central heating that needed a full update. I found a local builder myself, who understood what I wanted to do, as he had worked on other HMOs in the past. I learned so much from him along the way, and it worked well as a partnership.

In that first year, I did four student HMOs. Two were for myself, and the other two were sourced and project managed on behalf of hands-free clients in the UK and overseas. I worked with my managing agent to get both fully let on time for the student cycle. I probably wouldn't be so gung-ho about it now, but at the time I just went for it.

LOCATION

Keele University is near to Newcastle-under-Lyme and is very much part of the town, so there's a good demand for student accommodation. It's a big campus university, which attracts a lot of international students. It's renowned for its science and research, and has a big innovation park. There's also a large teaching hospital in the town, which provides an alternate exit. If I were to miss the student cycle, there's always the opportunity to rent to young doctors or nurses for a period of time.

Compared to nearby Stoke, Newcastle-under-Lyme has high property prices. In return though, there's a high calibre of students. It's unlikely that party people will go to a campus university in the middle of the countryside and live in a small market town.

Case Study
HILL STREET
NEWCASTLE UNDER LYME

5-bed student HMO with shared facilities for Keele University students. 1 shower room and 1 bathroom with shower.

Purchase price	**£82,500 2017**
Open market value	**£90,000 2017**
Purchase/acquisition costs	**£3,325 includes stamp duty**
Funding method	**Cash**
Total money in	**£85,825**
Personal money in	**£85,825**

COST OF WORKS

Duration of project	**4 months**
Total costs	**£50,000**

VALUATION & INCOME

Post-works valuation	**£135,000**
Re-mortgage amount	**£135,000**
Money back out	**£114,750**
Money left in	**£20,250**
Monthly income	**Gross per month £2,245**
Bills included?	**Yes**
Monthly mortgage payment	**£420.79**
Monthly costs	**£527.02**
Net monthly cash flow	**£1297.19 x 11 months £14,269 per annum**
% Return on money left in	**70% per annum**
	All money out after 15 months - now infinite ROI
	Current 2021 value @£160,000 Capital growth £25,000

Recently, there has been a huge investment in the campus, in particular in their accommodation to attract first years and international students. For the town, it's great to have a high standard of halls, because it's far more appealing for the next influx of students. I'm not worried about it because students will usually form their friendship groups and will want to move into a house together in their second and third years.

THE STUDENT MARKET

Student investments provide a guaranteed income. Once you're in the cycle, it works like clockwork. Every year in October and November, all the rooms are let out for the following academic year. To be successful, it's not easy; you need to have a great product, in the right part of town and at the right price. In Newcastle-under-Lyme, there's definitely a ceiling price.

I always look for houses within a walking distance to the town, so the students can catch the campus bus. It's a non-negotiable, and I wouldn't even risk looking at anything else. I prefer to have a garden area, so tenants can spend some time outside. One or two of the tenants will usually have a car, so parking either on or off-road is a bonus too. Compared to other larger university towns and cities, it's harder to find suitable properties, but the room rates are relatively stable. However, like most other areas, the purchase prices have been increasing recently, so the returns aren't going to be quite as good as they were previously.

When I was marketing my first property, I was so confident in my end product and in my vision for the house that my agent brought seven groups of five to view it when it was still a building site. They all applied for it, and I offered my second house to one of the groups that didn't get it.

MANAGEMENT

My agents are practically part of my business. They come and look at houses with me and we work things out together. They're ex-hotel managers, so they treat my tenants as if they were hotel guests. When I was starting out, the agency was quite small, but we've stuck together over the years and they've never increased their fees. It's reciprocated, because I never breathe down their necks and they only tell me about the things I need to know about. I have no intention of self-managing, so it's very much like a partnership.

AFTER

BEFORE

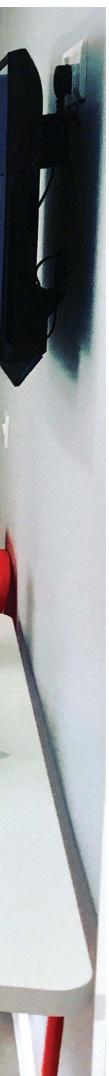
Kitchen back to bricks

INTERIORS

I'm very design-led, probably due to my marketing background. I'm always thinking about the colour schemes, what the photos will look like and I like to start designing right from the get-go. I want to make a nice home for all my tenants, so it's about targeting the design towards what appeals to them. I try to keep in touch with what's going to attract them, as well as giving them their own space to put their own mark on their home as well.

I go to quite a lot of trouble to stage the rooms and provide some artwork. I don't take anything away before the tenants move in, because it's part of what they've bought into. It's all accounted for in my costings, but we'll remove anything they don't want.

We take the time in the summer break to make sure that my properties are kept updated and are matching the competition. Some people fear the student market because they think their houses will get trashed. While there will always be problems with shared accommodation, students are easier because they have established friendship groups. My houses have been newly refurbished, so they've been really excited to live there. I've never had a house trashed, only the usual wear and tear.



ENSUITES OR NO ENSUITES?

Ensuites are often a divisive topic for investors. Sometimes, not having them can be beneficial. I have a mixed approach, and one of my properties has three en-suites and a shared bathroom. Having a mix offers a variety of price points, and so the rooms with the shared facilities are still popular. The compromise is that the communal areas must be amazing. It needs to be an attractive place for the students to live, so all our houses have big lounges and big kitchens.

I also have a house with all en-suite rooms. I had never done it before, but the rooms were big enough to accommodate them. The returns aren't as high as other properties because the initial cost of the refurb was much higher. However, it's probably a more robust HMO for the future, because it could easily be switched to a professional let if needed. Last year, I was the least worried about that property when things were a bit tough and many students wanted to go home.

COMPETITION

I'm aware that Newcastle-under-Lyme is gaining popularity as an investment area but if there is any saturation, it hasn't impacted my rooms yet. There are plenty of old and tired student properties, and some landlords are selling up to get out of the market. I'm trying to stay on top of them to snap them up!

A few of the newer people in the market have tried to push the ceiling rent (sometimes even matching the rent of a single let flat or house) and have tried to market seven or eight-bed HMOs. In my opinion, having more than six bedrooms is too big, so needless to say, they haven't been that successful.

Some investors will sacrifice communal space for the sake of extra bedrooms, or squeezing in en-suites so the overall bedroom sizes are compromised. Students are pretty clued up, they're on the online forums and they'll soon flag places where they feel the landlords aren't looking after the property or are just charging premiums with not much in return. Their parents are clued up as guarantors too, and they're unlikely to sign their child into a £600pm room in a terraced house in a small market town just outside Stoke.

House prices here are steadily rising and the supply of properties has slowed. And due to the increased competition from other investors, I'm not interviewing seven groups of potential tenants as I was at the start, but I usually have a couple of groups after each house.

COVID

I'm a cup-half-full-person, so I wasn't too worried at the beginning. My agent kept me updated with the situation as best he could. The biggest problem was not being able to visit the houses to see who was there and what was happening.

For example, in one property, all the tenants had gone home but continued paying their rent. In another house, a couple of the tenants lost their part-time jobs, so we offered discounts if they could prove they were suffering financial hardship. For the tenants who had moved back home, I knocked off the utilities portion of their rent, because it was unfair to ask them to continue paying for something they weren't using. Some tenants asked to terminate early, and if they paid the remainder of their rent in full, we gave them a 20% discount.

Only a couple of students ended up missing payments, so there was some letter writing and liaison in that respect and a few people tried it on, of course.

The thing with students is that their student loans should cover the cost of their accommodation. If they had signed an 11-month tenancy agreement and their loan was still incoming, they were still liable to pay an amount whether they had gone home or not.

From a brand perspective though, you don't want to be the person who doesn't listen or try to help. We got through it, and I was delighted to hear that all my rooms had rented out again this academic year. It has picked up and the cycle is back on track again.

Even though many of the courses have been online this past year, most of the students wanted to go back. They missed their friends and they wanted the experience of living away from home. Interestingly, I noticed that they all asked for an extra freezer because they were all doing more bulk shopping, and I had to buy some WiFi boosters to make sure they had the capacity for the online learning. So although there were some additional expenses, I was willing to do anything to keep them all happy.

Hopefully after the lifting of restrictions, campus life will be back to normality from September, so the students can experience a proper social life.

Case Study
FLORENCE STREET
NEWCASTLE UNDER LYME

5-bed student HMO for Keele University students, over 3 levels - all en-suites

Purchase price	**£137,500 July 2018**
Open market value	**On market with agent @ £159,500 July 2018** **Estimate current value @ £275,000 July 2021**
Purchase/acquisition costs	**£5,635.60 legals and stamp duty**
Funding method	**25% cash deposit, 75% bridge finance**
Deposit paid	**£34,375**
Amount of funding	**£103,125**
Borrowing rate	**0.90% bridge finance rolled up 12 months**
Bridge finance total incl costs	**£11,137**
Total money in	**£148,637**
Personal money in	**£51,147**

COST OF WORKS

Duration of project	**3 months refurbishment**
Refurb costs	**£65,000**
Refurb personal money in	**£65,000**

VALUATION & INCOME

Post-works valuation	**£235,000 Jan 2019**
Re-mortgage amount	**£188,000**
Money back out	**£188,000**
Money left in	**£47,000**
Monthly income for 5 rooms	**Gross £2,558**
Bills included?	**Yes**
Monthly mortgage payment	**£701.52**
Monthly costs	**£526.62 (includes managing agent fees @ 10%)**
Net monthly cash flow	**£1,329.86 (11 months guaranteed per annum = £14,628)**
% Return on money left in	**32% per annum** **All money out @ Sept 2022 then infinite ROI** **Current value 2021 £270,000** **Capital growth £35,000**

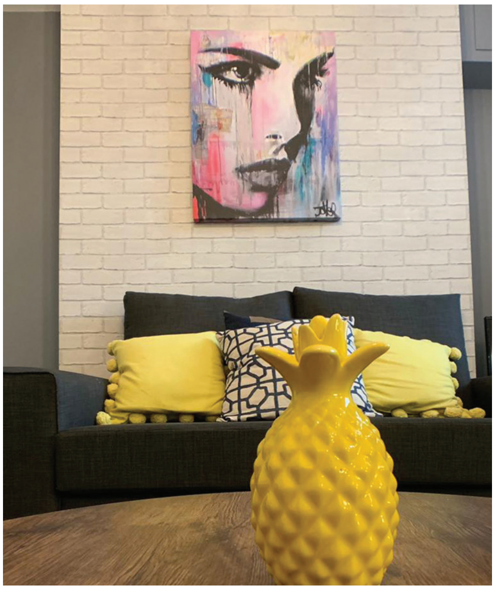
MOVING FORWARD

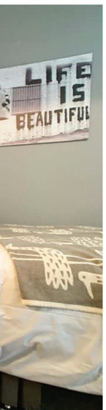
Overall, my plan is to continue doing what I'm doing. My initial goal was to have five HMOs, each cash flowing £1,000 net per month. I'm not looking to take over the world, I'm just looking to generate a decent amount of money. I'm coming up to retirement in a couple of years, so this was a really fast pension for me as well.

I'm on track to reach that goal, and the net cashflow from each property has superseded my expectations. As a business, I'll be going into profit from next year, and I've completely surprised myself with my business acumen. Because of my background in marketing, I'm much more drawn to visual ideas and creativity, but as a business owner, it's so important to know your numbers and to recognise your strengths and weaknesses.

The second HMO I bought had a little bit of extra land, so I've pursued planning permission to build a five-bed HMO. I'm currently working on splitting the title at the moment, and the next phase is to get the build underway. I'm also in the middle of purchasing a third HMO property for a previous client.

I'm not looking to diversify at the moment, because what I'm doing is working for me. I've not had any real nightmares, so why would I rock the boat? I do get tempted by strategies like serviced accommodation, though. I'd love to design the interiors, but I've also seen the stress that comes with it and it's so hands-on. Having a passive income that enables to me to do all the other things I like doing has been my priority from the beginning.





ADVICE FOR OTHERS

- **From the offset, it's all about considering the marketing mix**, going back to the four Ps (product, price, place and promotion), and keeping it simple. There's so much to consider, but you need to have a clear strategy of what you're looking to achieve within what timeframe. Mine was to get an income quickly, which immediately drew me to HMOs. I'd also advise newbies to find a learning scheme with someone who has already done it.

- **Everyone has a budget of sorts, so price is key.** It's important not to design something that you'd like to live in — make sure the product is right for your market. Location is crucial too, and don't kid yourself that because something is cheaper two miles away that you'll be able to attract them. Walk in the shoes of a student, if you can, and if you can't, then I'd recommend speaking to an agent.

- **Students only get so much on their loans and they want to live their lives as well,** so it's vital not to go over the ceiling price for an area just to make the figures work. Personally, I've not increased my rents by much each year, especially during Covid times, as I was just glad to have the houses full.

I've been cautious about shouting too much about Newcastle-under-Lyme, because I'm afraid there'll be an influx of people coming in! I'm a firm believer that it's a skill identifying the right opportunity, and it's not that easy. Newcastle-under-Lyme and Keele University have been good to me. It's the area I visited on my initial property education mentorship and I've not really swerved from it.

CONTACT

I'm happy to help people in any way possible, from needing some handholding or some advice on individual purchases, or some guidance on the area.

Instagram: @maisonproperty
Facebook: Maison Property Company
LinkedIn: Alison Wallace

Listen to the full conversation with Alison here.

https://bit.ly/3yZ3Wpt

INVESTING REMOTELY IN STUDENT ACCOMMODATION

SMALL UNIVERSITY TOWN & REMOTE INVESTING – CAN IT WORK?

Interview and words: **Raj Beri**

Mention HMOs and investors automatically think of professional tenants almost to the exclusion of the student HMO market. In this interview, Tim Brian talks about his rationale to focus on student HMOs and on his decision to build his portfolio almost 300 miles from his home. Together with JV partner Sacha Brooks, they describe their latest student HMO project.

YPN: How did you both get started in property?

Sacha: I did my first investment property deal almost 20 years ago as a side hustle alongside my corporate job. It was a flip which only needed a light refurbishment. I then joined the Navy but still managed to build a small portfolio of BTLs and one small HMO in Portsmouth where I was based. The portfolio didn't expand further as life/career got in the way, but I never stopped talking about property, much to the annoyance of my family!

I'm still serving but more recently, I have decided to establish myself as a property investor and explore different opportunities. I am time-poor but have funds to invest. Mindful of my situation, I decided to educate myself in property and started to attend the Hampshire Property Network meeting and started subscribing to YPN. I met and chatted with Tim at the network meeting and decided to team up with him for our first business venture together. He has a lot more property experience than me but I have strengths in marketing, business strategy and investor relations, so it's an ideal fit.

Tim: Having left the RAF, I became a full-time property investor four years ago. I had been an accidental landlord for a while and had a couple of BTLs. One of them was in Portsmouth and I decided to convert it into a student HMO, and was amazed that I was able to almost double my rental income.

> "The penny dropped so when I left the RAF, I knew that student HMOs was the way ahead for me to generate high cash flow and match my income."

YPN: What led you to work together?

Sacha: We met a couple of years ago although the formal business relationship is only six months old. We had an immediate connection as we both have a services background (Royal Navy and RAF) and share the same values. Tim needed some funding to secure a couple of projects and because I was already aware of the high level of detail he goes into, I was confident of working with him.

We are of the same mindset and are not geographically constrained, so the plan in North Wales is initially for two student HMO projects. Over the time that we have known each other, we have recognised each other's strengths and are exploring a five-year plan now that the first project is coming to an end. Currently, we're exploring HMOs or maybe flips but we've adopted a flexible mindset and know that we can transfer our skillset over to many different strategies.

TIM

SACHA

YPN: What led to the decision to invest in student HMOs outside of your own area and how did you decide on the geographical location?

Tim: As I was looking to replace my RAF income, cashflow/yield became paramount and the numbers in Portsmouth didn't stack so I sold the HMO I had and was able to buy something significantly cheaper in Bangor, North Wales. In the past, people have often commented that the rent is much less in such places. However, in my experience, I have been able to acquire properties for two thirds of the price in Portsmouth but the rents are almost identical. I am sure there are opportunities in my local area, but I believe that there are better opportunities elsewhere.

I am based in Portsmouth so when I started my research, I focused on areas that hadn't recovered from the 2008 property crash. The closest places were parts of South Wales/Gwent, the Midlands and finally North Wales, which is what I opted for. It is a five-hour drive to North Wales (300 miles) but these days, the time can be used productively eg making calls and listening to podcasts.

AFTER

BEFORE

Case Study

COLLEGE ROAD, BANGOR, WALES

This eight-bedroom HMO was completely refurbished including internal reconfiguration to maximise room size and layout

PROPERTY ACQUISITION & DEVELOPMENT

Purchase price	£210,000
Costs including refurbishment	£80,000
Total cash in	£290,000
Estimated end valuation	£365,000
Mortgage/remortgage (75% LTV)	£273,750
Cash left in (eg after refinance):	£16,250
Interest rate	3.64%

RENTAL DATA & FINANCIAL METRICS

Monthly rental income	£3,166
Monthly mortgage amount	£830.38
Monthly running costs (Insurance, maintenance etc)	£816.60
Net monthly cashflow	£1,519
Gross yield	10.41%
Net yield	4.99%
Return on Investment (ROI)	112.17%

The reality is that I had been monitoring a few properties in a few areas and the right deal came up in Bangor. It was an unsold auction lot and I was able to secure it at a good price as a cash purchase. It turned out to be one of those unicorn deals where I was able to recycle all of my money when I remortgaged at 75% LTV.

It's proved to be a fantastic acquisition and kickstarted my HMO journey. In the last four years, I have purchased six HMOs but sold one for profit. Another deal was a non-HMO flip and the JV with Sacha is the eighth investment. They all fit in the small HMO category (five/six-bed HMOs) except the JV deal, which has eight bedrooms.

With respect to research, I only did a limited amount for the first deal by just speaking to local agents to understand the market. Bangor itself is a lovely place but the university is quite small with around 11,000 students. Over time, I got to know the market really well and was able to identify good deals quickly so decided to only pursue properties that would produce gross yields in excess of 10% with an ROI in excess of 40%, and be producing at least £1,000 net income per month. In terms of sourcing, three were post-auction, one was pre-auction, one was word-of-mouth and two were via agents.

The property market has been very heated around the country but in Wales, things have been calmer as there have been no SDLT incentives – if anything, the surcharge is higher in Wales at 4% and the sentiment around student HMO demand has been negative due to Covid.

Apart from the sales market, the other source of competition is purpose-built student accommodation (PBSA) and the largest provider in Bangor is the university itself. Much of the PBSA was already in place by the time I started investing but it's clear that to remain competitive, landlords like myself need to raise our game in terms of standards and service.

HMO density will be limited in Bangor due to the Article 4 type regulations ie one cannot convert C3 to C4 without planning permission, so the creation of new HMOs isn't possible where the density is around 10% or higher. So, although I am restricted to buying pre-existing HMOs, I have worked hard to get the right deals and recycle significant capital by adding value.

YPN: What challenges have you faced in investing in student HMOs remotely?

Tim: In becoming a full-time property investor, I wanted to be my own boss and spend more time with my family. Initially, that was a challenge as I was travelling to Bangor and staying over frequently but as I have progressed, I've managed to get reliable tradespeople and agents. It's not all been plain sailing and I realised that things going awry were partly due to myself being too hands off, especially with respect to builders. On the latest JV project, I am the project manager, so I am travelling frequently but for short periods to ensure the project moves forward in a timely manner

For property management, I have always used the agent's tenant find service then managed the HMOs myself. Occasionally, I have used the agent's fully managed service but find that I spend as much time conversing with them as I would doing the job myself! The cost of work is also lower and as I get rents paid much quicker, I'm going to stick to self-management for the time being. I have local contractors to tackle the little jobs if required, so actually it's been a blessing to be some distance away.

> "For property management, I have always used the agent's tenant find service then managed the HMOs myself."

I meet each group of students in person and advise them of how and when they should contact me depending on the situation. This ensures that almost all contact is made during normal working hours and if required, I have access to local reliable contractors who can carry out any work for me. It's been working well to date with my current portfolio of 28 rooms and a cafe/restaurant.

YPN: Student accommodation standards can vary hugely, so how did you decide on the finish?

Tim: To survive in the current market, landlords are having to improve standards so my intention was always to provide high-quality accommodation. The key things that I have focused on are providing a spacious communal living area, followed closely by having a high ratio of bedrooms to bathrooms. I prefer to keep the HMOs to a smaller size of around five/six bedrooms, otherwise I think it can feel a bit institutionalised with lots of single or double rooms and then just one big communal area for everyone. I also only provide double rooms and have actually downsized one of my HMOs by converting two singles into one, larger double bedroom.

The current eight-bedroom student HMO project has three bathrooms and two half bathrooms but so far, it's struggled to let due to the renovation and Covid. However, I'm confident it will be let before the start of the academic year perhaps to individuals or small groups. I have opted not to go for the boutique finish. Instead, the properties are finished with brand new furniture and are painted in neutral colours. I appreciate that other investors are going with feature walls or neon colours, but I have decided to stick with neutral finishes. I believe that my product is future proof and suitable for my market, with respect to the finish and price point.

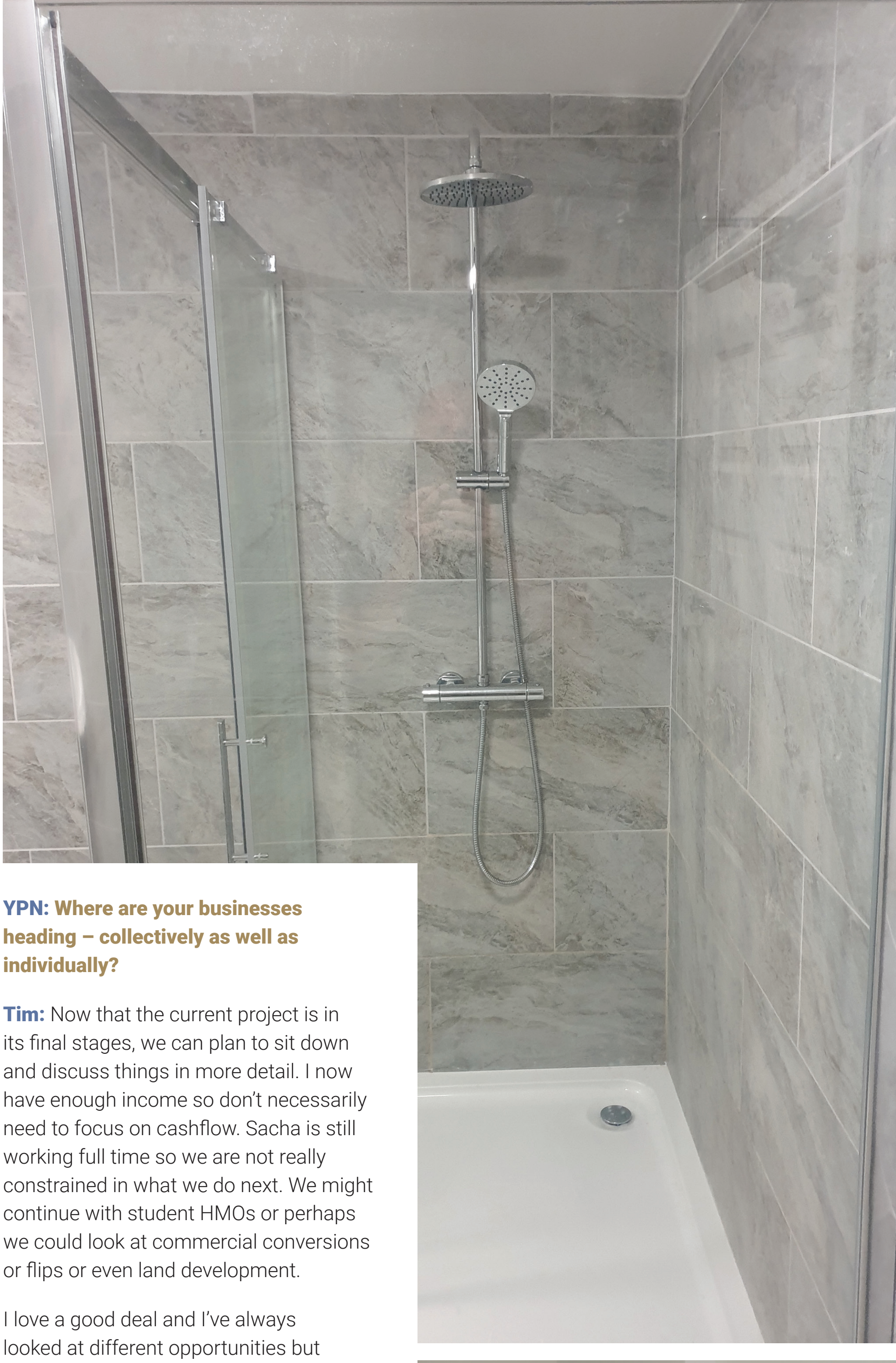
YPN: Can you tell us more about the latest student HMO project?

Tim: I made my first offer around Christmas 2019 but that was declined. Since then, the property had been sold subject to contract but because it was deemed unmortgageable – I finally managed to secure it at my original offer during March 2021. The challenge then was to secure funding so I explored bridging finance but also spoke to Sacha to see if she was interested in a JV and we were able to buy the property in cash for £210,000.

Sacha: Tim had obviously done a lot of background work and knew the area really well. We talked through its proximity to the main university campus and I was keen to undertake a project with him, so we formed a JV partnership. The property has parking and a garden which we have remodelled to provide even more parking. It had been running as an HMO for over 20 years so we were easily able to re-instate its licence. We also engaged with an architectural technologist who produced some really good plans which allowed us to brief our trades really effectively. The project has been well planned and budgeted, although we have gone over budget having decided to increase the number of bathrooms, which required upgrading of the heating system.

Tim: It had already been operating in the past as a seven/eight-bedroom HMO, but we decided to re-jig the layout eg combining a single with a very large double bedroom to create two, more evenly matched double bedrooms. To create a good-sized communal area, we also re-jigged the ground floor. In the future, we have the option to extend the property but for now we have opted for layout changes to ensure that the property will be ready for the 2021 academic year.

It's not let yet partly because applications are down on previous years due to Covid, with students waiting to see if face-to-face teaching will return. We are anticipating a late influx of students so we are hopeful on making some profit for the next academic year, even if the property is not fully occupied. Including all the costs will mean that our investment will be circa £290,000 and we already have a RICS valuation in place for £360,000 which will leave around £16,250 in the deal at a 75% LTV – this will equate to a 112% ROI which is a fantastic outcome. It'll be a great current and future investment as it's in a great location and I'm confident it will rent year on year.



YPN: Where are your businesses heading – collectively as well as individually?

Tim: Now that the current project is in its final stages, we can plan to sit down and discuss things in more detail. I now have enough income so don't necessarily need to focus on cashflow. Sacha is still working full time so we are not really constrained in what we do next. We might continue with student HMOs or perhaps we could look at commercial conversions or flips or even land development.

I love a good deal and I've always looked at different opportunities but focused on cashflow. We are keen on doing more projects together as we have complementary skills. I am keen to diversify as currently as I have all my eggs in one basket with respect to just investing in student HMOs and in one location and I'd like to diversify on both fronts.

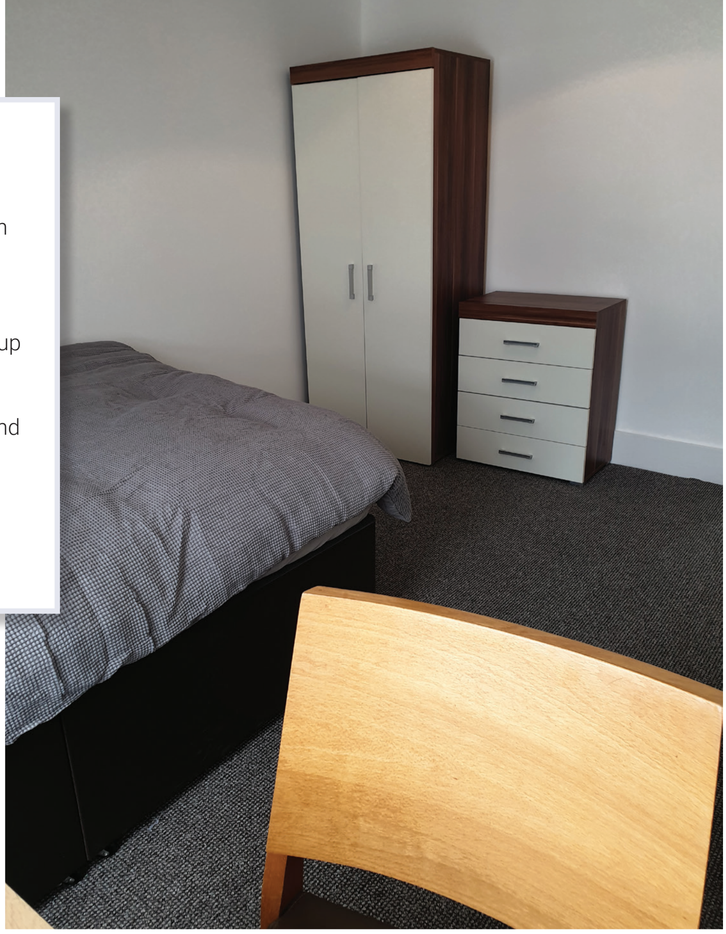
Sacha: My current mindset says that two brains are better than one so we are hoping to do more projects together, but keeping our options open. I enjoy working with Tim and we work together effectively, so it makes sense to do the next few projects together. My own goal is to be doing property full time within the next two years. My focus is more business strategy and engaging with social media and we are definitely starting to attract some interest.

YPN: What would your top tips be with respect to student HMOs and investing remotely?

TIP 1 To minimise risk, do your due diligence. Focus your efforts on research by talking to agents, the university and look at the student numbers and their projection in the coming years.

TIP 2 Learn from investors either by speaking to them or teaming up with them on a project.

TIP 3 Remote investing is very front-loaded ie you will need to spend a significant amount of time initially visiting the location and establishing contacts. It goes without saying that a lot of research can be done online via Google. Then it's a case of trial and error and course correcting as you progress.



CONTACT

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Listen to the full conversation with Tim & Sacha here.

https://bit.ly/3B3wiRB

SCALING A STUDENT PROPERTY PORTFOLIO

ADAPTING THE BRR MODEL, BIG-TIME ... FOR BIG-TIME RESULTS!

Interview and words: **Phil Saunders**

Simon Birmingham and Nick Houghton are the superstar duo who make up Bunked, a rapidly growing student HMO business based in Portsmouth. They currently operate in three major cities with plans to expand into a further two within the next twelve months.

Having only been working together for three years, Simon and Nick have rapidly acquired a portfolio of more than forty properties with a goal to more than double this number in the next two years. They are operating at present with a turnover of close to £150,000/month! These boys are serious players in the HMO market.

It was great to spend some time with them, to learn how they think and how they operate. But let's roll back a few years and find out how it all started ...

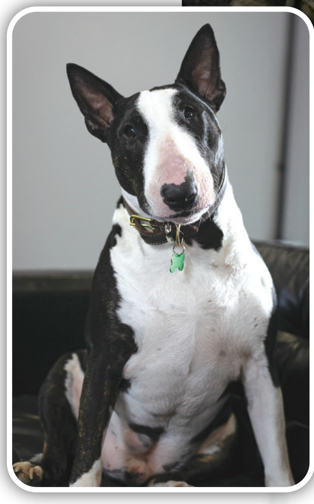
HOW IT STARTED

Simon spent eleven years working as a recruitment consultant before going into property full time. During his time as a consultant, Simon gradually built up a diverse property portfolio which began with standard BTL investments in Bromley, servicing the working professionals commuting in and out of London. He was making a few hundred pounds per property each month, but the purchasing costs were so high, Simon was struggling to justify this return on investment.

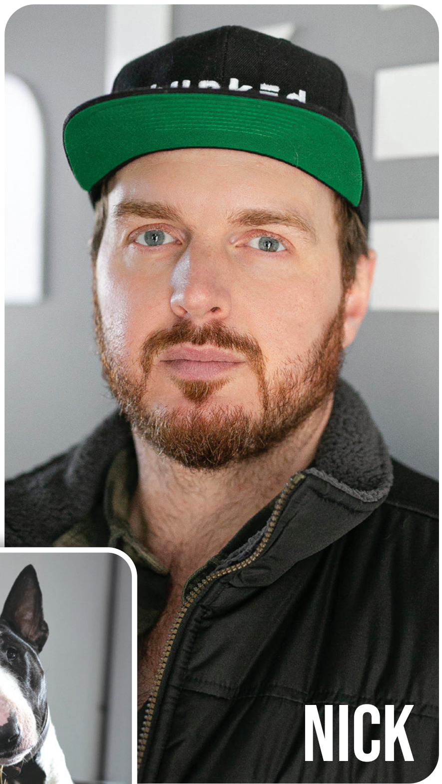
After a meeting with a mortgage broker friend in the local pub, Simon had his lightbulb moment. His friend told him some of the numbers from deals they were working on. Utilising the HMO strategy other investors were getting much healthier monthly figures than on a normal BTL. The ROI was much greater.

Simon decided to start looking into this strategy and began by buying a few ready-made HMOs from other landlords that were fully set up, often tenanted and needed very little work. He used a local letting agent to rent them out and started to see an immediate improvement on his figures.

Nick has come from a completely different place which is one reason this collaboration works so well. Nick is a serial entrepreneur who has been involved in property since his early twenties. He started a property investment company that assisted clients in growing a buy to let portfolio. As well as sourcing properties, Nick's company also helped manage the renovations for his customers.



After the financial crash of 2008 he ventured into the US market and set up development teams in the USA buying and renovating foreclosure properties for overseas clients. In 2012 he spotted an opportunity to move into the childcare sector and renovated an old listed building to create a 96-place children's day nursery in Berkshire. Within just four years he then proceeded to sell the business in 2016 to one of the largest childcare operators in the UK, providing him with enough capital to start investing in new build developments.



bunked
STUDENT ACCOMMODATION

COMBINING PROPERTY TALENTS

By the time Simon and Nick started working together, Simon already had six student HMOs in his portfolio. The pair connected through a mutual set of friends and realised that they were in the same business.

Nick was intrigued to learn more about Simon's properties so went to meet him at his latest project. He was greeted with six bedrooms of IKEA furniture which Simon was struggling to erect himself. Despite this hiccup, Nick could see the potential of this business and after learning more about what Simon was doing, knew there was an opportunity for a great collaboration. From that point onwards the duo teamed up and the rest is history.

So how did they manage to scale from six properties to forty-one within just three years? Simon put it simply:

> "It's buying the right properties, in the right area at the right price".

Easier said than done. But still, it must be more complicated than that!

Well no. They are doing the same thing that a lot of other investors are doing which really boils down to essentially a buy, refurbish and refinance model (BRR).

Case Study

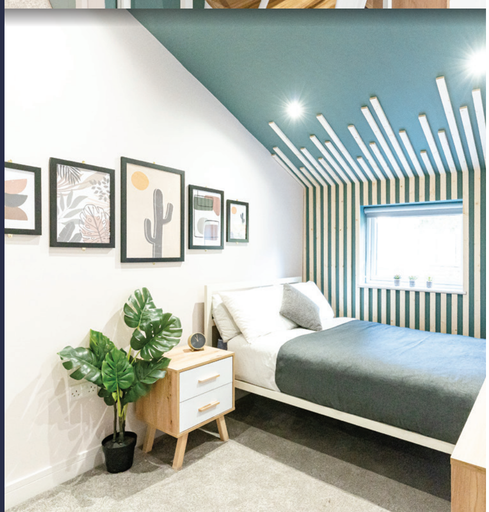
Simon and Nick acquired this property from a local landlord in Portsmouth where Bunked is based. Simon leveraged ten years of sales and marketing experience to be able to negotiate the deal off-market and direct to vendor.

The property was in a shocking state when the team went to view it but unbelievably it WAS tenanted. Simon and Nick saw a great opportunity to add more value to this property by extending into the loft space and creating two more bedrooms and a fourth bathroom. This lifted the end GDV of the entire project and allowed the company to recycle most of its investment funds into another deal. The refurbishment was carried out to the company's usual high standard and featured their trademark colour scheme and design chosen by Alex, their in-house designer.

Purchase price:	**£210,000**
Refurbishment:	**£140,000**
Mortgage:	**£405,000**
Interest rate:	**4.54%**
Cash left in:	**£0**

MONTHLY FIGURES

Rental income:	**£3,720**
Mortgage:	**£1,532**
Costs (insurance, maintenance, etc):	**£225**
Net cash flow:	**£1,963**
Gross yield:	**21.3%**
Net yield:	**11.2%**
ROI:	**Unlimited, as no cash left in**



SCALING THE TEAM

Obviously, the real difference is the scale and the ambition the company has had from the start. Utilising their collective experience and pooling their resources, they have managed to build a superb team around them to scale so quickly. As the company has grown, they have hired the right staff in the right positions and crucially, have brought them on at right time to enable the growth to continue.

Their first staff member was Emily, who was initially brought on as an office administrator. Buying so much property creates an awful lot of paperwork so I can see how beneficial this would be. Emily is now the office manager for the business and has become a crucial part of the operation.

Next there were enough issues to deal with that a full-time maintenance team was needed closely followed by an accounts team and bookkeeper, Florence.

Simon and Nick really want their brand to stand out amongst the competition in the market so next came Alex, their interior designer who has escalated the quality of the properties that are getting refurbished.

> "We've gone from doing grey feature walls to all these funky and wacky designs ... which we probably would never have come up with".

HMOs are an incredibly competitive space to be in at the moment so it's really important to provide a high-quality product to differentiate yourself from the competition. A higher quality HMO not only helps with gaining a higher end GDV after your refurbishments but also ensures that your properties will have a much higher occupancy over time.

Bunked are also incredibly keen to establish a firm brand in the marketplace and with Alex's help, have managed to create a look and feel for their properties that crosses the entire portfolio. Something far easier said than done. The high end feel of their properties is part of what creates such a high occupancy rate – which was at 100% when I spoke to them.

Their latest hire is Ryan, a project manager with more than twenty years of experience in the industry. He will oversee all their building work which is all becoming in-house rather than subcontracted. Again, the emphasis is on the quality of finish all round but there is also a cost saving to having your own building team once you get to a large enough scale.

"When you start getting to eight plus projects a year, it makes sense to bring it more in house".

Bunked now employ more than 14 full-time staff at their offices in Portsmouth. They have already mapped out their future staff requirements and have a business plan for the next twelve months. Soon to join the current staff will be portfolio managers, acquisition managers and a deal sourcer to help Simon track down all these great properties. Simon and Nick will continue to hire staff to support their growth and each time, will be looking at finding the right person to continue their progression and making sure they are in place at the right time for the business.

PROPERTY MANAGEMENT

One thing that Bunked don't do is manage their own portfolio. It's a fairly labour-intensive part of being a HMO landlord and not for the fainthearted. Like many other HMO landlords Bunked made a conscious decision 18 months ago to use a specialist HMO letting agent to manage their property portfolio for them. Having a large portfolio put them in a great position to negotiate a good rate for the service and the team haven't looked back since.

This is particularly true of student HMOs as opposed to working professional HMOs. You have to remember that for a lot of students, this will be their first time living independently away from home. They can therefore be more high maintenance and need more guidance with certain elements of running a household than more experienced tenants.

"It's been worth its weight in gold, because we realise that there's more money to be had in growing [...] and focussing on the development side of the business versus the managing of what you've already got".

Freeing up their time from the property management side of the business has allowed Bunked to focus more intently on this incredible growth they have been going through. Remember that the business relies on the refurbishment part of the BRR strategy to be adding the value to each property to extract the greatest possible finance once mortgaged. As the business has developed, the level of refurbishment has steadily increased. Early on, cutting costs on the refurb was a good way to maximise profit but now it's a case of back to brick and replace with new throughout.

"Because our game plan is to be doing this for probably the next fifteen or twenty years, we want to make the houses as bulletproof as possible really. If it's new, there is less to go wrong".

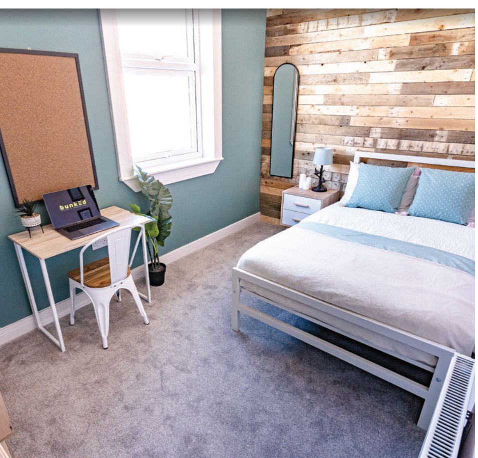
Bunked have now improved on this model and are finding other ways to add more value to a newly acquired property. One way is to increase the number of rooms a property has. Turning a four-bedroomed property into a seven- or eight-bedroomed property for example. Utilising attic spaces, extending the property and converting under-utilised rooms are all part of the process.

With this in mind the duo are very selective about which properties they take on and if there is little opportunity to add value to property, they will walk away. They must be able to maximise the cash extracted at refinancing in order to fund the next project so the key lesson here is to wait for the right property to come along that will fit these criteria.

Bunked are expanding rapidly but they are still investing wisely on each project and have not lost focus of their business plan throughout. Only now are they beginning to look at other finance options to accelerate their growth. SASS funding and other institutional lending are on their radar for the future but up until this point they have managed to recycle and reinvest their owns funds very well.

But how has the business coped through the Covid crisis? With the uncertainty of whether or not face-to-face lectures would resume, would the rooms in the university towns remain empty? Yet again it's evidence that a great product will overcome adversity.

"We have a strong product in the market and there is no shortage of demand for our houses."



During the first lockdown there were a few issues with students not paying their rent, but the Bunked team worked with them and where possible set up affordable payment plans to help break down the payments, which was much appreciated by their clients. This led to strong relationships with the students staying with them and even led to some recommendations for their friends.

SOURCING THE RIGHT PROPERTIES

So how do they find all these properties? I was keen to learn the process behind the magic. Well, this is Simon's part of the business and a role which he loves to fulfil.

> "So obviously I've got a big sales background, always chasing the next deal. I go out there sourcing ... networking, speaking to landlords, teeing up deals".

Simon networks with local landlords in the areas that Bunked are investing in. He builds up relationships, particularly with portfolio landlords, and follows up on a regular basis. The team also send out regular landlord letter campaigns as well (yes, they do work). The idea is that once a landlord is ready to sell and move on, Bunked will be front of mind for them and they will contact the team first before putting the property on the open market.

Being direct to vendor (D2V) is incredibly useful for negotiating a good deal and Simon does a lot of work behind the scenes to build up trust and rapport with the vendors, which encourages them to work with him. Having a continuous feed of new properties is important to help the company grow.

The case study that Simon and Nick presented to me is a textbook example of what they try and achieve with every property in their portfolio. Using Simon's networking skills, the property was acquired through a landlord contact that they had in Portsmouth, their main base. This allowed them to purchase it before the vendor put it on the open market. The property was in a terrible condition but quite surprisingly it was tenanted.

> "You'd wipe your feet on the way out, it was that [bad]." Nick.

The pair spent £210,000 to acquire the four-bedroom property for their portfolio. They saw a great opportunity to add value by adding two extra rooms to create a six-bedroom HMO. Where did the extra rooms come from? True to their model, they extended into the loft. Nick describes the process best:

> "Effectively the height of the whole house needs to shift downwards so you can get the head-height into the loft. So first of all, you put in two new decks, and then you build the loft out with a rear-facing L-shaped dormer. Which then you can put two bedrooms in."

The property had four bathrooms once the work was complete along with a showpiece open-plan kitchen and diner. The refurbishment cost came in at £140,000. The rooms once refurbished rented out for an average of £625/room. These were all reserved by students before the project had even been completed, allowing almost no void period at the end of the project. This helped the property to achieve a revaluation of £540,000, allowing Bunked to recycle a large part of the funds initially put into the project.

HOW IT'S GOING

But what next for Bunked? On the back of all their success in the last few years their ambition is only increasing:

> "So, if the funding goes well, we'll be looking to add 30 properties to the portfolio backend of this year into next year. So that takes it up to 70 properties, and then the following year we'll be looking to do 50. So that will take us up to 120 properties. Effectively, in the next five years we want to be the second-largest student accommodation provider for second and third years in the country."

I found it really insightful and inspiring spending time with these guys. The key lessons I took away from our meeting is that you don't have to do complex or creative strategies to succeed in property.

The BRR model is a common one that many investors will already know about. It's not rocket science. But executed effectively and repeatedly, it's still a brilliant strategy and Bunked have utilised the model perfectly in their growth.

The second key learning for me was that without their key team of staff, their growth would not have been so explosive. If you are serious about your own property business do not under-estimate the power of delegation. Hire the right people at the right time, and you too could be on your way to great success.

Listen to the full conversation with Simon & Nick here.

https://bit.ly/3i7AMhf

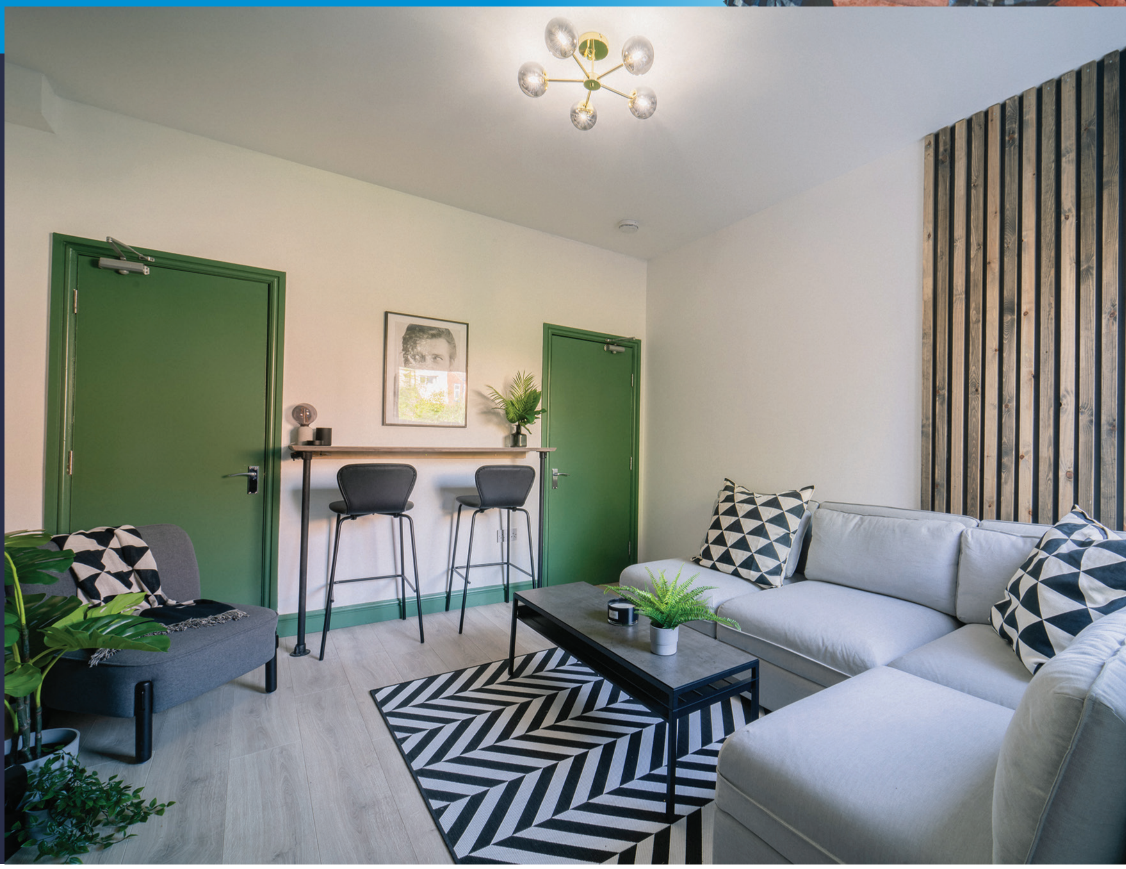
WHY NOT CREATING WELL DESIGNED HMOs COULD BE YOUR SINGLE BIGGEST MISTAKE

ANDY GRAHAM

Getting the right look for your HMO properties is important, but it's not always easy. It takes care and attention to detail, especially when you're on a tight budget.

But you don't have to be an interior designer to achieve a high-quality finished product. There are many affordable solutions to help you achieve incredible interior designs in your properties. You just need to get a little creative sometimes!

Renovating HMOs to a high specification brings added value to your properties and HMO business. Here, we'll cover why great design matters, how to achieve a top-quality finish and how high spec HMOs match up to plain bog-standard ones.



GREAT DESIGN MATTERS

Great design can bring a number of benefits to you as the HMO landlord, in addition to the tenants that end up calling the property home. This can make it a win-win for everyone!

High spec HMOs don't need to break the bank either. There are ways to achieve high spec properties without eating into profits, and actually, you may end up earning more from your property in the end.

With these better designed properties, you can benefit directly from an increase in rental prices and a better return on investment down the road. Many tenants are willing to pay more for a high-quality, immaculate property.

> "You could also see indirect results as well by securing viewings much quicker"

A well-designed room will more likely catch your target tenant's eye right off the bat. Additionally, if your property is a cut above others on the market, you could achieve lettings faster as well.

With high spec, well-designed HMOs, tenants can be proud of where they live, which can have a positive impact on their lives and wellbeing. If tenants enjoy where they live, they are more likely to want to stay for longer and may even look after the property better.

There is efficiency that comes with operating a better spec. When a renovation is done to a high standard, the property can provide more longevity to landlords as well. This in turn can make for a more future-proofed investment.

WHAT MAKES A GREAT DESIGN?

It's worth the money to transform an average space into an incredible, stylish HMO. This is possible to do even if it's an old, tired property dominated by dark and dingy spaces. Top spec features and finishes can even give the property a more luxurious feel.

For starters, to transform a standard HMO to a high-end co-living space, layout changes and reconfigurations may be helpful. Always check if you need planning permission or building regulations approval for the work you're planning to undertake.

Consider what your tenants will want and need in a property. Decide what the primary function of each room is, and design around this. Map out floor plans to find the best room layout. Consider the size and scale of the space. Rearrange furniture and test various placements until you find the perfect setup. If you are tight on space, try to create multi-use areas where possible.

Zone the communal kitchen and living room. Consider furniture layout from the beginning, and maximise space where you can. Designing great communal spaces can create a better community among the tenants. We've added breakfast bars to a number of our recent projects, which have been particularly popular.

I enjoy working on living rooms the most. It's all about the perfect combination of getting the best bang for our buck, but I also find it the easiest space to differentiate and create that incredible first impression as soon as a tenant steps foot into the property.

We want to create perfect properties tenants can call home through simple yet effective designs. Above all, a property needs to appeal to your target market. Make sure you know your product, your market and your numbers before getting started on a refurbishment.

STRIVING FOR A HIGHER QUALITY FINISH ON A BUDGET

You don't need to spend £100,000 on a refurbishment to make a tired property look good. On a couple of our projects, we had a really tight budget of only £15,000 to spend on the refurb and furniture. That included improvements to the kitchen and bathrooms, new flooring throughout, re-decorating and re-furnishing the entire property!

To create great homes within your budget, consider lower budget options that still give that great finish. These kitchen cabinets look new, but are actually just sprayed, costing only £500 instead of £2,500 for completely new cabinets.

Another game changer is using interior panelling. Interior panelling can completely transform your property and is one of the cheapest ways to do this. It's versatile and can be used in different ways to create the style or mood you're aiming for with your property. It can be used in any space, whether around baths, in large communal areas or for headboards.

When considering furniture for HMOs, shop around for cost-effective options. Consider up-cycling furniture. It can be a more affordable option and can help you achieve the finished product you are looking for.

Splashes of colour can liven up a property, whether through a feature wall or vibrant piece of furniture. We find simple yet effective colour schemes make HMOs feel more like home. Last year we used a lot of greens, but colour trends change over time.

Be consistent with your colour scheme throughout the property. This will help create a cohesive theme. All of the rooms in the property should connect, and the style needs to flow seamlessly between each room.

We also often put vinyls and artwork up on walls. Little touches can make a big difference. Hiring a decorator can help you get that perfect finishing touch you're looking for.

HIGH SPEC HMOs VS BOG-STANDARD HMOs

Certain areas in particular are oversupplied with standard magnolia HMOs. These properties work for some people's budgets. However, they aren't memorable, and all of these bog-standard properties can easily start merging into one with nothing setting them apart.

There has been a gap in high-quality co-living homes, particularly in certain parts of the UK. While a higher spec refurbishment may cost more money to refurbish, this kind of HMO can put more money back into your pocket, through higher rental income, and in turn, higher yields.

Tenants expect value for money, so you may not be able to achieve as high of a rental income with properties that have a lower quality design and lower spec fixtures, fittings and furniture. Higher spec HMOs can achieve up to 30% more in rent than bog-standard HMOs of a similar size and property value. This can dramatically push up your returns.

Blank walls and properties with only the bare necessities can make it hard for tenants to feel at home. Better designed properties can even make tenants happier. And if your tenants love where they live, why would they leave? So they could end up staying for longer, and they may even look after the property better.

We have seen there is strong demand for these higher end properties among tenants in both the student and professional markets. It's been easier to get tenants through the doors, and it's taken less time to let these properties out, decreasing our void periods.

On top of that, staging your HMOs can also help you increase rents by more than 25%. And if you're really clever, your staging can actually be used to build on your brand, and that will help you attract opportunities to work with more people, and attract better tenants! I've been staging HMOs since 2010 and have found it hugely beneficial for my business.

STAND OUT TO YOUR PROSPECTIVE TENANTS

Standards of shared accommodation and HMOs are rising. Properties are becoming more interesting and creative. As there is so much competition in the market, standing out is more important than ever.

Nowadays, the focus for many young people in particular is sophisticated living. With this in mind, you need to create a space your tenants are comfortable in. And just to stay in the game, you will need to think about your HMO design to ensure your property is a cut above the rest.

Well-designed, high spec apartments can stand out to your target tenants – whether you're in the student or professional market. With my properties, I want prospective tenants to see photos of our space online and be sold before they even step foot into the property.

With our portfolio of HMO properties, we love experimenting with different concepts and produce a range of looks. Whether going for an industrial or cosy feel, you just need to make sure the design is appealing to your target tenant.

We enjoy pushing the boundaries with the interior designs of our HMOs, and we will continue finding what works best for our properties and tenants.

Let's Connect

Andy Graham has been investing in HMOs for over a decade. He is the founder and lead trainer at The HMO Roadmap, co-founder of Smart Property and host of The HMO Podcast.

For more inspiration on transforming HMOs into high-end properties, connect with Andy on social media:

Instagram **@andygraham.hmo**

Facebook **@thehmoroadmap**

For tips on starting, scaling and systemising your HMO business, join his Facebook group: **The HMO Community**, or visit **TheHMORoadmap.co.uk.**

TIPS FOR TRANSFORMING HMOs

1. **Zone communal areas**
2. **Think about furniture layout from the get-go**
3. **Consider using interior panelling**
4. **Play with splashes of colour**
5. **Get creative!**

HOW TO ACQUIRE YOUR NEXT STUDENT HMO USING *Creative Finance*

BY SIMON ZUTSHI

In this month's article, I want to continue on the theme of student HMOs … but with a twist. I want to explain how you can acquire them with creative finance, ie using little of your own money.

First of all, my thoughts on student HMOs are as follows: I love them. But they have to be done correctly because there is lots of competition (with most student areas having an oversupply); they need to be of very high standard (not like when I was a student); and they must close to the university because most students are lazy.

It is also very important to make sure you understand the academic year and when students will usually look for accommodation. Normally this is January or February for the following academic year, which starts at the end of September. If you have a property ready for August, expecting students to sign a contract and move in the following month, then you will probably have missed the boat.

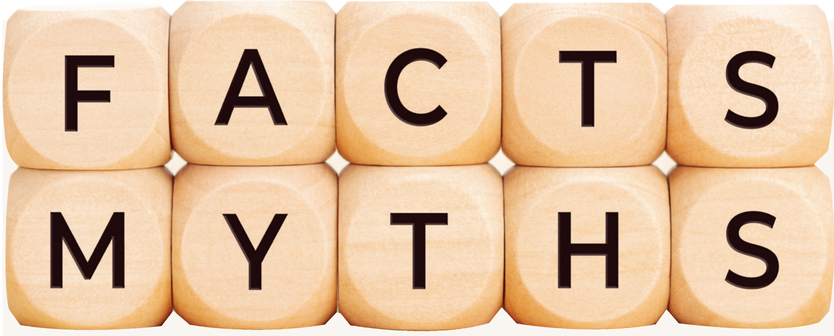
However, I believe this year is going to be different because of what happened last year. This means there is an opportunity for you, right now with student property.

Due to the Covid-19 pandemic, many students abandoned their university accommodation and went home to study remotely online. This caused a serious issue for many student landlords who suddenly had unexpected void periods. That has created massive uncertainty, which could be an opportunity for you.

I believe that this academic year might be very different from last year. The reason is that since most adults in the UK will soon have had their two Covid-19 vaccinations, we are seeing a lifting of the lockdown restrictions and university students are desperate to go back for the uni-life experience. There has also been an increase in domestic applications to go to university, mainly from students who last year decided to have a year off due to all the uncertainty. International student applications to UK universities are understandably down due to continuing uncertainty about the ability to travel to and from the UK.

What does all this mean for you? Well, I think there will be far more students looking for last minute accommodation in September than ever before, and so it might be possible to fill student properties in September, which is much later than usual, as long as you have a good property close to the university.

Add this to the fact that there are many student landlords who currently have empty properties and are worried about the coming academic year. Some of these might be motivated enough to consider creative financing strategies, such as vendor finance and purchase lease options.



BUSTING MYTHS AROUND CREATIVE FINANCE

I want to bust some of the myths around creative finance and help you understand how you could do more property deals using very little of your own money. To achieve this, I am going to make you aware of some strategies that you may not know about, and so probably have not used yet.

The first thing to say here is that most mortgage companies require you to put some of your own money into your property purchases, and so you can't really use traditional lenders with creative finance. You will need to work with and use a specialist lender who understands these strategies.

Since June, we have experienced a mini boom in the UK property market. That is mainly due to all the pent-up demand from the lockdown period along with the traditional spring and summer booms, which didn't really have a chance to kick off until mid-summer. Estate agents, mortgage brokers and surveyors are all incredibly busy.

However, most property investors do not expect this boom to last long, and anticipate that the market might crash fairly soon. The Bank of England has predicted that property prices will slump by 16% as a result of the recession caused by the Covid-19 pandemic.

As the property market falls and mortgage lending becomes more difficult to secure, there will be fewer buyers in the market, so sellers will become more flexible and open to creative finance. Now really is the perfect time to learn about these methods of financing your property purchases, to help you do more deals with less of your own money.

There are lots of different ways of funding your property investments, using very little of your own funds. I am sure you have already heard about private loans and joint ventures so I will only briefly touch on these two methods. I want to focus instead on some of the strategies that you may not already be aware of.

PRIVATE LOANS AND JOINT VENTURES

I think it is worth clarifying the terminology here, because people often get confused between private loans and joint ventures.

A **private loan** is where you borrow money from an individual for an agreed amount of time at a set amount of interest. When you know how to find and approach private individuals (lenders), you will realise that there is actually plenty of money available and these lenders are frustrated with the very low interest rates that they can achieve in the bank (practically zero). This means that making a loan to a property investor like you can be an attractive alternative for private lenders, as long as you know what you are doing.

However, many property investors believe that in order to use other people's money, they need to do a **joint venture**, whereby they give away 50% of the cash flow and 50% of the equity in return for the capital investment required. This joint venture structure is where you and the JV partner share the risk and share the rewards. Joint ventures can be very profitable, allowing you to do deals that you may otherwise not be able to do on your own. However, they are actually very expensive compared to private loans, where you just pay interest instead of giving away half of the cash flow and half of the equity in a joint venture.

Now that we've mentioned the two well-known methods of using none of your own money, which you are probably already aware of, I want to stimulate your thinking and share with you some other creative ways of financing your deals. The whole point of creative finance is to minimise the amount of your personal funds that you put into a property deal. This means you are not limited to the size or number of deals that you can do. The only limit becomes your own creativity and ability to find good deals in the first place.

Let me share with you four methods of creative finance you may not have thought of.

USING EQUITY

THE FIRST METHOD of creative finance is funding a project entirely using equity rather than cash.

So let's say you find a great property investment that you want to purchase for £200,000. You could approach a bridging company to lend you the first 70%, ie £140,000, with first charge security on the property that you are buying. You can then raise the balance of 30% for the deposit by offering a second charge on a different property. This could be either one of your other properties or someone else's property, with their permission and co-operation of course.

This would raise the required £60,000 for the deposit on the property. Thus, none of your cash is required in the purchase. Bridging is typically more expensive than a long-term mortgage so you would want to pay back the first mortgage by refinancing the property after six months of ownership. If you can add value to the property during that time, then you may be able to refinance enough to pay back the second charge borrowing as well.

ADD VALUE BEFORE PURCHASE

THE SECOND METHOD of creative finance is to add value to the property **BEFORE** you actually buy it. This value that you add can then effectively form the deposit.

For example, let's say you find a property that you secure on a purchase option. You then apply for planning permission to enhance the value of the property. Once you have been granted the planning permission, the value of the property could be much higher than the actual purchase price. You can then fund the purchase through a lender such as **CrowdProperty.com** (one of my businesses that was set up to help fund property deals).

CrowdProperty is one of the few lenders who actually understand property investing and recognise the creativity that you might bring to a great property deal by enhancing the value of the property before you purchase it. For the right deals, they will lend on the higher value rather than just the purchase price.

If you've added enough value, the loan you might obtain from CrowdProperty could be as much as the full purchase price of the property, thus minimising the amount of money that you have to put in.

After six months of ownership, you would refinance the property based on a 70% or 75% LTV (loan to value) remortgage with a more traditional long-term finance lender.

VENDOR FINANCE

Next, let's consider vendor finance. This is where you find a seller who has plenty of equity in the property, such that there is either a very low mortgage or no mortgage at all. You buy the property from the seller, often at the full market price. Interestingly, the seller provides the deposit for you. Again, this means you use none, or very little of, your own money.

The vast majority of mortgage lenders would not be very happy with this because they want to see that you have put some money into the property, so that you have some 'skin in the game'. However, when done in the correct way, it is possible to fund these deals in the way described.

PARTNERSHIP WITH THE PROPERTY OWNER

Finally, I want to raise your awareness of a different type of joint venture. Instead of partnering with an investor who puts the money into the deal, in some circumstances you may be able to joint venture with the owner of the property.

Let's say you find a property where there's potential to develop and add value. The owner may not have the time, energy, knowledge, money or inclination to do this development on their own. You might be able to enter into a joint venture with the owner, such that they put the property into the deal, you bring the finance to develop it, and you then share the profits. If the numbers on the project are good enough, it might be possible for you to borrow all of the money required from a lender, such as CrowdProperty.

Again, you get to benefit from 50% of the project profits with very little of your own money invested. It needs to be a great project however, and the numbers have to work. But it is a creative way to minimise the amount of money you have to put into this deal.

As you can see, there are numerous ways of funding property projects using very little of your own money. I only have limited space to explain these concepts, but I hope it has been enough to stimulate your thinking.

This month, I'm filming a number of free videos to explain these creative financing strategies in more detail, with real case studies. I will also be running a live webinar where you can get all your questions about creative finance answered. If you'd like to have free access to these videos and the live webinar, simply register your interest on this website: **www.creativefinancetraining.co.uk.**

That's it for me this month.
As always, I encourage you to …

Invest with knowledge, invest with skill.

Best wishes,

Simon Zutshi

Author of Property Magic
Founder of property investors network

HOW WILL THEY VALUE MY HMO?

GRAHAM KINNEAR

One of the most common questions I get is from HMO owners keen to understand how surveyors will value their HMO investment, either as part of a refinance application or on behalf of a buyer if they are disposing of their investment.

The answer is a resounding "it depends."

The issue of valuing HMOs was recently raised at The Specialist Lending Event with mortgage brokers asking why HMO properties are frequently given unexpectedly low valuations.

One reason for discrepancies in valuations is that there are two ways of valuing an HMO – on an investment basis and a bricks and mortar basis. These two methods can deliver very different results.

The bricks and mortar valuation is more commonly used, and is based on current fair market value determined by local comparable evidence. On this basis, the valuer is looking at the property as a traditional residential property and making any necessary allowances for the fact that it is let.

The alternative is a commercial valuation, often referred to as an investment valuation, which calculates value based on a net yield using rental income and operating cost data. This method is, I understand, offered by a number of lenders but is subject to various criteria.

The main reason for a landlord preferring an investment valuation is because it will be typically higher than a bricks-and-mortar calculation, provided your HMO is full of tenants paying a proper market rent.

It's important to clearly understand the method your lender will use. The higher the valuation, the more funds that could be available to the landlord to draw down. Or, a more attractive mortgage rate could be available as a consequence of a lower loan to value percentage.

Unfortunately, there seem to be no hard and fast rules in terms of which valuation method is used, and it is often dependent on the surveyor appointed to determine which is more appropriate once the property has been inspected. Generally speaking, I would suggest that if you present a lender with a commercial premises with full HMO planning consent for more than, say, seven rooms, then you would have a strong argument for an investment valuation.

On the other hand, if you have a five-bedroom house on a street comprising similar five-bedroom houses, then the argument to stray away from a standard bricks and mortar valuation will be weak at best.

In addition to considering regulations, local authority requirements and the RICS Red Book guidelines, bear in mind that a surveyor also needs to be cognisant of the lender's specific criteria, as each one has their own guidance notes. Some may only undertake valuations on a bricks and mortar basis. Best to know this before you apply!

Whilst you can improve the value of a property when a bricks and mortar valuation is considered, there will be an upper limit that a surveyor will believe your particular street will support. Accordingly, be mindful of comparable data as further development of your property may mean that you are obliged to leave that additional investment in the property rather than being able to access it for reinvestment purposes.

For those of you hoping to build or expand a portfolio, this could cause significant headaches.

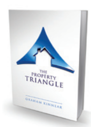
If you feel an investment valuation is more likely for your property, you should then focus on the factors that can influence that calculation, which are limited principally to rent, operating costs and yields. Increasing your rent and successfully managing your costs will put you in the best position for the valuer's visit. In order to demonstrate this, it's useful to prepare a pack. Typically, this may include:

- **a floorplan**
- **a copy of the HMO licence**
- **copies of planning consents and building control documents**
- **electrical/fire/gas checks and compliance documents**
- **details of rental income over as long a period as is available**
- **a copy of the management contract (if the management of your HMO is outsourced)**

Demonstrating you are operating your property as a full commercial entity should provide some persuasion that an investment valuation should follow.

If you wish to do some due diligence to improve your chances, then ask your lenders which surveyors are on their approved panel. You can then approach them to see what their instincts are with regards to which valuation method would be best suitable for your HMO, and whether the lender's guidance notes allow the provision of investment valuations.

As always I am happy to assist readers of YPN and can be contacted on 01843 583000 or graham@grahamkinnear.com



Graham is the author of "The Property Triangle".

RANT

ACCIDENTAL LANDLORD?!

Your favourite grammar and English language pedant is back! This time, it's not about the incorrect use of punctuation. Instead, I'm going to be talking about a certain phrase in property investing circles that really gets my goat, and I'll share my, undoubtedly, highly controversial opinion ...

There is no such thing as an accidental landlord.

I know, I know — I told you it would be controversial. And I'm more than happy to open up the debate to you and have emails flooding in telling me I'm wrong and I should leave the property investing world.

The offending phrase, in my opinion, is a sort of contradiction and, almost definitely, an oxymoron. Apart, the two words are fine ...

Accidental: When you do something that you didn't mean to, or, in musical notation, when a note is not a member of the scale or key that the music is in. *(Did I mention that I'm a classically trained oboist as well? My first degree was a BMus (Performance) and at least now I'm finally putting it to good use by making obscure references...!)*

Landlord: When you own a house and let it out to other people, or are a publican.

But when you put the two words together, I can't really get my head around what the phrase means. As described above, "accidental" implies that you did something by mistake and you didn't mean to do it. Not to mention the negative connotations with the word. I hear of an accident, I immediately think of falling off ladders, hospitals and flashing blue lights. It definitely doesn't have the same meaning as "unplanned" or "small".

I often *accidentally* drop my toast (always marmite side down, to my greatest irritation). I'll *accidentally* spill my coffee. I'll even *accidentally* trip over a branch and go head over heels when running.

I didn't *accidentally* decide to let out my house to tenants.

Unless you suddenly start finding the occasional property down the back of the sofa, most of the people who describe themselves as being an accidental landlord are those who somehow acquired an extra house, whether it be through moving house or inheritance. In that respect, I can totally understand how one could end up as an unintentional landlord after unintentionally acquiring a house ... but to get one by accident? I'm not so sure.

(Note: The only logical way one could become a truly accidental landlord would be through inheritance of one or more BTL.)

If I were to be in possession of a spare property, I would say there are three main exits: sell, keep as a second home or rent out in some shape or form.

In the same way you wouldn't accidentally sell your house (*"Darling, I accidentally sold our house on eBay"*), it's sort of impossible to accidentally rent it out. With the amount of paperwork, tenanting, staging, marketing and so on that's involved, making the decision to become a landlord isn't really an accident. It takes a lot of effort and thought and decisions and conversations and meetings, and the process can easily take months. So if it was truly an accident, you have plenty of time to back out.

The word "accidental" doesn't really cut it. And don't even get me started on someone who says that they were an accidental landlord with two or three properties. That's just being a landlord with a small portfolio, and is the least accidental thing I've ever heard ... unless it was inherited. In which case, I'm sorry for your loss.

And, perhaps I'm biased because I work on this magazine day in, day out, but people who describe themselves as accidental landlords have often gone on to do bigger and better things in property. So even though you started with an unplanned property, was it really an accident? Or was it just what got you going in the first place?

Therefore, I vote that we scrap the term *"accidental landlord"* from the investor vocabulary book, and replace it with any of the following:

- **fortuitous**
- **unanticipated**
- **unplanned**
- **serendipitous**

Or even — super radical thought here, chaps — let's just go with **landlord** and stop putting ourselves down. If you have tenants, you are a landlord, whether it was part of your original life plan or not.

OWN IT.

Angharad

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YOUR PROPERTY PROJECT: OUR FIRST HMO

After a short hiatus, the Your Property Project series is back! Rhys Jackson and Alice Lacey take unloved houses in and around Sheffield and turn them into desirable homes. In this article, we take a deep-dive into their first HMO conversion, which had an unbelievably tight deadline … and 40 fridges to remove.

BACKGROUND

While in their mid-20s and seeing their friends advancing in their careers, Rhys and Alice decided to sell their home, move in with family and invest in property. Previously, Rhys had businesses in the health industry and Alice had worked in estate agency. Despite their limited experience of building or refurbishing, they threw themselves in at the deep end.

In 2016, the couple began by undertaking a few flips, before realising that there was more to be gained by holding assets. At that point, they decided to utilise the BRR model to build a rental portfolio. However, after some time they needed to regenerate some capital, so took on a new-build property and a few flips. Since then, they have been concentrating on acquiring multi-unit buildings and larger projects.

Over the years, they have established an in-house team of contractors, who work on their projects as well as on refurbs for other investors. *"It's just developed and kept going as the projects develop,"* Rhys says.

THE PROJECT

The house was an old Victorian terrace that had been converted unofficially into three separate flats. Immediately, Rhys and Alice could see the potential to convert it back into a house due to its location and demand in that area. *"We reconfigured it to make it a practical six-bed home. The biggest challenge was the clearance!"* Alice explains. *"Whilst our preferred strategy is now to obtain multi-units, this property was well-suited to be turned into an HMO and we already had a corporate tenant lined up."*

The previous owner had owned the property for years but had been unable to keep up with maintenance, and therefore attracted less desirable tenants. By the time he planned to sell, some tenants were in arrears and had caused thousands of pounds' worth of damage.

Rhys and Alice agreed the sale off market, and had corporate tenants lined up to move in on 7th September 2020, which was non-negotiable due to the lockdowns. They met the company through networking and have worked with them in the past on smaller projects. When this opportunity appeared, it was a win-win for both parties as the company was actively looking for a larger property. The completion date had been postponed until 12th July, which left only seven weeks to finish a total refurb.

"The value of having an in-house construction team really came to the fore in that project," Rhys says. Fortunately, the house was big enough for numerous tradespeople to work at the same time with social distancing in place. The team mainly specialise in joinery, but are versatile and can cover most of the general works. Specialists for the electrics, plumbing and plastering were hired as needed.

Rhys and Alice briefed their team on what needed to be done within what timeframe, so everyone was aware of the tight deadline. Everyone worked together, communicated with one another and were considerate of each other's work.

There were 40 fridges throughout the house and in the garden, collected over time by the tenants, which needed to be removed.

"The value of having an in-house construction team really came to the fore in that project"

Case Study

BLEAK HOUSE

SHEFFIELD, SOUTH YORKSHIRE

Type of property	**Large Victorian villa**
Property history	**When acquired it was converted into 3 flats**
Strategy	**Convert back into one property to add to our portfolio as an HMO**
Purchase price	**£180,000 - direct to vendor**
Open market value	**£180,000-£200,000**
Purchase costs	**£1,163**
Stamp duty land tax	**£5,250**
Funding method	**Cash**
Amount of funding	**£180,000**
Borrowing rate	**8%**
Monthly mortgage/ funding payment	**£600pm over 6 months £3,600**
Total money in	**£90,000**
Personal money in	**£90,000**

This was one of the most difficult and time-consuming tasks, and once the property had been cleared, the project was relatively straightforward. It was the time constraint and the size of the property that made it such a challenge.

The house, measuring 200sq metres, had high ceilings and large rooms. Unfortunately, much of the plaster was in too bad a condition to keep. It had to be taken back to brick, re-boarded and plastered. Other works included a full rewire and new heating systems for four bathrooms. *"Everything was just in a poor state,"* Rhys says.

"Thankfully, everyone pulled together, we met the seven-week deadline and the tenants moved in a day early," Alice adds

This project has been a good learning curve for them, and many lessons can be applied to future projects. Completing a refurb in seven weeks has set a precedent going forward. *"Once you've done it, you kind of know that you can do it again,"* Rhys remarks.

THE BUDGET

Their original budget was in the region of £65,000 to £70,000, and it came in just over. The walls were in a much worse condition than expected, so they believe the additional plastering was the cause of overspending.

One of the biggest lessons they learned was setting a realistic budget. In particular, they have noticed the increased material prices, perhaps due to Covid or Brexit, and believe that had they done the refurb this year, it would be significantly more expensive than last summer.

Material shortages were well-known after the first lockdown of 2020, but Rhys and Alice started preparing what they needed a few weeks prior to beginning the project. This preparation meant they were slightly ahead of the curve of high demand. For example, for windows, several companies were quoting eight-week lead times, which was longer than the total duration of the project. But they shopped around and found people who were able to deliver what they needed and on time.

As the project came in slightly over-budget, some compromises had to be made to save money. For example, they decided not to take down a wall between the dining room and kitchen, but it worked in their favour. *"I'm pleased because it would have been more time, cost and I don't think it would have looked nice,"* Rhys says. Not taking the wall down meant that they were able to have a separate dining room, which could be used as an extra bedroom if needs be.

When the refurbishment was completed, the property was valued on a commercial valuation as it has corporate tenants. They experienced some delays with Land Registry, which caused some issues with the mortgage application. *"It's trying to control what you can control and work to just push along things that are out of your control,"* Rhys explains. Despite the delays, this was their first commercial valuation and their first corporate let.

THE MARKET IN SHEFFIELD

Sheffield has a strong student market, but many HMO landlords are selling as there are several multi-purpose blocks being built in the city centre. These are more convenient for a lot of students and, often, are nicer than many of the student lets.

Article 4 is in place, so in some areas there is a high density of HMOs. *"We've never been interested in going for that kind of student HMO,"* Rhys says. Instead, they prefer to focus on creating smaller flats in one block for people to have their own space. "*Bleak House was a bit of an anomaly for us,*" Alice adds.

While they enjoyed the process of converting the property, they are unlikely to be actively searching for another, but they also wouldn't decide against it if the opportunity were to arise. *"I think you have to be a little bit flexible,"* Rhys says, as only looking for one type of opportunity could lead to missing many others. *"If we were to find a project where the numbers worked and it was right for an HMO strategy, then we would go down that line."*

ROLES AND RESPONSIBILITIES

Rhys and Alice currently self-manage all of their properties, so before taking this project on, they were wary of investing in HMOs due to the management involved. They are now considering taking on a new member of staff to oversee the property management in-house, which will allow them more time to work on the business.

They have separated their responsibilities according to their strengths and have naturally fallen into their respective roles. While Rhys does most of the project organisation and first fix, Alice is responsible for the initial design and second fix, and the background work such as admin, legals and keeping on top of the budget.

Doing a refurb is an important part of the investment process, but finding the property and raising finance are two big hurdles that need to be crossed before starting a project. Working together, they both enjoy sourcing and building relationships with investors and have achieved strong results thus far.

As the business has grown, they have had multiple projects going at the same time, so have recently taken on a project manager to oversee the day-to-day operations on site and to develop the construction side of the business. This has given back some time for Rhys and Alice to spend on the business, not in it.

"You can't do everything," Rhys says. *"We've found it's so hard when you're busy managing multiple trades and supply chains. The phone never stops."*

Now married, Rhys and Alice have been in a relationship since their late teens. While they have never put down firm boundaries, they have found a healthy balance between their working life and home life. Although they will happily discuss work in the evenings and on long car journeys, they also each prioritise having other hobbies to focus on and to switch off from work.

COST OF WORKS

Project duration	**12 weeks**
Asbestos survey	**£200**
Skips	**£2,300**
Site prep and demolition	**£2,000**
Joinery	**£12,000**
Doors	**£500**
Windows	**£4,000**
Roof	**£500**
Plumbing	**£10,000**
Electrics	**£8,500**
Flooring	**£2,000**
Decoration	**£3,000**
Kitchen – units, taps, worktops, etc	**£3,600**
Kitchen appliances	**£800**
Bathroom – showers, sinks, toilets, taps, etc	**£8,000**
Floor & wall tiles	**£3,500**
Plastering	**£7,000**
Externals	**£2,000**
Total costs	**£70,675**

VALUATION & INCOME

Post-works valuation	**£335,000**
Re-mortgage amount	**£335,000**
Rate	**4.75%**
Money back out	**£251,250**
Money left in	**£10,383**
Monthly income	**£2,000**
Bills included?	**Not included - property let on corporate let for 5 years**
Monthly mortgage payment	**£992**
Monthly costs	**£50**
Net monthly cash flow	**£958**
% Return on money left in	**110%**










LESSONS LEARNED AND LOOKING FORWARDS

One of the most important lessons Rhys and Alice have learned over the past six years is that having a strong team around them can make all the difference. *"If you get someone good, keep with them,"* Rhys says. *"And the same with solicitors."* Having a good solicitor to discuss deals with is important, as things can be held up or delayed at any point and it's helpful to know what is happening.

Having a powerful team and strong foundations means that they are confident that people can be called upon which has allowed the business to develop. Over the years, they have continued to work with a number of investors. *"That's always worked well with us, and it's helped for growing the relationships with them from project to project,"* Rhys adds.

In the future, they hope to continue developing their portfolio to buy and hold, especially focusing on multi-unit blocks. They are also looking at some larger conversions and are considering starting some build-to-let and build-to-sell projects as well.

"It's building your experience on something a bit bigger each time, and as you go then you can showcase what you've done with regards to finance and the level of the project," Rhys says. Allowing more time to raise finance will enable them to work on multiple projects as well as having the means to pursue a new opportunity when it arises. *"Obviously, as the projects get larger, the numbers get bigger,"* Alice adds. *"So it's making sure that capital is there or can be raised and found."*

One of their favourite things about this industry is having a tenant say that they really like their home. *"It makes you feel like you're doing something right, which is a bonus!"*

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HMO CONVERSIONS

BY **MARK DOYLE**

Once most people have been around property a while and have a couple of BTLs, they understand the basic concept of leverage and time duplication, and how having multiple units in a property can yield a higher income for the effort applied.

This invariably leads investors towards HMO conversions, normally starting with a straightforward conversion of a residential property in a non-restricted area. However, I am aware of ultra-small multi-lets of two bedrooms through to large HMO conversions of up to 82 bedrooms and purpose-built HMO blocks of up to 220 bedrooms, but this is by no means definitive!

The question is, what do you want and what can you achieve in your chosen area with the funds you have available? To meet the building regulations, you will need contractors to do physical work such as installing double Fireline plasterboard, skimming a kitchen ceiling and fitting fire doors, etc. All HMOs involve some form of refurbishment and conversion work.

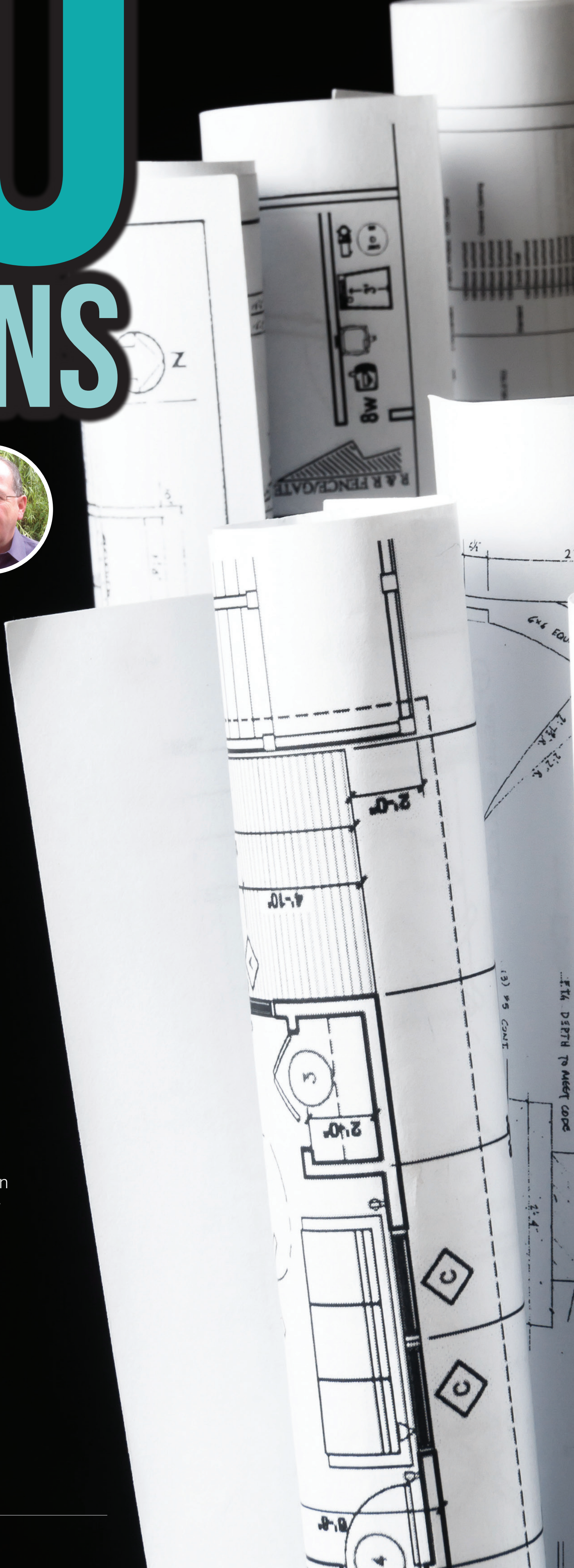
Duplication is the act or practice of doing the same thing more than once.

Time leverage is the act of achieving the biggest result with the least effort.

DO SMALL HMOs OR MINI-MOS WORK?

Small scale multi-let conversions of between two and four bedrooms do work in areas with three key criteria: higher demand, higher value property and a higher value square meterage. This method of investing also allows new investors or people with smaller funds to invest in multi-let properties. For those who have larger resources or want to invest in inner cities, this is also a way to purchase a property in more desirable areas, for example, a central London apartment or even in the centre of a historic capital city such as Edinburgh.

Smaller HMOs are easier to convert, especially if they have a shared bathroom, although a second toilet can usually be installed under the stairs. Structural works are rarely needed, and these projects are more akin to refurbishments. They are a great way for new HMO investors to enter the market.



Case Study 1: 4-BED MINI-MO CONVERSION CHESHIRE

This property was a three-bed mid-terrace with a through lounge/diner, a rear downstairs bathroom and three upstairs bedrooms. The property was immediately off a high street and needed a simple low-cost refurbishment as a BTL. However, the smallest bedroom was 10sqm and was well suited for conversion to a multi-let.

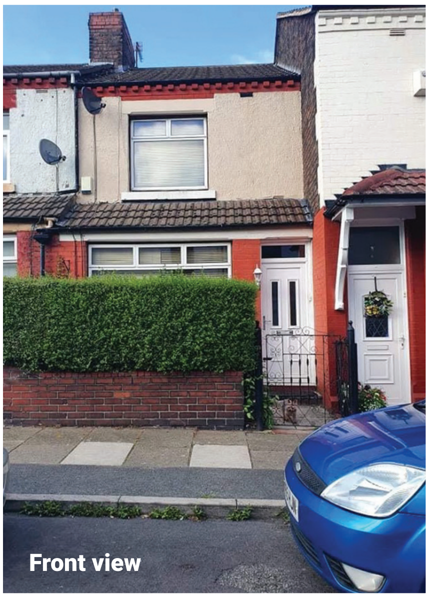
The lounge/diner was split to create a fourth bedroom at the front, a toilet and sink were added in the space opposite the back door and immediately adjacent to the existing bathroom, and the property was fully refurbished to building regulations.

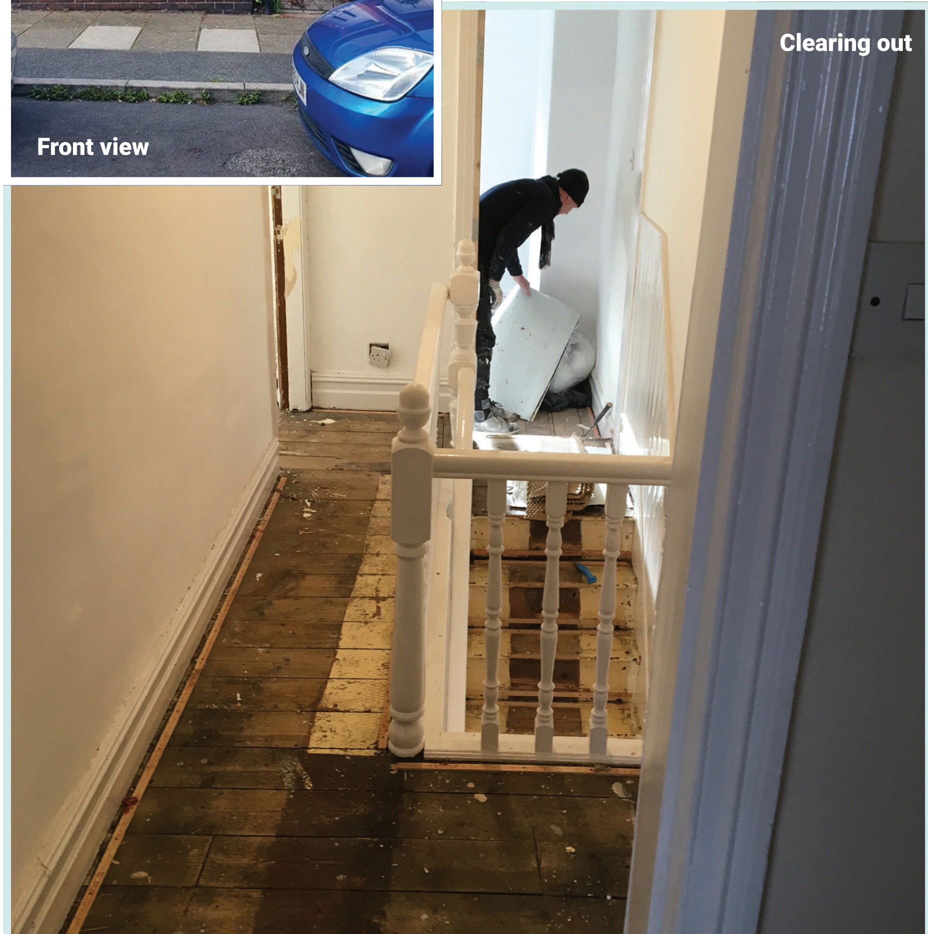

New Lounge


Second Toilet & sink

The Numbers

Purchase price	**Cash £78,000**
Stamp duty & legals	**£3,200**
Refurbishment	**£25,000**
Total costs	**£106,000**
GDV	**£110,000**
Mortgage (Bricks & Mortar)	**£82,500**
Money left in	**£23,500**
Monthly outgoings	**£620**
Monthly gross income	**£1,646**
Monthly net income	**£1,027**
ROI	**52.4%**


Front view


Clearing out

THE CONVERSION WORKS

The conversion works of a building are generally straightforward, starting with a rip out, first fix new drainage and plumbing, joinery, electrics and then the second fix works to fit out your property. Depending on the amount of damage done during the rip out and whether the property is sited in the North or South, the works will cost somewhere in the region of £15,000 to £30,000 per bedroom, which includes the costs of the kitchen, lounge and externals.

If you are proposing to make material changes to a property such as adding drains, removing walls, and inserting lintels then getting an architectural technician to produce a good quality floorplan and building regulations drawings will be useful and should cost less than £1,000.

If you hope to refinance the property or ever want to sell it on, you will need building regulations approval for all the works by means of a 'Regularisation Certificate' on completion of the works. You can of course get such a 'completion certificate' in arrears, but you will need to damage your building by opening up walls, ceilings and corners to satisfy the inspection.

An independent building inspector (or if you prefer the council's building control officer) will visit your project at different stages to check the works. For most mini-mo and HMO projects where the works are under £100,000, this will cost less than £1,000. A structural engineer to calculate your structural support is most likely going to cost around £500-£1,000.

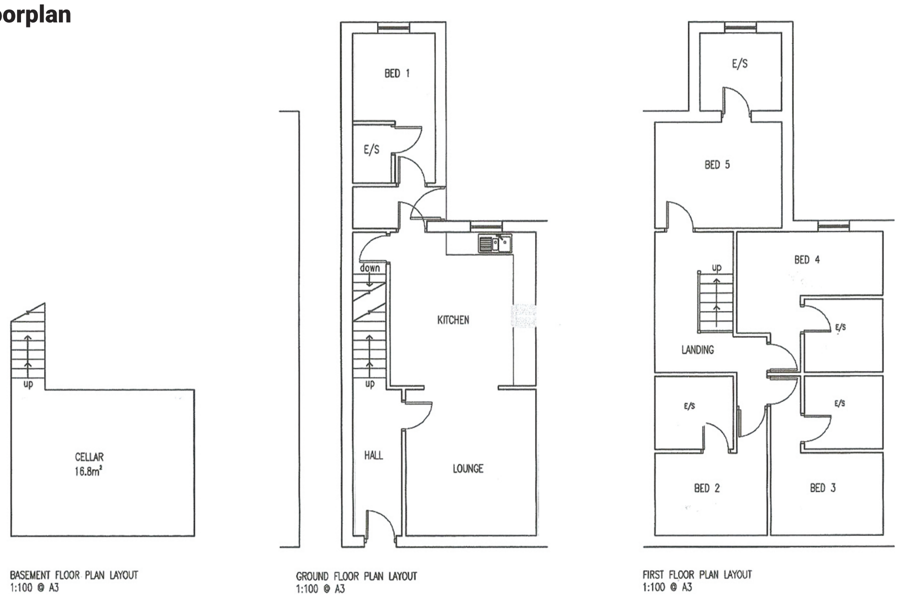
Case Study 2

5-BED HMO CONVERSION

CHESHIRE

This property was a three-bed end-terrace with two ground floor reception rooms and a larger than average kitchen. The property had been a cannabis farm and was peppered with ventilation holes, lengths of steel pipework and fridge doors. The works were undertaken to building regulations, including partial rebuild of the gable wall, and took five months undertaken by separate trades.

Floorplan



The Numbers

Purchase price	**Cash £75,000**
Stamp duty & legals	**£3,000**
Refurbishment	**£75,000**
Sub total costs	**£153,000**
GDV	**£185,000**
Mortgage (Bricks & Mortar)	**£138,000**
Money left in	**£15,000**
Monthly outgoings	**£950**
Monthly gross income	**£2,036**
Monthly net income	**£1,086**
ROI	**86%**


Front view


Bedroom & bathroom


Bedroom

IS BIGGER BEST?

In most cases for multi-lets if the property is profitable as a four-bed or six-bed, then why not a 10-bed or more?

Firstly, some questions:

- **When you do your research on the portals, such as SpareRoom, do others seem to struggle to fill rooms?**
- **What's the ratio of available rooms to tenants searching for a room to rooms advertised?**
- **Is employment and demand strong?**
- **Do you have off-road parking?**
- **What's happening to the local economy?**
- **Do people mind living in large properties in your area?**
- **Who's your target market?**
- **Can you leave money in the deal?**
- **What kind of valuation are you looking for?**
- **Will it value as 'bricks and mortar' or as a 'commercial'?**

CAN I CONVERT AND EXTEND?

You can usually extend most properties, but many existing HMOs are in Article 4 areas, which usually prohibits new HMO conversions and some councils even exhibit open hostility in their area to prevent investors setting up a new one. Sadly, in many areas, prejudice wins over logic, common sense and a refurbished property in good condition.

In some places there are local restrictions over and above Article 4 to restrict development size, such as a front, side or even a rear building line. If a council wants to find an excuse not to permit an HMO, they can find one whether it's a tree or car parking issues. These restrictions may be known within a council or could simply be added as a condition during the planning application process.

The answer is to get into conversation with the council's HMO officer as they are usually approachable. Remember, their aim is to have good housing stock, so it's in their best interest if you can find some common ground.

Case Study 3

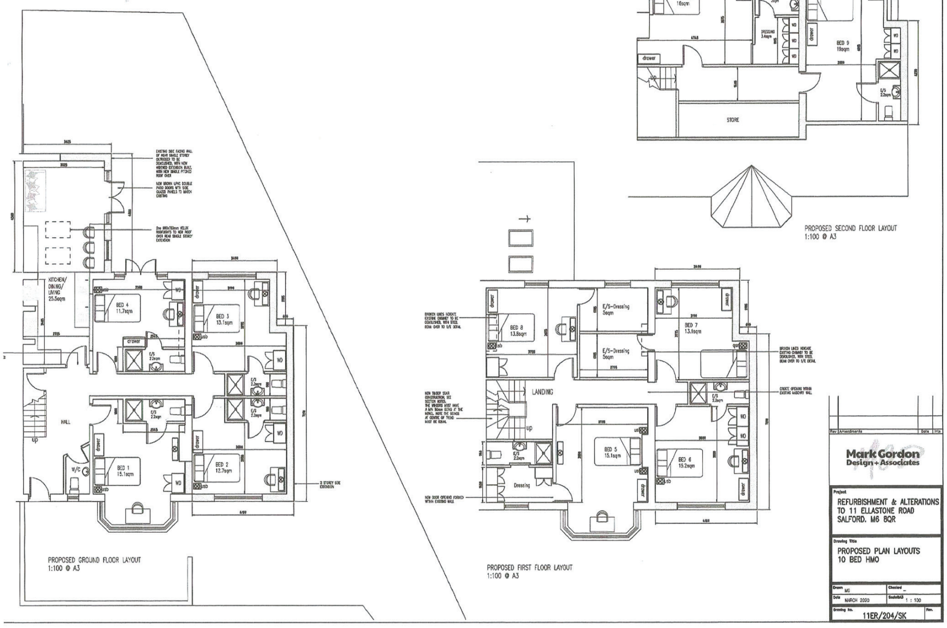
BIGGER EXTENSION, SALFORD/MANCHESTER

This property is an Edwardian four-bed semi-detached close to a large hospital, hence the PP of £315,000. The proposed works include a new kitchen extension and a separate two-storey side extension to add a further four en-suite bedrooms.

The Numbers

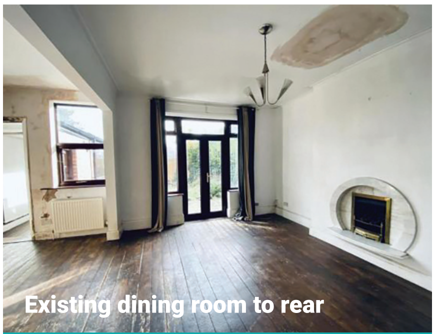
Purchase price	**Cash £315,000**
Stamp duty & legals	**£14,000**
Refurbishment	**£150,000**
Sub total costs	**£479,000**
GDV	**£670,000**
Mortgage (commercial)	**£475,000**
Money left in	**£4,000**
Monthly outgoings	**£2,800**
Monthly gross income	**£5,633**
Monthly net income	**£2,833**

Proposed x10 bed conversion & extension




Existing lounge to front


Front view four-bed house


Existing dining room to rear

LINTELS AND STEEL I-BEAMS

Most properties and buildings are not set up with equally sized rooms, which is really what's needed to optimise income for an HMO. In a perfect world, each room would be around 11sqm for shared facilities and some 13-14sqm for a room with en-suite facilities. Without getting too technical, almost any wall can be removed by adding support above, allowing a more even distribution of floorspace.

When your structural engineer designs and specifies your concrete lintels or your steel I-beams it's crucial they also specify the padstones and often dense blocks required for them to sit on. It's actually this area of contact between the lintel or beam and the padstone that's carrying the weight, so this is where attention to detail by the contractor is most important.

HMO OFFICERS

HMO officers usually have a background in planning and have an excellent grasp of legislation, both nationally and locally. However, most HMO officers are much more flexible than people realise if you take the time to get to know them. Their priority is good quality property in their patch, and most will work with you to achieve that aim. Usually, they quote the book or legislation before they get to know you, or if they have what they see are genuine concerns. If you're experiencing this response you need to ask yourself why.

From our experience, we've always found that most HMO officers welcome the opportunity to have a look at drawings and properties before the works are completed and their input is often valuable. This can be a great contribution when it comes to tenant retention, as the issues raised tend to be things that would impact tenants.

TIPS FOR HMO CONVERSIONS

- **Make sure you have an architect or architectural technician**
- **Have a structural engineer**
- **Get help with pricing up your works and materials**
- **Get a good valuation, potentially a 'red book' survey**
- **Know your numbers, how you'll repay any loans and your exit**

Anyone can do an HMO conversion, and if you don't know how, there are lots of people with experience to ask. If you keep the project as simple as possible, the works run professionally they can be excellent assets with a good yield.

CONTACT

Mark is happy to chat with anyone that may need some assistance and can be contacted at: **info@slaterhope.co.uk** or **07973 971530**

Talking Houses
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The Property Ombudsman LETTINGS | The Property Ombudsman SALES | LinkedIn

Tel. 0191 501 8091
www.talkinghouses.co.uk

Buy, Renovate and Refinance Specialists in The North of England.

We source houses that are in need of refurbishment on behalf of our Investors. We Project manage the refurbishment on their behalf adding enough value for them to refinance and pull the lion share of their money back out to go again.

We have been in property for 60 years and we have always made money. The good thing about property is that when the market is buoyant you can make money and when it is quiet you can make money. It is a great vehicle and by far the safest to invest your money into, if you invest it right of course. We created nearly £2,000,000 worth of equity for our clients last year and this year we are still on track to double that.

In today's marketplace there is a lot of uncertainty, and investors with cash can get very good deals. We are receiving a high volume of enquiries from sellers wanting to sell their properties to cash buyers or buyers who can act fast, if this is you, please get in touch.

We are sourcing flips and buy, renovate and refinance deals throughout the North East. We do everything from start to finish. We have an in-house project manager project managing the refurbs giving you weekly updates on the progress, until the works are signed off and completed.

If you would like more information then please get in touch on 0191 501 8091 and speak to Mike or Martin and they will be able to help you with any questions or queries you may have.

Looking to Sell?? We Have Cash Ready Investors Looking to Buy Your Houses Now. Whatever condition and Whatever the situation Negative Equity, Needing Full Refurbishment, ANYWHERE IN THE NORTH OF ENGLAND CONSIDERED.

The initial conversation I had with Mike, was the most productive I've had in years, it helped me immensely going forward in terms of the deals I should and shouldn't do.

What really impressed me about Mike, was the fact that is so transparent about the deals I shouldn't buy and he took the time to show me and explained why.. Not a lot of people do that.

I am glad that our paths have crossed and with his help I can now build the business I was hoping.

Many thanks again,

Vikram Oswal, *East London*

Working in the property industry myself, I did a great deal of research when I was looking to venture into property investments in the North East. I contacted a number of agents, but when I spoke with Michael at Talking Houses I knew it was the right way to go. His knowledge of the market and the area is second to none, and the process from start to finish was brilliant and if any issues arose, Michael was always readily available to help and you always receive a personal service.

From my first visit up to the North East last year, to seeing the finished refurbished properties earlier this year, I would definitely recommend Talking Houses as the go to for investments and I will most certainly use them again for future property purchases in the area.

Alex Gorman Tooze, *South East London*

We also buy houses from landlords looking to sell their properties too. Please get in touch for a free valuation.

We are fully committed to providing our clients a first-class service and every person who buys from us buys at least 6, so what we do works and is proven to work time and time again.

If you are interested in finding out more, please get in touch.

Our very best

Mike Massey BSc (Hons)
Founder
Talking Houses NE Ltd

Martin Cockbill
Operations Director
Talking Houses NE Ltd

FOOTBALL COMING HOME
THE LESSONS WE LEARNT ALONG THE WAY

ARSH ELLAHI

For this month's article, I thought I would share my personal thoughts on the Euro 2020 tournament and the lessons I took away from it. I will aim to translate these to the property industry where possible.

DISCLAIMER: *I would not call myself a football expert – more so a neutral fan who enjoys the sport!*

Undoubtedly, the UEFA European Football Championship, commonly referred to as the UEFA Euro 2020, brought a much-welcomed distraction to the commotion of the last 18 months.

24 of Europe's teams battled it out to compete for the prestigious award to become the winner of Euro 2020. The final brought England vs Italy, and the country waited on baited breath to see if this could finally be the trophy to come home – the first in 55 years.

To get to the final, both teams had to overcome a number of hurdles, which included:

- ***Playing against teams within their group and ensuring they were in the top three***
- ***… then moving into the knockout stages***
- ***… then into the quarter finals***
- ***The pressure of the semi finals, and finally***
- ***… the weight of expectation from their respective countries as they approach the final***

So how does this compare? The fact is that a football team is run in a very similar way to how an entrepreneur runs a business. They are consistently training in order to compete and better themselves. There will be extreme highs and catastrophic lows.

Referring to England's journey, the country backed their team as they progressed through the ranks. The more they progressed, the more the country believed. The saying "It's coming home" was on the tongue of every football fan.

England had some tough games, and it was interesting to watch the tactics of the game and the competition. By this I mean understanding the theory and logic behind the team picked to play; the formation of the team; the strategy; and listening to the pundits to see how they interpreted the game.

Playing football is also all about timing:

- **WHEN DO YOU MAKE A SUBSTITUTE?**
- **WHEN DO YOU START TO CHANGE TACTICS?**

Every game, England played with different starting line ups – and this was a way of ensuring the team remained fresh with a rotation of players (where possible). Failing to do this would have meant that the same players would have quickly burnt out, which would have ultimately meant they would start to lose games.

The team would have also been chosen according to the opposition, and which players would be best to play their opponents – ie, are they an attacking team or a defensive team?

Ultimately, it is about adapting to the environment!

KEEPING A COMPETITIVE EDGE

The same is true with property. If you become complacent, you will lose your competitive edge. Let's apply this philosophy to your vacancies. For example, you may have a room or two or a whole property sitting empty. When that happens, it's time to ask:

- ***What are you doing to fill these voids?***
- ***What is your competition doing?***
- ***How do you compare?***
- ***Why would a tenant choose you and your property?***

The same principle can apply if you are buying a property and the agent has multiple offers on the table. I often define this as: "What is your USP – your Unique Selling Point?"

Regardless of the outcome, there should always be a point where you reflect on what went well and where you can improve.

The England team will definitely reflect upon each game to see where they excelled and where they lacked, and use this as a measuring tool to progress.

In my business, I assess every call I make to see how I can make the next call even better. Let me refer to my sourcing business. If I am contacting an estate agent, I set myself a mini set of goals for that call based on communication and rapport. **The questions I use to evaluate the outcome include:**

- ***Did they understand what I am looking for?***
- ***Did they understand the proposal?***
- ***Would they consider working with me?***
- ***What are the next steps – are we meeting, or are they sending me some details?***

My main aim is to get them working with me so they feed a constant supply of property deals over to me. After every call, I assess the interaction and see where I can make further improvements in order to strive to make consistently positive calls.

> If after the call I have not received any information after 24 hours, I normally follow up, but also use this as a key performance indicator as to whether this call was successful or not. If not, I will then look to change my approach, to turn that dreaded **NO** into a **YES!**

So, there we have it. Although it was extremely disappointing that football did not come home, we can still be extremely proud of everything the England team achieved. They fought and battled to beat some fantastic teams, which was all done through improvements game on game.

There will be times, where you do get beaten (hopefully not physically), where you get outbid or a deal doesn't go your way. Use this time to reflect on your performance with a view to upping your game so it doesn't happen again!

If you still have a question which you would like answered in next month's article, please feel free to email me: **arsh@arshellahi.com** and I'll aim to answer as many as I can over the following months.

CONTACT

As always, you can connect with me on my social feeds by finding me on:

Mailing List	www.arshellahi.com/deals
Facebook Profile	www.facebook.com/arsh.ellahi.1
Facebook Page	www.facebook.com/ArshEllahi123
Instagram	www.instagram.com/arshellahi
YouTube	www.youtube.com/c/ArshEllahi
Linkedin	www.linkedin.com/in/arshellahi
Twitter	twitter.com/arshellahi

Finally, to get access to all my updates and whereabouts, please sign up to my weekly newsletter at **www.arshellahi.com**

5 HMO MYTHS BUSTED

With Rick Gannon

Hi everyone and welcome back to my column. This month, as the lead feature is on student HMOs, I'm taking a break from my usual series, 45 Ways to Buy Property, to speak about my favourite strategy.

In the grand scheme of things, HMOs get a bad rap, which is completely unwarranted, in my opinion. It's about time we gave them the love that they deserve!

In this article, I'm going to go through some of the most common misconceptions and misperceptions that people tend to have about HMOs, and I'll offer an alternative viewpoint to each.

So without further ado, let's go through five of the most common myths …

THEY ARE HARDER WORK THAN SINGLE LETS

This is actually a huge myth and is one of the most widespread rumours I see about HMOs. They don't have to be hard work, providing you know what you're doing. Like any business, as long as you're organised and have the right systems in place, HMOs can be very rewarding. With strong systems and a robust set of rules, you are good to go!

THE TENANTS CAUSE PROBLEMS

It is certainly true to say that if you don't conduct your due diligence robustly enough, you'll have issues. But this is the same for any rental property, not just HMOs. I firmly believe that the (shared) house doesn't make the bad tenant, the lack of structure and processes do. This links back with my first comment above.

I NEED EXPERIENCE WITH SINGLE LETS FIRST

If this is a concern you have regarding finance, it is true that there are fewer funding options for those with less experience. However, there are some lenders that will consider it, so it's worth speaking to your broker to discuss your personal circumstances. However, a simple way to gain experience is to start with rent-to-rent or lease options. They provide a relatively risk-free way of gaining experience in HMOs on someone else's property.

THE MARKET IS TOO SATURATED

I hear this a lot! Again, it's a complete misperception that you won't be able to make HMOs work in your area. Take it from me, you absolutely can! All you need to do is to be better than your competitors.

Most HMO stock still have magnolia wallpaper and brown teak furniture, so it's not difficult to create a better product. You will also need to provide a good service to your tenants, which in time will help your business as they refer their friends. If you're committed, then it's not hard to compete!

HMO DEMAND WILL PLUMMET

This rumour has been around for years, and it couldn't be further from the truth. The appetite for HMO rooms is stronger now than it's ever been. In fact, the pandemic has even driven growth, because more people to want to share a house with likeminded housemates.

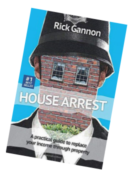
Properties that offer decent social spaces, have bills included with the rent and space for tenants to work from home will continue to be a popular choice.

So there we have it. If any of these excuses were holding you back, then you can confidently move forward knowing that they were untruths. Remember that due diligence on areas and on your potential tenants are still important, as is getting the right systems in place early on to cement your success.

That's it for this month, and I hope you continue to get value from these articles. I can't wait to catch up with you next month. If you have any questions about HMOs, feel free to join my Facebook group: The HMO and Property Community Group, where the community will be able to help.

Rick

Rick is the author of **"House Arrest: A Practical Guide on How to Replace Your Income through Property Investing".**



BUILDING YOUR IDEAL RENT TO RENT PORTFOLIO

KATRINA JONES

Here at Kendall Bailey, we highly recommend that you only add *ideal* rent-to-rent deals to your existing portfolio — or that you only take on the ideal deal if it's your first ever one.

I'd love to share a few points from our ideal rent-to-rent deal criteria with you, so you can ensure that all deals you invest in moving forward are ones that you'll be glad you signed.

1 NEVER PAY A DEPOSIT FOR YOUR RENT-TO-RENT PROPERTIES

As a company, you should never pay a deposit for a rent-to-rent property. In over eight years, we have paid one deposit, which was for our first ever deal (as we were willing to do whatever it took to get our first deal over the line!) — and it was also the last.

Primarily, a deposit is used to protect the landlord from any damage caused to the property. As a company, you will be collecting a deposit from each tenant to cover this eventuality, and if the landlord wishes to have the deposit held in their own deposit scheme for extra security, they are more than welcome to do so. To date, no landlord has ever wanted the hassle of doing this. Therefore, the need for a tenant deposit is covered – and there is no need for you to pay one too.

Secondly, a deposit is often used to cover any non-paying tenants' rent. As you will be signing a guaranteed rental agreement, unpaid tenant rents won't be an issue either.

Finally, a standard high street letting agent doesn't pay a deposit when managing a property, so neither should you. Especially when you're providing a service that is 10 x better than a letting agent by guaranteeing the landlord a long-term monthly rent and (potentially) investing capital into their property. Your investment into the property (if you choose to do so) is like a deposit too, so every base is covered!

2 CALCULATE EACH DEAL VERY CONSERVATIVELY

You need to be extremely conservative when it comes to calculating your rent-to-rent deals. When we talk about how much profit each deal should make you, we're using the figure after all expenses, including putting by enough each month for potential void periods and then deducting a further 20% for (potential) corporation tax. If a deal doesn't make you at least £600 per month after all of these costs, it's not a great deal.

> "You'll be putting time, care, and energy into these properties, so you need to ensure the return is worth your time and effort."

3 WORK WITH EXISTING HMOs WHEREVER YOU CAN

We often work with people who have historically been implementing the rent-to-rent strategy by turning a family home (C3) into a house of multiple occupation (C4), which in many cases (especially Article 4 areas) will require you to apply for planning.

Depending on the size of the property, you many also need to apply for an HMO licence, and if the property is on a residential mortgage, there will be implications and changes to be made there too.

This is before you have worked out the cost of bringing the property up to the correct fire and safety regulations for a house of multiple occupation and potentially needing to do some internal configuration too.

The time and cost of converting a C3 into a C4, in many cases (not all — so please don't be put off completely), is usually more time consuming and expensive compared to finding an existing student house or HMO, carrying out a light cosmetic refurbishment

and simply re-filling the old student rooms with full-time working professionals. Therefore, if this is something you can do in your area, we would highly recommend you do so.

If you live in an area where there are no existing HMOs, please don't worry. If there are no HMOs around, then converting residential properties into HMOs will work fabulously and it's unlikely to be an Article 4 area, so you (probably) won't need to apply for planning. There is just no need to do it that way if you are surrounded by existing shared houses in your area. The upside to converting is the market rent will be lower and therefore your profit should be slightly higher, so it all evens itself out in the end.

4 NEVER TAKE ON A BELOW AVERAGE DEAL

It can sometimes be very tempting to take on a deal because it means you've done another one and it feels like your portfolio is growing nicely. It's the easiest trap to fall into, so please don't ever make this mistake. There is nothing more frustrating than being stuck with an underperforming deal. Especially when it takes up just as much time and energy as the exceptional deals … and you are stuck with it for three to five years plus.

Ensure all deals make you an absolute bare minimum of £600 per calendar month after all expenses (including voids and tax) and also be certain that the landlord is someone you want to go into business with. You'll be working with them and their property for (hopefully) a very long time, and there is nothing worse than being stuck with a nightmare landlord!

5 NEVER OVERSPEND ON YOUR REFURBISHMENT

A standard rent-to-rent refurbishment shouldn't cost you more than £5,000-£6,000 in total. I feel a grey hair popping through when I hear about people that have spent £15,000 or £20,000 on a property that they don't even own. Please don't get me wrong, as in certain individual cases, when the return on investment is outstanding and it completely stacks up … or if you are in an area (which is rare in the UK) where it's completely impossible to work with existing HMOs, you may need to spend a little more. If this is the case though, you need to ensure the return on your time and money invested is 100% there.

In general, 80%–90% of your deals should be existing HMOs that just need a light, cosmetic refurbishment — ie, a fresh coat of paint throughout, new carpets, possibly some new furniture and some gorgeous finishing touches. This really shouldn't cost more than £5,000 or £6,000. If bigger things need to be done, such as the bathroom or kitchen, then ideally, it's the landlord's responsibility to cover this as it's their asset for life, not yours.

We also suggest you speak with the landlord before investing in their property, as quite often, the landlord is happy to invest in their own asset. If not, they may be willing to meet you halfway, and sometimes you'll find a property that doesn't even need a refurbishment, which is always a dream!

6 ALWAYS AGREE A 1-MONTH RENT-FREE PERIOD

Ideally, you will negotiate a rent-free period whilst you refurbish and tenant your new rent-to-rent property. You can explain to your landlords that whilst you're refurbishing the property and looking for tenants, you won't be making anything from the property at all. We say something along these lines: "So like our other landlords, would you be happy to grant us a one-month rent-free/grace period too?"

Given you are refurbishing their investment, covering voids, managing the property, not charging them any tenant find fees, not adding a commission onto maintenance issues and taking away all of their stress and hassle, whilst guaranteeing their rent for anywhere between three and five years … most landlords are very happy to agree to a free month's rent.

> "If you choose not to refurbish a property, or you don't need too, you can agree a two to three-week rent-free period whilst you dress, photograph and begin to market the property as you won't need quite as much time."

CONTACT

https://kendall-bailey.co.uk

CARBON NEUTRAL FAMILY HOME

By **Heidi Moment**

How one family future-proofed their home using sustainable resources to generate energy and reduce their carbon footprint.

Archangel Architects

"A low-energy building with high quality living standards"

PROJECT SCOPE

When the Archangel team was approached to retrofit sustainability to an existing semi-detached home, they jumped at the chance. The client's aim was to make their current family home into their forever home by increasing the size, changing the layout and, most importantly, adding sustainable elements so they could reduce their carbon footprint.

As an environmentally aware couple whose work focuses on public policies and infrastructure investment for a net zero carbon future, they were very keen on using sustainable resources to provide the heating and electricity as much as possible, to increase renewable energy generation and the efficiency of the energy used by the home and, as such, future-proof their family home for years to come.

One of Archangel's specialist subjects is long-term sustainability and reducing long-term costs and environmental impact. So this project was right up their street.

As existing

"Generating energy in a more sustainable way"

WORKS

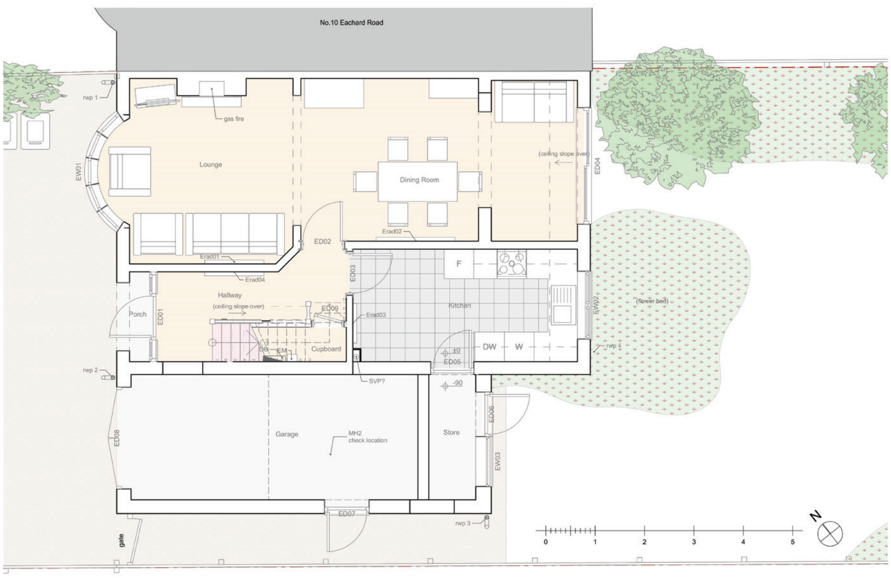
When planning works on any building with the aim of achieving better energy efficiency, Archangel explain there are many elements that can be included and these can be grouped into three areas:

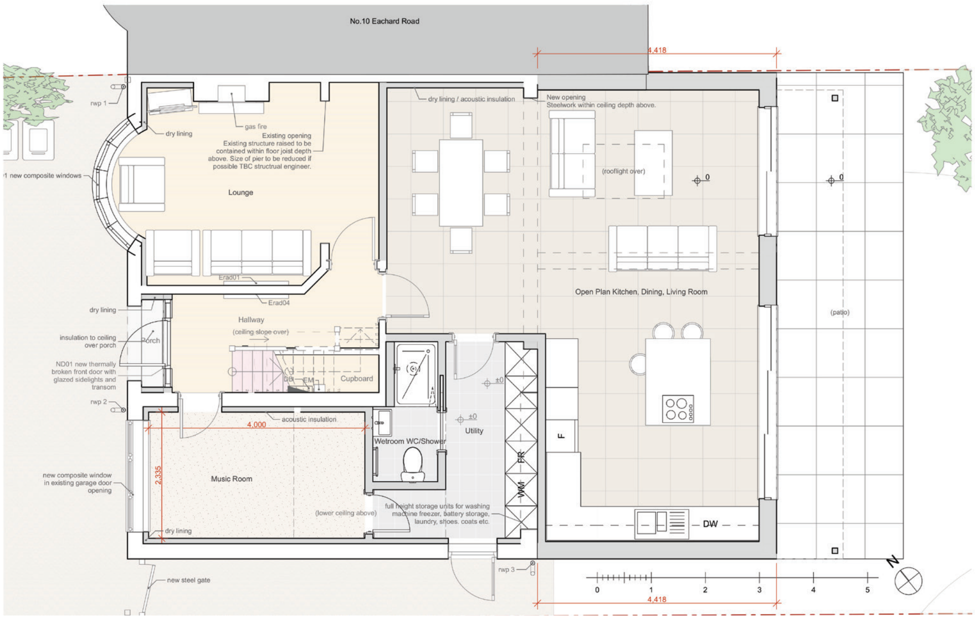
1. **Always start with the fabric of the building first – this usually involves replacing windows and improving insulation.**
2. **Energy generation – focus on generating energy more effectively by installing things like an air sourced heat pump, better radiators and underfloor heating.**
3. **Ventilation – providing adequate ventilation for the home.**

Each element can work alone or alongside the other elements. The challenge is knowing which elements are required and Archangel's expertise comes in providing a solution that achieves the client's desired result within their budget.

Full works included:

- Ground floor rear extension of 30 square metres
- First floor extension on top of existing rear extension, with offset ridge and cladding
- Internal layout alterations to include open plan living, kitchen, dining space at ground floor, increase the size of master bedroom and add an en-suite
- Future-proof the home by having a bedroom with wet room on the ground floor so if one of the couple has mobility issues in the future they can comfortably live downstairs
- Replace all existing windows with double-glazed units or better thermally performing double-glazed unit
- Retrofit air source heat pump to replace gas central heating





- Install underfloor heating and oversize radiators
- Install dryline insulation to match insulation of new build elements of house
- Install further solar panels to roof and calibrate system to improve efficiency
- Increase ventilation
- Install green roof
- New kitchen layout, units and appliances
- New lighting and power sockets throughout
- Roof light over kitchen
- Installation of two 'sun tunnels' to bring daylight into first floor landing
- New floor finishes, skirting boards and decoration throughout
- New bathroom fittings (shower, WC, basins)
- Bespoke built-in shelving in master bedroom and family bathroom
- Utility appliances and storage concealed behind sliding doors
- New internal doors
- Bespoke bike shed and storage sheds in garden

FABRIC FIRST APPROACH

Starting with the fabric first, areas of the property that were particularly 'leaky' were prioritised first, with insulation added in the roof and the floor and a proper damp proof course added to protect against moisture ingress. As Archangel explain: *"You've got to think of it in terms of how we keep ourselves warm – starting with a warm hat and a dry pair of boots!"*

Adding external insulation to the existing building fabric was an important step in the client being able to claim the renewable heat incentive (RHI), so Archangel designed new internal walls to meet thermal performances set by the RHI.

RENEWABLE HEAT SOURCE

An air source heat pump (ASHP) was chosen as the primary source of heating due to its sustainable merits. By using air instead of gas to heat the home Archangel's clients were significantly reducing their carbon footprint as well as making their home healthier.

Here are a few key points to note on how an air source heat pump works, and the installation:

- **The pump extracts heat out of the ambient air surrounding the building. It then uses the heat to heat the radiators or underfloor heating which then heat your house, storing the heat in a pre-plumbed hot water cylinder (similar to the kind you have with a gas central heating system). The magical thing is that it doesn't have to be hot air – anything over absolute zero (which is -273 degrees celsius) works, so it can even work in our UK climate, as well as during the winter!**
- **Unlike a gas boiler which pumps hot water into your radiators at a temperature of 60 or 70 degrees, the air source heat pump only goes up to around 40-45 degrees. So it's often necessary to have larger radiators to go with them so you can radiate the same heat within the room.**
- **Underfloor heating works really well with air source heating. Because you're in direct contact with the heat on the floor it can run at a lower temperature and be spread out across the entire building, helping to keep the whole house warm. Often when this type of system is used the underfloor heating is installed on the ground floor with oversized radiators on the upper floors, which is exactly what Archangel did on this project.**
- **As with standard radiators there are many to choose from, so the client chose the style that matched their interior aesthetic.**

- **One thing to consider with the pump is that it is quite large and not the most attractive of units, so it's always a good idea to enclose it behind a screened unit so it can still do its job, but is hidden from sight.**
- **In terms of noise, the pump runs at 45 decibels, which is lower than a conversation (which is around 60 decibels).**
- **When it comes to retrofitting an air source heat pump into an existing property Archangel explain it's really pretty simple – it's just two pieces of kit; a heat pump and a water cylinder – exactly like when fitting gas central heating but replacing the gas boiler with the heat pump.**
- **Sometimes you may need to replace some of the piping, especially if the building is an old Victorian house with very thin pipes, but that wasn't necessary in this case.**

THERMAL EFFICIENCY AND VENTILATION

After adding all the insulation the thermal efficiency is optimised, so then it's time to get the ventilation right. On new builds this usually involves installing a mechanical heat recovery system, which basically sucks all the dust out of it creating a much healthier home. With an existing house this may not be necessary as there may be enough ventilation already, as was the case with this property. Instead adequate ventilation was achieved through normal alimentation fans installed in the kitchen and bathrooms as well as trickle vents on windows and external doors as per building regulation requirements.

SOLAR ENERGY

The client already had PV (photovoltaic) panels and solar hot water panels on the roof but some were broken and it was decided the hot water panels wouldn't be needed once the heat pump had been installed. Instead 10 PV panels, located on the south facing roof pitches of the property, would be sufficient for the client's needs, providing more than enough electricity for the property and allowing the client to be able to sell some back to the grid and benefit from the Renewable Heat Incentive (RHI).

The solar PV system now has a 3.6 kWh declared net annual capacity, generating 3.5 kWh of electricity per annum. The annual usage of the home is approximately 0.6 kWh so the rest goes into the grid, which earns the client approximately £1,300 per annum in FIT (Feed-in-Tariff) payments. Pretty good, don't you think?

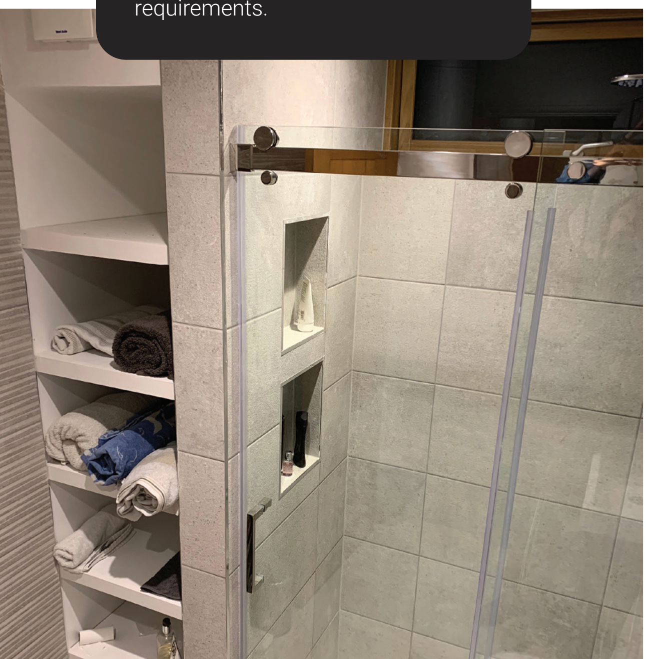
GREEN ROOF

The client installed a *Modular Sedum System green roof* from *Sedum Green Roof*, which is essentially a seeded carpet created by many succulent plants that are extremely slow growing and low maintenance, but look great. The system used here comprises many 'sedum' plants held in trays of soil, which are then laid on a thin root protection membrane to prevent roots damaging the roof finish.

A green roof serves several purposes:

- **Encourages biodiversity and is a great habitat for insects and birds**
- **Slows rainwater drainage (which reduces the pressure on drainage systems)**
- **Aesthetic: It looks great! Particularly as it is overlooked from the clients' desks by the window.**

The system was simple to install, taking only two hours, and apart from a little weeding once or twice a year, it will live off the rainfall and look after itself.



TIMINGS

The project took two years from start to finish, as detailed below:

Stage 1: Preparation and brief

We took a measured survey of the house and made a 3D model of the existing house. From this we produced 'as existing' survey drawings.

- **Two weeks, commencing April 2018.**

Stage 2: Concept design

Producing proposed plans and 3D models showing the extension and internal alterations. Several iterations of design drawings through meeting with the client.

- **May 2018 to July 2018 – eight weeks.**

Stage 3: Spatial co-ordination

Development of the agreed concept design including consideration of structural design, drainage and location of mechanical services and routes. This stage culminates in the submission of a planning application.

- **Planning application validated September 2018.**
- **Planning approved November 2018 (eight weeks).**

Stage 4: Technical design

Production of full set of detailed construction plans, sections, elevations, finishes schedules, kitchen layouts, electrical layouts, bespoke joinery details, and a written schedule of work specifications. Also arranged appointment of other consultants required for the project; structural engineer, Construction Design Management (Health and Safety) Advisor, Building Control Approved Inspector. This was issued to competitive tender to four builders. The client chose the main contractor based on the prices received and references from previous clients.

- **Stage 4 completed while planning application was running.**
- **Tender issued end November 2018.**
- **Tenders received January 2019.**
- **Contractor appointed January 2019.**

Stage 5: Construction

The construction work started end of February 2019 and completed December 2019 (41 weeks). There was a building contract in place between the client and builder. We acted as contract administrator, so were involved with changes as they were raised on site. The client moved out of the house while the construction works happened.

Stage 6: Handover

Completion of the construction phase and the client moved back in to the house.

COSTS

Architect's fees:	**£20,800**
Planning fees:	**£200**
Structural engineer and CDM advisor:	**£2,000 approx**
Preliminaries: (builder's costs associated with being on site, rental of protective fencing, temporary toilets, skips etc)	**£4,600**
Site prep and demolition:	**£8,400**
Substructure:	**£7,300**
Drainage and incoming utilities:	**£2,800**
Superstructure: (external walls, steelwork, roof structure, timber)	**£43,600**
Doors & windows:	**£33,400**
Roof coverings: (underlays, battens tiles, zinc)	**£14,000**
Plumbing: (removal of old system, installation of heat pump, underfloor heating etc)	**£33,400**
Flooring:	**£20,000 approx**
Kitchen: (supply only of all new kitchen cabinets and appliances)	**£11,000 approx**
Solar panel system: **original system £8,000, more recent works £5,500 (incl. VAT)**	
Green roof & installation:	**£5,000 (+VAT) approx**
Total construction cost	**£250,000+VAT**

"Knowing our energy is sustainably sourced means we can live guilt free in a home that's warm all the time"

LIVING GUILT FREE

The clients' aim for doing this project was, first and foremost, to reduce their carbon footprint and they're really pleased they've been able to do that. They love the open-plan design and have explained that their house is perfect for them to live in both now and in the future.

When it comes to the question of whether it's saving them money on their bills, the answer is an interesting "No!" As an environmentally conscious family, they were previously extremely careful about the amount of energy they used, only spending £500 on gas and electricity combined per annum by gathering around a wood-burning stove in winter while the rest of the house remained cold.

Now they live in an 'almost' carbon neutral home they are using the air source heat pump system to keep the house at a constant, comfortable temperature, so they can use all the space even in the coldest weather. The electricity bill is now around £1,000 per annum but this isn't a problem. Knowing their energy is sustainably sourced means they can live guilt free and are now happily enjoying a home that's warm all the time.

CONTACT

Archangel is a is a RIBA-registered, chartered architectural and design practice based in Cambridge, working both with new buildings and the sensitive adaptation of existing ones.

Contact them to discuss your project requirements.

Email address:

https://www.archangelarchitects.co.uk

TAKE NOTICE OF OPPORTUNITY

By **Rupal Patel**

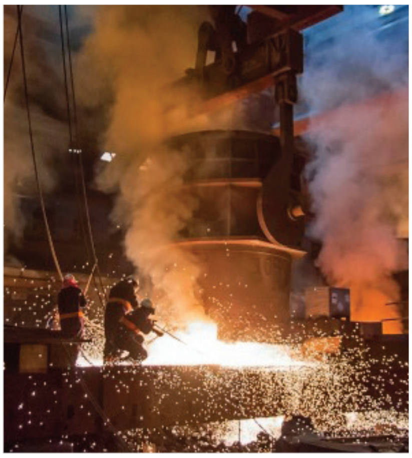
"Who knew Sheffield had so much going on?!"

That was me, the first time I alighted the train and walked out into the breezy Sheffield air. I was there because I was giving a talk to a large group of property investors and developers and decided that instead of going straight to my hotel as I would normally do, I'd take a few minutes and walk around the city. When else was I going to get this chance?

And man was I glad I took that walk (unlike most Arsenal fans, I have no aversion to wanting to get to know Sheffield just a bit better). I didn't have much time to waste, so I headed for an Antipodean coffee shop minutes from the station and walked around for a bit.

And in that short walk, here's what I saw: lots of factories and warehouses now being used as shops and workshops for artists and artisans; lots of good-smelling cafes; more organic food restaurants than I could count on one hand; two separate universities; hundreds of student apartments; and not one but two "Oriental" grocery stores (the shops' words, not mine ... rugs are Oriental, people are not!). And that last observation was one that made me take the most pause. "Oriental" grocery stores? In Sheffield?

And then as I continued to look around, I noticed how ethnically diverse Sheffield city centre was. Many of the people I saw were international students, to be sure, but plenty more looked and sounded like they were born-and-bred Sheffielders. And it made me think bigger thoughts about disruption and change and globalisation and the opportunities that disruption and change and globalisation bring with them.



CASE IN POINT: When Sheffield's steel industry took a hit, many artisans turned to goldsmithing and silversmithing (and today make some jaw-dropping crafts that I would love to adorn my home with when I can justify £4,200 for stunningly hewn silver candlesticks... I'm looking at you Brett Payne). The factories that once forged steel now forge art of various kinds, and disused warehouses have been repurposed into trendy coffee shops and art spaces. The big takeaway for me was this: Sheffield hasn't given up, and neither should we, even when it seems the world is changing around us faster than we can say "What English steel industry?"

Big changes happen. Cataclysms happen. Population changes happen. (Witness the past 18 months in particular.) There are so many forces that we as business owners and investors and human beings can't predict or control, but the key is not to let what is out of our control dictate what IS in our control. The key is to do what we can to change and adapt and take notice of the opportunities around us even as the changes and cataclysms happen.

Especially over this past year, I have heard more people than I can count complain about how tough things have been and how many times they've gotten "unlucky". They blame Covid, lockdown, Boris Johnson, Brexit, or pretty much anything they can name for why things are hard. And while the past year HAS been a sucker punch, it has been a sucker punch to us ALL, even if the power of the punch has been uneven.

I'll give you a personal example. In our property portfolio, we have a mix of HMOs and single lets. When Covid hit and turned the professional tenant market in our area on its head, we found ourselves at one point with almost 25% voids. It could have been catastrophic.

But we didn't whinge. We didn't complain. We didn't scream to the gods about how unfair it was that our investor friends in Leeds or Manchester were selling rooms faster than Mr Whippys on a hot summer day. My partner and I got our heads together and explored our options. What opportunities were there? What could we do about the situation we found ourselves in? How could we salvage our position? Well, one opportunity that came from lockdown was that more families were looking for houses with outdoor space. So, we turned some of our HMOs into single lets and cut our losses. Problem solved.

> "There's no sense in blaming things outside of our control when the ultimate responsibility for our success and our lives lies within our control."

It wasn't easy. It wasn't without stress or difficulty. But we put our big girl pants and big boy briefs on and found a solution instead of admiring the problem.

That's what we all need to do all of the time. There's no sense in blaming things outside of our control when the ultimate responsibility for our success and our lives lies within our control.

Because right alongside all of the "victims" are people who have seen and made use of the opportunities. For every investor complaining about how difficult it is to find good deals, I know another investor drowning in good deals. For every string of "bad luck" I hear about, I know another person riding streaks of "good luck". For every "lemon" life has thrown at all of us, I've seen how great we can be at making lemonade.

THE POINT IS THIS: Keep your eyes open, don't become a victim, and focus on what you can control.

There is *always* opportunity going around. There are always ways to repurpose your skills, your know-how, your contacts, your equivalent of the Sheffield steel industry into the silversmithing hub of tomorrow (my observations about Sheffield might be superficial but the bigger lesson is not).

Just look around you. What opportunities are you not taking notice of? What inevitable changes have you not reframed yet as opportunities? What possibilities have passed you by because you were too focused on the impossibilities?

Whatever industry you're in, whatever location, whatever stage in growth, stop joining the fearful masses when you can become one of the opportunity-seers. It just takes practice. And a very easy hack that works a treat is to ask yourself ***"How could this be possible?"*** instead of saying "This is impossible." The first is open-ended and generates solutions, the second is limiting and generates paralysis.

The opportunities are there, if you take the time to notice them and make the effort to **do** something about them.

JUST ASK THE PEOPLE OF SHEFFIELD.

If you need help reframing your life or business to focus on the opportunities instead of getting mired in the challenges, then please get in touch.

I'd love to hear from you, and you can always find me at **www.rupalypatel.com** or book a 1:1 session with me by emailing **rupal@blueinfinityproperty.com**. Let's make lemonade together.

PROPERTY CORE SKILLS
FINDING DEALS

BY RICHARD BROWN AKA THE PROPERTY VOICE

As a senior Human Resources (HR) business leader, my wife is often talking about 'core competencies' that people need to perform in their job roles. There are some parallels with being successful in property here, so hear me out!

According to The Society for Human Resource Management, today's successful HR business leaders are highly proficient in nine critical competencies: Leadership and Navigation, Ethical Practice, Business Acumen, Relationship Management, Consultation, Critical Evaluation, Global and Cultural Effectiveness, Communication, and HR Expertise.

Just as there are nine critical core competencies to be a successful HR business leader, there are at least ten core competencies for the successful property investor, developer or business owner. I will use the term 'core skills' here; it's just a little easier to say.

Over the next series of articles, I plan to outline these ten core skills, along with a bonus at the end. Here they are:

1. **Finding deals** — sourcing
2. **Funding deals** — investment capital, debt and equity
3. **Managing projects** — the 'doing' part
4. **Managing properties & portfolio** — tenants and toilets
5. **Managing & understanding people** — ourselves, tenants, funders, investors, suppliers, trades, professionals, clients, etc.
6. **Managing our cashflow & budgets** — our 'opex' or working capital
7. **Research & analysis** — or 'due diligence'
8. **Deal/Investment Criteria & Analysis** — what does a good deal/portfolio look like, how to pick between different options?
9. **Systems & processes** — the apps, hacks and time-savers
10. **Marketing & promotion** — attracting an audience that can help to sustain us

I wonder if you can already think what the bonus one is...

This series of articles is intended to compliment the latest series covering Property Core Skills on The Property Voice Podcast. We have two distinct types of podcast episode; a 'content' week and a 'discussion' week. The content week is where I set out the principles of one of the property core skills, much like this series of articles. That's followed by a small panel discussion, where some of the friends of The Property Voice discuss what these core skills mean to them in their property business, so it's quite practical in that sense. So, let's get started with the first of these core skills right now with finding deals.

FINDING DEALS – SOURCING

There are three main channels to find property deals:

On-market – This is primarily through the property portals, with near 'whole of market' coverage through Rightmove, Zoopla and On The Market, along with auction listings, such via an EIS Group's membership.

TPV TIP: We can also niche down by looking beyond these main portals at places like Gumtree, DIY listing sites and Facebook Marketplace, for example.

Pre-market – This is primarily through estate and letting agents. Estate agents must list a property for sale on the open market, however, you may be able to get in fast by developing a good relationship with an estate agent.

TPV TIP: Possibly one of the best kept secrets to getting a decent property deal is through a letting agent. They have the ear of landlords that may be 'tired', have a budget, update or tenant problem or simply wish to exit a property already suited for investment purposes.

Off-market – This is primarily through deal sourcers/packagers, network referrals and direct-to-vendor engagement (D2V). D2V is probably the Holy Grail when it comes to finding the best deals, although it's not as simple as it sounds to find owners looking to sell to us at a price that we would find acceptable. This is why specialist deal sourcers and packagers have craved out a sector to offer this deal finding service for a fee. Just make sure you do your own research and factor any fees into your numbers.

TPV TIP: It's sometimes about who you know ... I have been passed deals by people in my network, such as architects and planning consultants, for example. So ... be a good networker that cultivates relationships with people in property.

Remember, that the greatest competition and hence least attractive price point or discount level is with on-market deals. Whereas, lesser competition and arguably better pricing or discounts can often be found with pre-market and off-market deals in particular. Therefore, it makes more sense to develop the pre-market and off-market channels in order to get the best deals.

Just as there are three main channels to find property deals, there are also three main considerations when it comes to our deal pipeline:

Deal tracking – We need to have a system where we can record and track our deals, such as a spreadsheet or customer relationship management system or CRM. This should grade and classify the deal as it progresses through from desktop review to offer and it being won or lost. The key drivers here are to recognise that it's a numbers game, that following up, following back and following through are rare qualities.

TPV TIP: Have meaningful conversations with owners to help flesh out circumstances, motivation and leverage.

Deal assessment – Where we assess and evaluate the deal from our own perspective. This includes having written investment or buying criteria, filtering out those that are not good enough when running the numbers and doing adequate research to ensure that we only take on quality deals.

TPV TIP: Always do your own due diligence.

Offer positioning – This is all about demonstrating credibility and certainty to the seller. Equally, don't forget that when an agent is involved, they need to be sold to too … and a credible offer from a professional buyer that can show a greater likelihood to complete will help convince them.

TPV TIP: Don't forget that around a third of all property transactions fall through, so have a follow-back system to check back on the offers that got away, ready to step in and save the day!

Next up is what I like to call deal positioning, which breaks down into two components:

The vendor situation – There are four things that we should aim to establish here: circumstances, motivation, leverage and future plans. Once we know and understand these drivers we will be better placed to present an offer that works for both parties. The way to get to know what these drivers are is to have meaningful conversations where we get to ask good questions.

TPV TIP: If we establish that a vendor is more 'sophisticated', such as a commercial property owner or a high net worth investor, we are more likely to have a creative offer or a structured offer using 'terms' accepted.

Structuring the offer – Consider making more than one offer, using the variables of 'price or terms'. Keep in mind the 3Fs: force the discount, force the value and force the yield. The market averages are 4% discount, 4% to 6% yield and 0% value-added premium among the majority of buyers: homeowners.

TPV TIP: Rather than being greedy and looking for that elusive 20% 'below market value' discount, why not take a little bit more than the market average in each of the 3Fs to beat the average instead?

Finally, we need to be skillful in how we structure our deals, which breaks down into two components:

Vendor alignment – This is where we aim to align our offer with the owner's needs, which we will have uncovered through determining their situation. Use psychology by monitoring, matching and mirroring the vendor and create ethical, win-win offers that are more likely to result in acceptance.

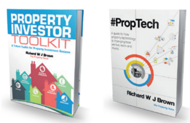
TPV TIP: Besides the owner and the agent, there is often a 'hidden influencer' that needs to be convinced … find out who they are and what they need or want from the transaction.

Structuring alternatives – If you are making a discounted offer, explain it and justify how you arrived at it using factual information, such as the cost of remedial work or comparable price information. Look at ways to create value, such as through refurbishment, extension, conversion, development and planning gain. Don't forget that creative deals can use commercial and contractual structures to mimic financing too. Examples include lease and land options, vendor finance, assisted sale, rent-to-rent and long leases.

TPV TIP: Look for ways to achieve 'valuation arbitrage' such as through repurposing, change of use, or even switching to an investment valuation.

That's all we have room for this month; I hope you enjoyed the first of the Property Core Skills on finding deals. Join me next month for my personal favourite: finding funds.

Richard Brown is the author of **"Property Investor Toolkit: A 7-Part Toolkit for Property Investment Success"** and **"#PropTech"**.



MORTGAGE UPDATE

By **Stuart Yardley** of Trafalgar Square Financial Planning Consultants

As the stamp duty deadline has now passed, we are starting to see a few changes in the market, including the reintroduction of some of the higher loan to value 80% options. This is positive for investors who have a reduced deposit. We are also seeing a reduction in interest rates for the specialist limited company BTL lending, which is also encouraging.

KENT RELIANCE

Kent Reliance are one of the latest lenders to launch an 80% option, and they have now a range of products for all types of lending. The rates are now all the same for HMOs, limited company borrowing and multi-unit blocks.

80% loan to value/purchase price

2-year fixed – 3.99%
– 1.5% arrangement/product fee added to the loan

5-year fixed – 4.29%
– 1.5% arrangement/product fee added to the loan

They also have a full range of 75% products.

Key criteria:

- **Available for HMOs/multi-unit blocks and all limited company borrowing**
- **£50,000 minimum loan size, but where loan to value exceeds 75% the minimum loan is £100,000**
- **No minimum personal income**
- **HMOs accepted for first-time landlords up to 6 bedrooms**
- **Complex limited company structures considered**

THE MORTGAGE WORKS

Another positive move for the specialist BTL market has been the launch of 80% limited company BTL products from The Mortgage Works. This is excellent for the market and will continue to increase competition between the lenders. These products are only available for single BTL properties, and they must have an EPC rating of A, B or C at application otherwise lending is limited to 75%.

80% loan to value/purchase price

2-year fixed – 2.79%
– 2% arrangement/product fee added to the loan

5-year fixed – 3.49%
– 2% arrangement/product fee added to the loan

Key criteria:

- **£50,000 minimum value/purchase price**
- **No minimum personal income**
- **EPC rating of A, B or C**
- **Simple company structures only – maximum of two directors and shareholders**

PERSONAL BORROWING ONLY

They do also consider portfolio landlords but with separate requirements.

Current products include 75% loan to value/purchase price:

1.99% 2-year fixed
– £995 arrangement fee

2.37% 2-year fixed
– No arrangement fee

2.12% 5-year fixed
– £995 arrangement fee

2.42% 5-year fixed
– No arrangement fee

These are all good options if you are looking to maximising the rent you achieve by renting to sharers, but still want access to mainstream BTL rates.

If you are looking at multiple tenancy agreements or larger HMOs, another option would be to consider one of the specialist lenders as I covered in the June edition.

If you would like to discuss any funding and options for multi-lets please give me a call or send me an email and I will be happy to discuss.

FLEET MORTGAGES

Another lender to return to 80% borrowing for personal borrowing and limited company lending is Fleet Mortgages.

80% loan to value/purchase price

2-year fixed – 3.89%
– 2% arrangement/product fee added to the loan

5-year fixed – 4.19%
– 2% arrangement/product fee added to the loan

Key criteria: for 80% borrowing

- **Available for personal borrowing or limited company on standard BTLs only**
- **£100,000 minimum value**
- **£15,000 minimum personal income**
- **Principle applicant must be a property owner for a minimum of six months**

We also have 80% options from specialist lenders such as Foundation Home Loans and Paragon, so this is agood step for the market.

MULTI-LETS/STUDENT LETS/SMALL HMOs

As investors continue to look to maximise their rent achieved, the number of enquiries for HMOs and multi-lets have increased considerably.

There are many investors purchasing HMOs and converting properties into licensed HMOs, but I do have quite a few clients who, whilst they would like to maximise their rent achieved, do not want the responsibility of a licensed HMO.

Many of the standard high street BTL lenders will allow sharers, as long as they are all on one tenancy agreement for the whole house and not individual agreements.

BM Solutions – Will allow up to five sharers on one tenancy agreement for the property

The Mortgage Works – Will allow four sharers on one tenancy agreement

Virgin Money – As with Mortgage Works, they will allow four sharers on one agreement

Coventry/Godiva – Maximum of four tenants on one agreement

These are just a few of the lender examples, but it shows that you are able to maximise your rent achieved by having individuals sharing the property on one agreement without the need for specialist HMO finance.

Other mainstream lenders will consider sharers, such as **Skipton Building Society**, who have a range of competitive BTL products and will allow for up to four sharers, either on individual agreements or one agreement for the house. This gives you an opportunity to have multiple tenants on their own agreements to maximise rent, but still have access to standard high street BTL finance

Key criteria:

- **£50,000 minimum valuation/ purchase price**
- **£20,000 minimum personal income**
- **Lending up to 75% loan to value**
- **First-time landlords accepted, as long as you have owned your own residential property with a mortgage history for a minimum of six months**

LIMITED COMPANY MORTGAGE OVERVIEW

The lending options for limited company borrowing are improving all the time. Lenders are launching limited edition lower rates and starting to provide incentives such as free valuations, free legal remortgage services and cashbacks, which is helping the investor with the costs of finance. We are also starting to see a reduction in the interest rates, so this can only be positive for the market.

If you are looking at a limited company purchase or refinance, key to your options available will be the structure of your company. Each lender has their own individual criteria on the directors'/shareholders' personal circumstances and company structures, so you will need to discuss with your broker.

Single let options include:

LENDER	LOAN-TO-VALUE	PRODUCT	FEES
Precise Mortgages	75%	2.79% 2-year fixed – minimum loan £75,000	1.5% arrangement fee
Precise Mortgages	75%	3.39% 5-year fixed – minimum loan £75,000	1.5% arrangement fee
The Mortgage Works	75%	3.39% 5-year fixed	Remortgage only – £995 arrangement fee, free valuation, free legal remortgage service
The Mortgage Works	75%	3.19% 2-year fixed	£995 arrangement fee, free valuation
Paragon Mortgages	75%	2.75% 2-year fixed	1% arrangement fee, free valuation, £299 application fee, £750 cashback
Molo	75%	2.95% 2-year fixed	1% arrangement fee – upfront
Pepper Money	75%	3.18% 5-year fixed	2% arrangement fee, free valuation, no application fee and £250 cashback
Foundation Home Loans – portfolio landlords limited edition	75%	2.99% 5-year fixed	1% arrangement fee, free valuation, £299 application fee, £750 cashback
Paragon Mortgages	75%	3.10% 5-year fixed	1% arrangement fee, £125 application fee

As always, I am available should you require any advice on a BTL mortgage, residential mortgage, commercial finance, bridging finance or development finance. I work with investors all over the country with property investment opportunities from their very first BTL property to experienced landlords, so please give me a call or send me an email.

T: **0208 870 8787** M: **07973 172 444** E: **stuart@trafalgarsq.co.uk** W: **www.trafalgarsq.co.uk**

DON'T MISS OUT ON CAPITAL ALLOWANCES FOR HMOs

SHAZ NAWAZ ENTRUST PROPERTY TAX EXPERTS

Can you claim the cost of repairs to rental property as a tax-deductible expense? That is the question! You can always claim for expenses 'in the nature of revenue', which means work that restores the property to its previous condition but does not enhance or improve it. However, a renewal using a more modern alternative, such as replacing single-glazed windows with double-glazed will still qualify.

Apart from this, up to April 2016 it was all fairly simple. The landlord of furnished residential property could claim a 'wear and tear' allowance of 10% of the net annual rent, irrespective of how much was spent and on what. So there was often no necessity to distinguish between different types of repair and renewal — if it fell within the 10% you could deduct the cost.

This has now been replaced by the Replacement of Domestic Items Relief, which allows the landlord to claim the actual cost of replacing items such as beds, carpets, curtains or blinds, crockery, cutlery and kitchenware, fridges, washing machines and other white goods, and furniture such as sofas. However, only the cost of an equivalent replacement can be claimed, not the initial cost nor any part of the cost which is an improvement.

The loss of the old wear and tear allowance was a blow to the viability of letting residential property. Expenditure on altering or improving residential property has never qualified for capital allowances, but the annual 10% allowance offset, to some extent, the costs of repairs, replacement and enhancement, provided that the property was let furnished.

Capital allowances enable you to deduct from your taxable profit some or all of the expenditure which is in the nature of capital. This basically refers to 'plant and machinery' and includes:

- **parts of a building considered integral, known as 'integral features', including:**
  - lifts, escalators and moving walkways
  - space and water heating systems
  - air conditioning and air cooling systems
  - hot and cold water systems (but not toilet and kitchen facilities)
  - electrical systems, including lighting systems
  - external solar shading
- **some fixtures, for example fitted kitchens or bathroom suites, fire alarms and CCTV**
- **alterations to a building to install other plant and machinery (not including repairs)**

"Why does that help you as a landlord? Well, although you cannot use capital allowances in connection with a single rental dwelling house, if you are operating an HMO, or converting a single house into an HMO, then the situation alters."

In an HMO, according to the HMRC interpretation, each individual room or flat, counts as a separate dwelling. However, the building itself will clearly have parts that are not within any of the dwellings, such as entrances, lobbies, hallways, staircases, roof voids etc. The prohibition on capital allowances only applies to dwellings, not common parts.

If you are carrying out improvements to the common parts you will be able to claim capital allowances. This is rather wider ranging than you might think. For example, on a conversion to an HMO you could claim for things like plumbing systems, electrical systems, lighting and lifts in common areas such as corridors, hallways and basements.

Unfortunately, you still will not be able to claim for plant and fixtures where these are in areas that provide communal facilities for the occupiers, such as kitchens, bathrooms and living rooms. That's because it is in the nature of an HMO, especially if some domestic facilities will be shared, eg, student accommodation. These communal facilities do not count as common areas for the purposes of capital allowances, because they are essentially part of the definition of dwelling house.

This principle was clearly set out in the 2019 First Tier Tribunal case of *Hora Tevfik v HMRC*. The taxpayer Mr Tevfik owned three HMOs and claimed capital allowances on plant and machinery installed in the house.

The judge agreed with the HMRC view that the term 'dwelling house' takes its everyday meaning, ie a place which affords the facilities required for day-to-day private domestic existence (a definition based on the earlier case of *Gravesham Borough Council v Secretary of State for the Environment* (1982)). An individual bedroom would not afford such facilities, so the dwelling would be the bedrooms together with the communal kitchen and shared lounge.

However, the judge went on to say that the common parts of the building, such as the common entrance lobby, corridors, stairs or lifts and any other parts of the building that do not provide any living facilities would not comprise a dwelling house. Neither would installations to the building such as mains gas or electrical services, nor security and communication systems.

Mr Tevfik did not in fact win his case, but this appears to have been mainly down to procedural defects that weren't rectified and a lack of clarity as to which elements of the claim referred to common parts. This was rather unfortunate, because it meant that the Tribunal did not issue judgement on whether or not Mr Tevfik was entitled to claim capital allowances on the parts of the plant and machinery installed within the common areas. It seems clear from the judge's remarks, however, that had the evidence more clearly defined these, the claim would have been successful.

Reference was made in the judgement to section 35(3) Capital Allowances Act 2001. Capital allowances can apply to expenditure incurred in installing plant and machinery for use partly for the purposes of a dwelling house and partly for other purposes, but only so far as it is just and reasonable. In the Tevfik case, the other purposes were indicated as being for the common parts, communal parts and shared areas.

Again, we do not know what conclusion the Tribunal might have reached had this point been more clearly argued by the Claimant. However, it does raise a further interesting point. If a system is installed that is only partly sited in the common parts, but serves both the common parts and one or more of the dwellings, will the whole of the expenditure qualify? If not, what will be the basis for a 'just and reasonable' apportionment? The judge in the Tevfik case clearly stated that installations such as mains gas or electrical services, security and communication systems do not form part of the dwelling, so maybe it doesn't matter exactly where these are located if they are serving the building as a whole.

The Tevfik case is important because it highlights the issue that common parts do not form part of a dwelling and therefore expenditure in these areas can qualify for capital allowances. The fact that judgement was given based on other points does not matter, nor does the fact that there could be other issues to consider.

If you are acquiring an HMO, or converting a single dwelling to an HMO, you should take advice from a capital allowances specialist at an early stage. Yes, there will be a cost for formulating the claim, but if you work out what you are likely to spend on work that may qualify for capital allowances, and the possible tax saving, then it is likely to be money well spent!

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NO NEW LEGISLATION IN AUGUST... BUT STILL LOTS TO TALK ABOUT!

By Mary Latham

I haven't got any new legislation to report this month, so am going to share instead some landlord chit chat that you might find helpful.

LOCAL MARKET CHANGES

Although I still let in Birmingham, most of my portfolio now consists of single lets in Solihull, West Midlands. Solihull is on the south border of Birmingham heading towards Stratford Upon Avon and there is a local saying that goes, "Brummies that make it move to Solihull".

Solihull was once a village but is now a town with population heading towards 220,000. It is still surrounded by countryside, hence the town's motto "Urbs in Rure" (town in the country). There are thriving business and retail areas, JLR is a major local employer and it is close to Birmingham Airport and the National Exhibition Centre, which bring a lot of people into the area.

Last year, early on in lockdown, one of my tenants went back home, which left me with a property to let. It is a one-bedroomed house and these always let quickly, but I was concerned that it might not be a good time to find a new tenant. I did the same as always, listing it with LettingAProperty.com, an online agent I have used for almost 10 years. They upload my property to all the big websites, in addition to providing other services I choose to use as a self-managing landlord.

I did not increase the rent because it was difficult to judge the market. It had been at the right level the year before, and LettingAProperty agreed it was probably not the right time to push the rent up.

To my surprise, I received a record number of viewing requests. The house was let within two days. I was relieved, and the tenants have subsequently renewed for a further 12 months. (I always offer six months' fixed term for the first tenancy and a rolling contract after that, unless the tenant wants another fixed term, which these tenants did.) They have been great tenants, rent is paid on the dot and they make no fuss about gas safety inspections, etc.

SKIP FORWARD A YEAR ...

I have an almost identical property in the next road, which was let to a guy who flew in from Northern Ireland on a Monday and flew home on a Friday (the joy of being close to the airport). The rent was cheaper than an hotel and he liked cooking his own meals. I was surprised to receive notice from him because he had gone home for the weekend in March last year and not been back since – but he continued to pay his rent in full every month and also asked me to send photographs of the meters so that he could pay the utility bills. A landlord's dream. He gave notice because he has found that he can work from home most of the time and fly over a couple of times a month, which meant an hotel was now the best option.

I have been speaking to other local landlords online and know some of them are struggling to fill high-end HMO rooms that had previously let easily. As the cost of property in Solihull pushes rents up, these are – or at least, were – the most affordable housing.

I was nervous because one-bedroomed houses tend to attract people who no longer want to share their homes, but still don't want to pay for two-bedroomed flats and houses, which are plentiful in the area. The HMO market was an indication of the market for my little houses, or so I thought.

Once again I placed the property with LettingAProperty.com, increasing the rent by 7% (I had not increased it during the previous tenancy). That was 3% above the one I let last year. I thought I would try it – I could always reduce it if I didn't get any interest. By the third day of advertising, I'd had no enquires and was getting twitchy.

Around this time, I attended an online local NRLA and Solihull Council Landlords Forum and asked other local landlords how they were finding the market. One landlord, who lets three-bedroomed family homes, said they were filling their houses with no problem. I know this landlord offers lovely family homes in areas close to good schools, so I was not surprised they were letting quickly.

Going forward, I believe family homes will always fly out – they are like gold because so many have been converted to HMOs and, in my opinion, the best long-term investment for hands-free letting and increasing property value. HMO rooms on the other hand were still slow to say the least, so the market doesn't seem to have changed much over the last year.

One of the speakers at the meeting was an officer from Solihull Council, who was writing their future Housing Plan. He commented that they were seeing a change of demographic in Solihull.

For some years, we have seen a trend of older people downsizing from large family homes. Other families then moved into these homes to get access to the excellent schools for which Solihull is well known. According to this officer, there is now an increase in the number of older residents, and fewer single younger people coming into the area.

He put this down to Brexit and Covid-19 reducing the number of people coming in from overseas to work or study (Solihull College has always attracted a high proportion of overseas students). JLR has also been cutting the number of staff at the Solihull plant and of course the restaurants, pubs and retails outlets have let their staff go or put them on furlough.

We all know this is happening, but it is only when we need to attract a new tenant that it really hits home how we personally will be impacted by all the uncertainty and change. It's always good to chat to other local landlords and I have missed the meetings where this happened in the past, but I came away with a reality check after attending this online session.

Going back to my one-bedroomed house, I resolved to wait until the following weekend then reduce the rent to get it let. It isn't only about the loss of rent, council tax and utility standing charges, it's also the fact that appliances that aren't being used begin to seize up; the washing machine, dishwasher, cooker, vacuum cleaner, etc have already been sitting still for a year.

The following day I got an email from the online agents advising me to refresh my advertisement by adding new photographs or changing the existing ones around, checking the information and adding or changing something to describe the property or the area better. I really had done my best with the ad and photographs, but I am always willing to listen to the specialists. So I tweaked the wording a little, replaced the first photograph (of the inside of the house) for one that showed the front of the house and garden.

I promise you this is true: within 15 minutes I got three enquiries! I went on to Rightmove to look at the ad to see if it looked so very different. The first picture was the only real change but perhaps now people want to see the outside of the property first. I will make a note of this for the future.

MORE COVID CONSEQUENCES

Two of the applicants viewed the property, the third went AWOL.

The first applicant, a man in his late 30s, turned up with his girlfriend. He was moving from Oxford to Solihull to live closer to her. Lockdown had made him realise how easy it was to work from home and home could now be almost anywhere as long as he had a good internet connection. From speaking to them, I guess separation was also a part of the decision. It had been more difficult for him to shoot up to Solihull (just over an hour) due to lockdown.

He had been living in an HMO and was delighted to see the kitchen, which would be his alone, and the quiet, sunny garden, which is perfect for relaxing, BBQs or even for working. They both loved the house and I really liked them, but I had a second applicant to meet before making a decision.

The second applicant, a lady in her late 60s, was renting nearby. She had always lived in Solihull and had sold her house a few years ago to avoid the worry of maintenance. She arrived with her granddaughter, who had found the house on Rightmove.

They both walked through the door and said "Wow!" (I never grow tired of seeing people appreciating my properties; I work hard to keep them clean, fresh and appealing and it's great to know it's worthwhile.)

This lady told me she was living in a flat, which had been fine until lockdown. Now she felt enclosed. She didn't want to live in isolation but did want privacy, something she felt she didn't have because there were flats above, below and on either side. People were making different noises every day during lockdown and it was getting on her nerves. I suspect being forced to stay in didn't help because she is a very active lady, and a member of several ladies' societies and groups that weren't able to meet at the moment. Whatever the reason, she really wanted to move and my little house with its no-maintenance garden was exactly what she wanted.

When I have more than one candidate who fits my criteria and whom I don't get a bad feeling about, I always offer the property in order of application. In this case, the young man had applied just minutes before the lady. By the time you read this, I will have started the referencing and credit-checking process, and have no doubt that one of these people will become my next tenant. This is a very good thing since these were the only applicants. A week after placing the ad, I would have expected at least half a dozen. It feels very "skin of the teeth".

I hope that, if there is indeed a demographic change in Solihull, it's short term, because there are some really nice HMO rooms that may end up on Airbnb and out of the traditional letting market.

Absence may make the heart grow fonder, as it did in the case of my first applicant, but confinement has also had an effect, which will impact landlords.

ANTI-SOCIAL BEHAVIOUR

What is referred to as Anti-Social Behaviour (ASB) is often borderline criminal. Many landlords have been pushed to the brink by the behaviour of some tenants, from excessive drinking and substance abuse to stress and mental health issues.

Regardless of what the law expects, the majority of us are neither trained nor experienced to deal with this type of behaviour; nor to protect innocent tenants from perpetrators who are making their lives miserable or causing them to be afraid.

HMO property managers are expected to "police" the property and deal with ASB. Most do not know what their legal rights and responsibilities are, so I would strongly advise those who find themselves in these situations to find out what we should expect from local authorities, the police, or support workers if the tenant has one. (I haven't attended one myself because thankfully I haven't needed to, but colleagues who have say that Janine Green's ASB training course is helpful.)

Landlords often think that ASB provides a short cut to eviction, but the reality is that meeting the required evidence level is difficult. We need a robust record system, supporting statements, police crime numbers – and even then it is by no means a short cut to eviction.

Tenants of single lets who are victims of ASB from neighbours should be encouraged to involve the police, because as a landlord we can do little to help apart from provide sympathy and support when reporting. ASB has the potential to force tenants to leave and it is hard to attract a new tenant where the ASB is obvious, or to keep them when they do become aware of it.

We can only hope that when lockdown ends and people begin returning to jobs, social life and company, ASB will return to lower levels.

THE IMPACT OF PANDEMIC CONFINEMENT ON LANDLORDS

Confinement has caused breakups in relationships and landlords are seeing the impact – both negative and positive.

On the positive side for HMO landlords, people leaving a family home or home shared with a partner often cannot afford a single let and/or don't want to live alone (the latter mainly applies to men in my experience). Consequently, they will often go for an HMO room, especially if it has an en-suite. This will be good for the HMO market, at least in the shorter term.

On the negative side, if the main earner leaves the property, the other party may want to stay but be forced to apply for benefits to help to pay the rent. If this happens, it's important for us to learn how the benefit (Universal Credit) system works and to keep a close eye on the journey of the claim.

Some landlords will be thinking, "I'll serve a Section 21" but that option will probably not be available to us for much longer. The only way to remove that tenant would be if there was a default via Section 8.

BEWARE WRONGFUL INTENTIONS …

So let's talk about the landlord who served a Section 8 on the bogus grounds that he needed to move into the property (Mandatory Ground 1).

First, a reminder that this ground can only be used if the property was once the prime residence of the landlord.

This case happened in Scotland (where they have already lost Section 21) but it would have the same consequences in England.

The landlord served notice on the grounds that he needed to move back into the property as his main residence, within three months of gaining possession. The landlord obtained the eviction order. The tenants moved out but kept an eye on the property and when the landlord re-let it less than a month later, they took legal action against him for "wrongful termination of tenancy".

The tribunal ruled that the landlord had fabricated his intention in order to remove the tenants and awarded the tenants three times the monthly rent – they could have awarded up to six months.

Apparently the tenants had trashed the property when they moved out, but the tribunal maintained that the decision was solely based on the landlord's deceit! I like to believe the tenants shot themselves in the foot by their behaviour – two wrongs do not make a right.

@landlordtweets

Mary Latham Landlord

UNDERSTAND YOUR TENANT MARKET

By David Lawrenson of **LettingFocus.com**

One of the most important things you will do as an investor-landlord is understand the market, which means knowing a) what tenants you are hopefully going to get and b) what they will want.

This requires research. Look at what's available for rent, how much is being charged and how quickly properties let.

Friendly local letting agents are a good source of information. In particular, the most trustworthy and good sources of information on what lets fast and to whom, are the agents who are not also selling you the property. (They won't be biased by something they would like to sell to you!)

This is my experience: We own and let mainly two-bed freehold houses, always with gardens, mostly in South East London and North West Kent. We know this market very well.

Our places are not massively up-market nor down-market, and all are clean and well maintained.

Quite a few are ex-local authority houses – these are well built, have good-sized rooms and have bags of storage space, compared to modern flats and Victorian conversions.

TENANTS LIKE THIS

95% of our enquiries are from tenants who are not UK nationals. And 85% of these are people who hail from Central and Eastern Europe – from as far south as Bulgaria and Romania and as far north as Lithuania and Poland. They are either couples or have a family with one or two kids. Most work in construction and hospitality.

The biggest national contingents are Lithuanians, Poles, Bulgarians, Romanians and Slovakians, roughly in that order.

With the pandemic, relatively few went home – which is something we are very pleased about. Those in hospitality seemed to have secured other jobs, at least for the duration of the "Age of Covid".

"Our places are not massively up-market nor down-market, and all are clean and well maintained."

We have very few British enquirers. Most British turn their noses up at our spacious ex-local authority houses, seemingly preferring draughty, noisy, odd-shaped conversions or modern, tiny hotel-like rooms in purpose-built flats.

The British enquirers who are actually okay with ex-local authority places tend to be dependent on universal credit, which generally does not work for us because the total income (including benefits) they get usually fails to meet our 2.35 times the rent requirement. And even when they meet our target income, their bank statements usually reveal that they are already overdrawn, which means they cannot afford a deposit, let alone give us comfort they can afford to actually sustain the tenancy and pay the rent on time.

Our Central and Eastern Europe tenants tend to be quite handy – they can easily fix a sticky drawer, enjoy decorating and look after the gardens properly. This saves on our call-outs and costs.

However, we have to remind them to not fiddle about with the gas or electric! Plus you do tend to find a brother or sister or Mum has moved in. But as long as it is just the odd one, we don't really worry about this.

They tend to be very tidy too. Even more importantly, they tend to stay a long time, which is what we want, because like any sensible landlord, we dread all the work that comes with having to re-let. (Even if re-letting to a new tenant means we can get more rent, it rarely makes up for the workload involved in finding new tenants.)

We do the marketing ourselves, usually using OpenRent. **There's always a deluge of enquiries, so we simply send an email setting out what we will need to see from each applicant** – proof of ID, proof of income of 2.35 times the rent, three months' bank statements, a decent credit score and a previous landlord reference as a minimum.

We don't do phone responses any more. There are always simply too many enquiries to bother doing that. (Most of the applicants will not have read our advert properly and so won't realise that we don't accept pets or that we need proof that their income will meet our requirement.) Our email spells this out and separates the wheat from the chaff.

Typically, we will get 40 to 50 enquiries for each property we have available to let. Of these, there will be between two and five sets of people who will make it through and actually come to viewings.

If we have more than five sets of people, we have clearly priced the property wrong and the rent is too high, but this is a very rare occurrence as we always aim to price very competitively in the first place. Our aim is to be at least 5% cheaper than the cheapest two-bed rental in the entire main postcode area.

Often, it ends in a race between two applicants to get the documents and references to us in time.

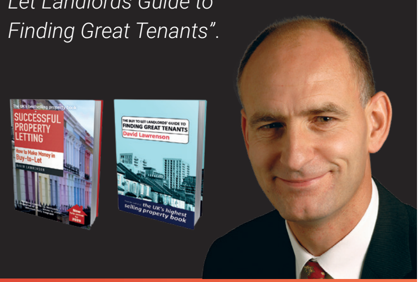
I appreciate that my strategy is very focused on a certain type of property in certain areas and to some extent, a certain type of tenant, but I know from experience that this is a deep pool with a lot of tenants looking to rent in it.

Of course, huge new developments of tower blocks of two-bed flats can impact a little on our market. In areas where this has happened, eg in Lewisham, the extra supply has not been too impactful. Where we operate in the shadow of London, the overall market is large.

Plus, people appreciate places with private gardens even more now and most new build flats don't offer this.

David Lawrenson is the founder of LettingFocus.com and an independent expert and consultant in residential property investment. He specialises in providing independent advice on BTL and property investments. Contact him at david@lettingfocus.com

He is the author of two books: *"Successful Property Letting - How to Make Money in Buy to Let"*, and *"Buy to Let Landlords Guide to Finding Great Tenants"*.



TENANTS KNOW THEIR RIGHTS – DO YOU?

By **Paul Shamplina** founder of Landlord Action and chief commercial officer for Hamilton Fraser

When it comes to owning a buy-to-let property, the decision as to whether to use an agent or not is a big one. It is estimated that more than half of landlords self-manage their rental properties, believing it to be the best way to maintain control over who lives there and how well their property is taken care of, whilst of course saving money on management fees.

For some landlords, particularly those who have the time to dedicate to managing and maintaining their rental properties, and who keep up to date with the ever-changing rules and regulations, this can absolutely be the case.

However, those who do not have that time or knowledge and believe they can 'let and forget', are at risk of missing vital steps at the start of the tenancy process. This can not only prevent them being unable to regain possession of their property easily in the future, but also land them with a hefty penalty. What's more, and contrary to some reports, I believe tenants are more knowledgeable about their rights than ever before, which leaves little room for landlords to be ill-informed.

I was quite alarmed by recent media coverage as part of Generation Rent's first ever 'Renters' Rights Awareness Week', which flagged actions private tenants can take against landlords in the case of 'no-fault' eviction notices.

Generation Rent claimed landlords are failing to comply on documentation such as Energy Performance Certificates, gas safety and deposit protection, and their poll said that just 23% of tenants remember receiving a Government "How to Rent" guide at the start of their tenancy. Tenants were also informed that they could be entitled to a whole year of rent back under the terms of selective licensing laws within a number of local authorities.

Whilst it is true that without certain aspects of regulation being adhered to by a landlord or their agent, tenants have protection against being evicted until any shortcomings are fully rectified. However, it is also important to note that in most cases, landlords only need to evidence that they *did* serve the relevant information to their tenant within the initial 30-day window, and not if the tenant remembers receiving it or not.

I think it is disappointing, especially after all the hard work landlords and tenants have gone through over the past year to work collaboratively, that such narrative is used in the media. It creates a divide that suggests landlords and letting agents have no interest in having well-informed customers and are therefore mistreating their tenants. Language like this is disrespectful to the sector that works tirelessly to provide the much-needed housing for many individuals and families across the country and encourages conflict between the parties when in most cases it is not required.

Whilst there will always be a small number of landlords and agents who deliberately fail to provide tenants with adequate information, the vast majority take their responsibilities seriously.

The last year has undoubtedly challenged the BTL market like never before, with tenants struggling to pay rent, landlords struggling to cover their own costs and both agents and landlords trying to navigate the ever-changing legislation brought in as a result of the pandemic.

I believe that agents have played a pivotal role in helping guide landlords and tenants through these changes, playing a mediation role between parties and offering support when it was needed the most. With so much emphasis on how tenants can help protect themselves, I believe more landlords should consider support too, and instructing an agent can be a really good way to keep that professional and balanced approach to managing a rental property.

I wonder how many landlords have ever been shown the true reality of failing to be compliant and how their opinion of management might change if they were shown the below list of penalties? Take a look at these:

- **Gas Safety Regulations** – £5,000
- **Energy Performance Certificate** – £4,000
- **Electrical Safety Regulations** – £5,000
- **Tenancy Deposit Protection** – up to three times the deposit
- **Right to Rent** – up to five years in prison
- **HMOs** – up to £30,000 per offence / rent repayment order / banning order
- **Tenant Fee ban** – £5,000 (first offence) up to £30,000 for subsequent offences
- **Smoke detector and carbon monoxide regulations** – £5,000
- **Housing Health & Safety Rating System (HHSRS)** – unlimited
- **Housing & Planning Act 2016** – banning order

Whilst these are the most extreme cases, I think it presents a clear picture that there is more emphasis than ever on landlords to be professional and compliant. There is no margin for error.

Self-management is more challenging now than I have ever known it to be in the 30 years I have been involved in the private rental sector. Having been asked for many years to produce my own online course for landlords and with everything that has happened in the last 18 months, I have finally done it.

*If you are unsure whether to continue managing your property yourself or instruct some additional help, my online course is called '**To self-manage or not to self-manage'**. It considers both options, helping landlords make the right choice for their personal circumstances, and most importantly, advising landlords to always put a price on their time.*

For more information or to purchase the 1.5 hour course for £39, please visit **www.paulshamplina.tv**

WHY I'M NOT WORRIED ABOUT THE BITCOIN CRASH

By **Marcus de Maria**

Since April we have truly seen the volatility of cryptocurrencies. At the time of writing, Bitcoin's value is down by 50%, Ethereum has dropped by 53% since May and even in the past six weeks, Dogecoin has dropped by 60%!

Unfortunately, due to the unpredictable nature of cryptocurrencies, it doesn't take a lot to trigger a downturn in the market. For example, in tha past few months, China has announced a cracking down on crypto mining and the IRS have announced any cryptocurrency transfer worth $10,000 or more will need to be reported to them. There was also the highly publicised 'Tesla vs Bitcoin' war that occurred in May.

After becoming one of the few companies who accepted Bitcoin as a form of payment, Tesla then announced that they would no longer be accepting it, releasing a statement citing environmental reasons for their decision. Although in June, the Tesla CEO changed his position and said that if miners were using clean energy to mine their Bitcoin, they would accept them after all.

As each of the above factors pushed the market down though, another contributing factor pushed it even further: the nervous investor. Crashes such as these make investors nervous, which in turn causes them to sell, thus driving the price down even more.

These investors have normally made the number one mistake when it comes to cryptocurrencies – they have invested in something they do not understand.

At the end of 2016, when I read that some cryptocurrencies had gone up by 5000% in just 12 months, I did some research and then purchased 15 different cryptocurrencies. In my preliminary research, I found that $100 of Bitcoin in 2010 would have been worth well over $27 million dollars in 2016. Today I now own 36 different cryptos and am in 50+ positions!

I became obsessed with cryptocurrencies in those first few months and researched everything I could to get all the information that was out there. Most importantly, I believed in cryptocurrencies and their profit potential.

This is the trap a lot of investors get caught in, they are simply getting FOMO (Fear Of Missing Out) and getting involved in something they don't really believe in or understand. So, when big crashes like this happen, they get out as fast as possible.

Did you know, in May, I lost $2,000,000 in less than 24 hours? People reached out asking if I was okay but, those who know the market, had been waiting for this pullback! We had been telling our clients who wanted to get into cryptocurrencies to wait for just this. Some of them didn't believe it would happen because it seemed all cryptocurrencies were going up and up. So, when it finally happened, I bet they were shocked and didn't get in **OR WORSE** – sold some of their positions.

My traders and I were actually buying cryptocurrencies during this time because they were on a discount. We reached out to clients to make sure they weren't concerned by this downturn, but the majority who were invested in these coins all said the same thing – they were going to continue following the strategy and even bought coins when the market was down.

Whilst many believe the secret to trading and investing is some mathematical algorithm, it is actually something that isn't that secret. It's your mindset. You cannot let your emotions come into trading and investing, especially with cryptocurrencies that take you on an emotional rollercoaster. You need to stick to a strategy regardless of your position and ensure you are always being ruled by logic. That is why, although I lost $2,000,000, I am unphased and am still buying cryptos using a strategy.

Marcus

To find out more, visit:
www.profitingfromcryptos.com

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YPN AND CARBON BALANCING

From the July 2021 issue, Your Property Network magazine is using carbon balanced paper.

What does this mean?

In short, we're greener. And we're over the moon about it!

Thanks to the efforts of our printers Pensord working with the World Land Trust, we are able to reduce the carbon impact of publishing the physical copy of your favourite property magazine. It means we have reduced our carbon footprint and impact on climate change.

CARBON BALANCED PAPER WORLD LAND TRUST™
www.carbonbalancedpaper.com
CBP007531

To make it real and translate this into terms we can all understand, the carbon balancing on the July issue was equivalent to:

- **Approximately 3,500 car miles neutralised**
- **Approximately a third of a car taken off the road**
- **Approximately three quarters of the way round Britain's coastline**
- **Approximately one flight from London to New York**

Every single bit helps when it comes to preserving the environment for our own and future generations.

You can find out more about carbon balanced paper and carbon balanced offsetting on the World Land Trust website.

We hope you enjoy your greener, more environmentally friendly YPN magazine!

CERTIFICATE

THIS IS TO CERTIFY THAT

by using Carbon Balanced Paper for Your Property Network July 21

Your Property Network

has balanced through World Land Trust the equivalent of

1,552kg of carbon dioxide

This support will enable World Land Trust to protect

1,086m² of critically threatened tropical forest

Issued on 29/06/2021 - Certificate number CBP007531

Presented by Denmaur Paper Media

World Land Trust's Carbon Balanced project sites offset emissions through the protection of tropical forest under imminent threat of deforestation and degradation. For further information on the land area preserved through your use of Carbon Balanced Paper please visit www.carbonbalancedpaper.com and www.worldlandtrust.org/what-we-do/carbon-balanced

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Registered Charity 1001291

WORLD LAND TRUST www.worldlandtrust.org

THE YPN JARGON BUSTER

A list of the abbreviations and tech-talk used in this month's YPN – and more …

ACV Asset of community value

ADR Alternative Dispute Resolution

AI Artificial intelligence

APHC Association of Plumbing and Heating Contractors

ARLA Association of Residential Letting Agents

Article 4 An Article 4 Direction removes permitted development rights within a specified area designated by the local authority. In many cities with areas at risk of 'studentification', there are restrictions on creating HMOs so you will have to apply for planing permission. Check with your local planning authority.

AST Assured Shorthold Tenancy

AT Assured tenancy

BCIS Building Cost Information Service – a part of RICS, providing cost and price information for the UK construction industry.

BCO British Council for Offices

BIM Building information modelling

BMV Below market value

BPEC British Plumbing Employers Council – qualifications, assessments and learning materials for Building Services Engineering sector

BRR Buy, refurbish, rent out

BTL Buy-to-let

BTR Build-to-rent

BTS Buy-to-sell

C2R Commercial to residential conversion

CCA Consumer Credit Act

CDM Construction Design and Management

CIL Community Infrastructure Levy - The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. (Source: planningportal.co.uk)

CIS Construction Industry Scheme – Under this, contractors deduct money from a subcontractor's payments and pass it to HMRC. These deductions count as advance payments towards the subcontractor's tax and NI. Contractors must register for the scheme. Subcontractors don't have to register, but deductions are taken from their payments at a higher rate if they're not registered.

CGT Capital gains tax

CML Council for Mortgage Lenders

CPD Continuing Professional Development

CPT Contractual periodic tenancy

CRM Customer relationship management (eg, CRM systems)

CTA Call to Action

Demise A demise is a term in property law that refers to the conveyance of property, usually for a definitive term, such as premises that have been transferred by lease.

DHCLG Department of Housing, Communities and Local Government (formerly DCLG – Department for Communities and Local Government)

DPC Damp proof course

DoT Deed or Declaration of Trust

DPS Deposit Protection Service

EHO Environmental Health Officer

EIS Enterprise Investment Scheme

EPC Energy performance certificate

FCA Financial Conduct Authority

FHL Furnished holiday let

FLEEA Cover Insurance cover for Fire, Lightening, Explosion, Earthquake and Aircraft impact, but no other perils. Some times issued for a property that has been empty for some time

FPC Financial Policy Committee

FRA Fire risk assessment

FSCS Financial Services Compensation Scheme

FTB First time buyer

GCH Gas central heating

GDP Gross domestic product

GDPR General Data Protection Regulation

GDV Gross Development Value

GOI Gross operating income

HB Housing benefit

HHSRS Housing Health and Safety Rating System

HMO House of Multiple Occupation

HNWI High Net Worth Individual a certified high net worth investor is an individual who has signed a statement confirming that he/she has a minimum income of £100,000, or net assets of £250,000 excluding primary residence (or money raised through loan a secured on that property) and certain other benefits. Signing the statement enables receipt of promotional communications exempt from the restriction on promotion on non-mainstream pooled investments. (Source: FCA)

HP Hire Purchase

HSE Health and Safety Executive

ICR Interest Cover Ratio

IFA Independent financial advisor

IHT Inheritance tax

IRR Internal Rate of Return

JCT (contract) Joint Contracts Tribunal – produce standard forms of construction contract, guidance notes and other standard forms of documentation for use by the construction industry (Source: JCT)

JV Joint venture

JVA Joint venture agreement

KPIs Key Performance Indicators

L8 ACOP Approved Code of Practice L8 – Legionella Control and Guidance

LACORS Local Authorities Coordinators of Regulatory Services

LHA Local Housing Authority

Libor London Inter-Bank Offered Rate

LLP Limited Liability Partnership

LTV Loan To Value

MCD Mortgage Credit Directive (European framework of rules of conduct for mortgage firms)

MHCLG Ministry of Housing, Communities & Local Government

MVP Minimum viable product

NALS National Approved Letting Scheme

NICs National Insurance contributions

NICEIC National Inspection Council for Electrical Installation Contracting

NLA (former) National Landlords Association, merged with RLA to become NRLA

NRLA National Residential Landlords Association

OIEO Offers in excess of

OMV Open market value

ONS Office for National Statistics

OTA Online travel agent

PBSA Purpose-built student accommodation

PCA Property Care Association, a trade organisation for specialists who resolve problems affecting buildings

PCOL Possession claim online

PD Permitted Development / Permitted Development rights – you can perform certain types of work on a building without needing to apply for planning permission. Certain areas (such as Conservation Areas, National Parks, etc) have greater restrictions. Check with your local planning authority.

PI insurance Professional Indemnity insurance

PLO Purchase lease option

PM Project manager

PRA Prudential Regulation Authority – created as a part of the Bank of England by the Financial Services Act (2012), responsible for the prudential regulation and supervision of around 1,500banks, building societies, credit unions, insurers andmajor investment firms. (Source: Bank of England)

PRC Pre-cast reinforced concrete. Often used for residential construction in the post-WW2 period, but considered as non-standard construction and difficult to mortgage. Most lenders will not lend unless a structural repair has been carried out in accordance with approved PRC licence, supervised by an approved PRC inspector. Legal evidence of the repair is issued in the form of a PRC Certificate of Structural Completion. (Source: prchomes.co.uk)

PRS Private Rented Sector

R2R Rent-to-rent

REIT Real Estate Investment Trust

Reserved Matters A planning term: outstanding details of an outline planning approval to be resolved by a separate "reserved matters" application, see https://www.planningportal.co.uk/info/200126/applications/60/consent_types/6 for details.

RGI Rent guarantee insurance

RICS Royal Institute of Chartered Surveyors

RLA (former) Residential Landlords Association, merged with NLA to become NRLA

RoCE Return on Capital Employed

ROI Return on Investment

RP Registered Proprietor, refer ring to the name on the title of a property Land Registry

RSJ Rolled-steel joist – steel beam

RTO Rent to Own

RX1 Form used to register an application to the Land Registry to place a restriction on the legal title of a property to protect the interests of a third party. The restriction will prevent certain types of transaction being registered against the property (eg, sale, transfer of ownership or mortgage)

S8 or Section 8 Named after Section 8 of The Housing Act 1988. A Section 21 Notice (or Notice to Quit) is served when a tenant has breached the terms of their tenancy agreement, giving the landlord grounds to regain possession. Strict rules apply. See https://www.gov.uk/evicting-tenants/section-21-and-section-8-notices for up-to-date information.

S21 or Section 21 Named after Section 21 of The Housing Act 1988. You can use a Section 21 Notice (or Notice of Possession) to evict tenants who have an assured shorthold tenancy. Strict rules apply.

See https://www.gov.uk/evicting-tenants/section-21-and-section-8-notices for up-to-date information.

S24 or Section 24 Section 24 of the Finance Act (No. 2) Act 2015 – restriction of relief for finance costs on residential properties to the basic rate of Income Tax, being introduced gradually from 6 April 2017. Also referred to as the 'Tenant Tax'.

S106 Section 106 Section 106 agreements, based on that section of The 1990 Town & Country Planning Act, and also referred to as planning obligations, are private agreements made between local authorities and developers. They can be attached to a planning permission to make acceptable development that would otherwise be unacceptable in planning terms. Planning obligations must be directly relevant to the proposed development and are used for three purposes:

Prescribe the nature of development

Compensate for loss or damage created by a development

Mitigate the impact of a development (Source: planningportal.co.uk)

SA Serviced Accommodation

SAP (assessment) Standard assessment procedure

SARB Sale and Rent Back

SDLT Stamp Duty Land Tax

SI Sophisticated Investor (Source: FCA)
Certified: individual who has a written certificate from a "firm" (as defined by the FCA) confirming he/she is sufficiently knowledgeable to understand the risks associated with engaging in investment activity.
Self-certified: individual who has signed a statement confirming that he/she can receive promotional communications from an FCA-authorised person, relating to non-mainstream pooled investments, and understand the risks of such investments. One of the following must also apply:

(a) **Member of a syndicate of business angels for at least six months;**

(b) **More than one investment in an unlisted company within the previous two years;**

(c) **Working in professional capacity in private equity sector or provision of finance for SMEs;**

d) **Director of a company with annual turnover of at least £1m within the previous two years.**

SIP(s) Structural integrated panels

SME Small and Medium-sized Enterprises

SPT Statutory periodic tenancy

SPV Special Purpose Vehicle – a structure, usually a limited company, used when more than one person invests in a property. The legal status of the SPV protects the interests of each investor.

SSTC Sold Subject To Contract

TPO The Property Ombudsman

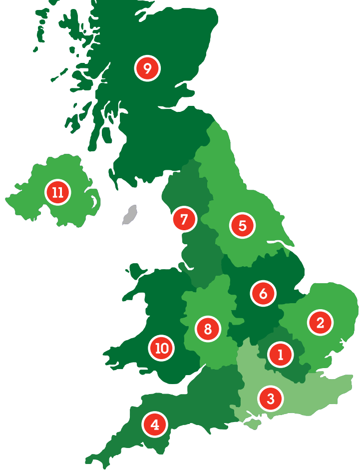
UC Universal credit

UKALA The UK Association of Letting Agents

USP Unique selling point

VOA Valuation Office Agency

NETWORKING EVENTS



National Virtual pin Meeting | Wednesday 4th August 2021 | Host: Andy Haynes | www.nationalpinmeeting.co.uk

1

Blackfriars pin 4th Tuesday of the month Host: Jo Jamison da Silva
www.blackfriarspin.co.uk

Kensington pin
2nd Wednesday of the month
Hosts: Abs and Adam Hassan
www.kensingtonpin.co.uk

Sutton pin
2nd Thursday of the month
Hosts: Peter and Johanna Lawrence
www.suttonpin.co.uk

Clapham pin
1st Tuesday of the month
Host: Paul Trowell
www.claphampin.co.uk

Canary Wharf pin
1st Thursday of the month
Host: Martin Skinner
www.canarywharfpin.co.uk

Croydon pin 3rd Wednesday of the month Host: Elsie Ofili
www.croydonpin.co.uk

PPN London Knightsbridge
Leo Nova South, 160 Victoria Street Westminster London, SW1E 5LB.
Hosts: Pippa Mitchell & Tej Singh
progressivepropertynetwork.co.uk/knightsbridge

PPN Blackfriars Crown Plaza, 19 New Bridge Street, London, EC4V 6DB **Host:** Kevin McDonnell
progressivepropertynetwork.co.uk/blackfriars

PPN Stratford International 19/07/2021
Stratford Circus Arts Centre, Theatre Square, Stratford, London, E15 1BX
Host: Motiul Islam
progressivepropertynetwork.co.uk/stratfordinternational

PPN Croydon
Host: Dez Mighty
progressivepropertynetwork.co.uk/mayfair

PPN Bank Brand Exchange Members Club, 3 Birchin Lane, London, EC3V 9BW
Host: Michael Primrose
progressivepropertynetwork.co.uk/bank

PPN London St. Pancras
Impact Hub, 34b York Way, London, NW1 9AB **Hosts:** Jamie Madill & Steve Mitchell
progressivepropertynetwork.co.uk/stpancras

Baker Street Property Meet
Last Wednesday of every Month
Holiday Inn London Regents Park Carburton Street London W1W 5EE
Host: Ranjan Bhattacharya
www.BakerStreetPropertyMeet.com

Premier Property Club - Islington
2nd Wednesday of the Month
Double Tree Hilton Hotel 60 Pentoville Road N1 9LA
Founder: Kam Dovedi
premierpropertyclub.co.uk/islington

Premier Property Club - Knightsbridge 3rd Wednesday of the Month Hilton Hotel Park Lane 22 Park Plane W1K 1BE
Founder: Kam Dovedi
premierpropertyclub.co.uk/knightsbridge

Premier Property Club - Canary Wharf
4th Tuesday of the Month
Hilton Hotel Marsh Wall London E14 9SH **Founder:** Kam Dovedi
premierpropertyclub.co.uk/canarywharf

Premier Property Club Wembley
4th Wednesday of each month
Holiday Inn Wembley Empire Way Wembley HA9 8DS
Founder: Kam Dovedi
premierpropertyclub.co.uk/wembley

Wandsworth-Property-Group
Love Property in N1 Meetup Group
1st Thursday of the Month
The Islington Company 97 Essex Road N1 2SJ
Host: Vaida Filmanaviciute
www.meetup.com/Love-Property-in-N1-Meetup-Group

Central London Evening Meet
4th Thursday of the month
London Bridge Hotel 8-18 London Bridge St London SE1 9SG
Hosts: Brendan Quinn and Luke Hamill
www.meetup.com/Central LondonPropertyNetwork

Central London Morning Meet
See website for details
Grosvenor Casino 3-4 Coventry Street Piccadilly Circus London W1D 6BL **Host:** Brendan Quinn
www.meetup.com/ CentralLondonPropertyNetwork

Female Property Alliance
3rd Tuesday of every month
Doubletree Victoria Bridge Place SW1V 1QA **Host:** Bindar Dosanjh
http://femalepropertyalliance.co.uk

Sutton Property Meetup
2nd Monday of the Month
The Ivory Lounge 33-35 High Street Sutton Surrey SM1 1DJ
Hosts: Johanna and Peter Lawrence
www.meetup.com/Sutton-Property-Meetup

London Property Investor Breakfast
4th Tuesday of the month (7.30am – 9.30am) Doubletree by Hilton 92 Southampton Row Holborn London WC1B 4BH **Host:** Fraser Macdonald
www.meetup.com/ londonpropertybreakfast

UK Property Investors Networking Event Last Monday of the Month
Grovesnor Hotel 101 Buckingham Palace Road Victoria London
Host: Cornay Rudolph
www.meetup.com/UK-Property-Investors-Networking-Event

The Kensington & Chelsea Property Group 2nd Wednesday of the month
Baglioni Hotel 60 Hyde Park Gate London SW7 5BB **Host:** Neil Mangan
https://www.meetup.com/The-Kensington-Chelsea-Property-Group/

The London Real Estate Buying & Investing Meetup Group
2nd Tuesday of the Month
Business Environment Services Offices 154 - 160 Fleet Street EC4A 2NB **Host:** John Corey
www.meetup.com/real-estate-advice

West London Property Networking
2nd Thursday of each month (except Dec or Aug) High Road House Chiswick West London **Hosts:** Jeannie Shapiro and Pelin Martin
www.westlondonpropertynetworking.co.uk

Wandsworth Property Group
3rd Tuesday of the Month The Alma 499 Old York Road Wandsworth London SW18 1TF
Host: Brendan Quinn
www.meetup.com/ Wandsworth-Property-Group

Croydon Property Meet
1st Wednesday of the month
Croydon Park Hotel Altyre Road Croydon. CR9 5AA
Hosts: Rob Norton and Sel Fayyad
www.croydonpropertymeet.com
rob@croydonpropertymeet.com
sel@croydonpropertymeet.com

Bloomsbury Wealth Investing Network
3rd Wednesday of the month
The Wesley Hotel 81-103 Euston St Kings Cross London NW1 2EZ
Hosts: Matt Baker & Jo Akhgar
www.bloomsburywin.net

Elephant & Castle Wealth Investing Network 1st Tuesday of every month
London South Bank University Keyworth Street Keyworth Building SE1 6NG **Host:** Sonia Blackwood

Global Investor Club London
2nd Thursday of every month
City Business Library Guildhall London EC2V 7HH **Host:** Jan Kortyczko **fb.com/GICLondyn**
Please note that most speakers are presenting in Polish

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups

London West Smith's Cocktail Bar Brook Green Hotel 170 Shepherd's Bush Road Hammersmith London W6 7PB

London East Property Hub Invest 1 Naoroji Street London WC1X 0GB

Rent 2 Rent Live! - Tower Hill
2nd Monday of every month
The Tower Hotel, St Katharine's Way, London, E1W 1LD **Host:** Steve Curtis
rent-2-rent-live.eventbrite.co.uk

Premier Property Club Online
2nd Tuesday of every month starting at 7pm

Premier Property Club - Croydon
1st Tuesday of Each Month
Jurys Inn Croydon Wellesley Road London CR0 9XY
Founder: Kam Dovedi
premierpropertyclub.co.uk/croydon

Developers Network Knightsbridge
2nd Thursday of the month
www.whiteboxps.com/developersnetwork

2

Norwich pin 2nd Tuesday of the month Host: Chris Jones
www.norwichpin.co.uk

Cambridge pin 4th Thursday of the month Host: Christine Hertoghe
www.cambridgepin.co.uk

Essex pin 3rd Tuesday of the month
Host: Reegan Parmenter
www.essexpin.co.uk

PPN Ipswich 14/06/2021
Ufford Park Hotel, Melton, Woodbridge, IP12 1QW
Host: Halstead Ottley
progressivepropertynetwork.co.uk/ipswich

PPN Brentwood
Holiday Inn, Brook Street, CM14 5NF **Hosts:** Sarah and Tony Harding
progressivepropertynetwork.co.uk/brentwood

Colchester Property Circle
2nd Thursday of each month - 7.30pm
The Greyhound Pub, High Street, Wivenhoe CO7 9AH **Host:** Phil Sadler
https://bit.ly/2Kld96t

Essex Property Network
2nd Tuesday of the Month
Holiday Inn Brentwood, CM14 5NF
Host: Cyril Thomas
www.essexpropertynetwork.co.uk

Harlow Property Network in association with Premier Property Club 2nd Thursday of Every Month
The Day Barn, Harlow Study Centre, Netteswellbury Farm (off Waterhouse Moor), Harlow, Essex, CM18 6BW.
myproperty.coach

Developers Network Cambridge
3rd Wednesday of the month
www.whiteboxps.com/developersnetwork

3

Eastbourne pin 1st Wednesday of the month **Host:** Lee Beecham www.eastbournepin.co.uk

Oxford pin 3rd Tuesday of the month **Host:** Del Robinson www.oxfordpin.co.uk

Basingstoke pin 4th Wednesday of the month **Hosts:** Seb and Aga Krupowicz www.basingstokepin.co.uk

Kent pin 1st Thursday of the month **Hosts:** Martin and Sarah Rapley www.kentpin.co.uk

Surrey pin 3rd Thursday of the month **Hosts:** Karen Buckley and Dominic Beecheno www.surreypin.co.uk

Reading pin 1st Tuesday of the month **Hosts:** Stephen and Julia Hollings www.readingpin.co.uk

Southampton pin 1st Tuesday of the month **Hosts:** Jon Woodman and Nigel Budgen www.southamptonpin.co.uk

Berkshire pin 3rd Monday of the month **Hosts:** Andy Gaught and Jonathan Barnett www.berkshirepin.co.uk

Brighton pin 3rd Thursday of the month **Host:** Peter Fannon www.brightonpin.co.uk

Portsmouth pin 3rd Wednesday of the month **Host:** Tom Jeffes www.portsmouthpin.co.uk

J6 Property Professionals & Investors Meet 2nd Tuesday of the month Aston Bond solicitors Windsor Crown House 7 Windsor Road Slough SL1 2DX **Host:** Manni Chopra www.j6propertymeet.co.uk

The Property Vault 3rd Monday of the month Eastgate 141 Springhead Parkway Northfleet DA11 8AD **Host:** Dan Hulbert and Amy Rowlinson www.thepropertyvaultuk.com

Surrey Property Exchange 2nd Monday of the Month Holiday Inn Egerton Road Guildford GU2 7XZ **Host:** Richard Simmons www.surreypropertyexchange.co.uk

Premier Property Club - Kent 2nd Tuesday of each month Castle View Forstal Road Maidstone ME14 3AQ www.PremierPropertyClub.co.uk

The Bucks Property Meet Last Thursday of the Month The Bull Gerrards Cross **Hosts:** John Cox and Rachael Troughton www.Buckspropertymeet.com

Premier Property Club - Brighton 1st Thursday of the Month Jurys Inn Brighton Waterfront King's Road Brighton BN1 2GS www.premierpropertyclub.co.uk/brighton

Eastbourne Wealth Investing Network 4th Wednesday of every month The View Hotel Grand Parade Eastbourne BN21 4DN **Host:** Jonas Elsen-Carter

Guildford Wealth Investing Network 1st Wednesday of every month Old Thorns Manor Hotel Golf & Country Estate Liphook GU30 7PE **Hosts:** Wendy Alexander & Adrian Brown

Crawley Property Meet 3rd Tuesday of every month crawleypropertymeet.com Holiday Inn London-Gatwick Airport, Povey Cross Road, Horley, Surrey, RH6 0BA **Hosts:** Tania Carson, Pam Mackenzie, Nick Parkhouse and Phil Williams.

PDPLA 2nd Monday of the month The Inn Lodge Burrfields Road Portsmouth PO3 5HH. 7:30 **Host:** Joan Goldenberg www.pdpla.com

Hampshire Property Network 2nd Wednesday of every month The Solent Hotel, Whiteley, PO15 7AJ **Hosts:** Mark Smith and HPN Team www.hampshirepropertynetwork.com

Mid Surrey Wealth Investing Network 2nd Wednesday of every month Sutton United Football club, Gander Green Lane Sutton SM1 2EY **Host:** June Cruden

Property Expert Network Event (PEN) Solent View Room at Pyramids, Clarence Esplanade, Portsmouth, PO5 3ST

The Reading Property Meet Last Thursday of each month Grosvenor Casino Reading South, Rose Kiln Lane, Reading, RG2 0SN **Host:** Adam Vickers https://bit.ly/2WLwMGs

Brighton Property Meet 3rd Wednesday of the month 6pm onwards The Cricketers, 15 Black Lion Street, Brighton, BN1 1ND **Hosts:** Niall Scott & Matt Baker www.scottbakerproperties.co.uk

Partners in Property Southampton 1st Thursday of the month DoubleTree by Hilton Southampton, Bracken Pl, Chilworth, Southampton SO16 3RB **Hosts:** Sarah Smith, Sam Beddoe, Karen Stanbridge https://www.partners-property.com

PEN Kent 1st Monday of every month, 7pm till 10pm Tudor Park Marriott Hotel & Country Club, Ashford Road, Bearsted, ME14 4NQ https://bit.ly/2N3BLkM

Kent Property Meet 4th Wednesday of the month Mercure Great Danes Hotel, Maidstone, ME17 1RE **Hosts:** Jazz Doklu & Chrissy Kusytsch www.kentpropertymeet.com

4

Bournemouth pin 2nd Tuesday of the month **Host:** Max Noble www.bournemouthpin.co.uk

Bristol pin 2nd Wednesday of the month **Host:** Nick Josling www.bristolpin.co.uk

Cheltenham and Gloucester pin 3rd Tuesday of the month **Host:** Joanne Sainsbury www.cheltenhamandgloucesterpin.co.uk

Swindon pin 4th Wednesday of the month **Host:** Leo Santana www.swindonpin.co.uk

Devon pin 4th Thursday of the month **Hosts:** Kevin and Sally Cope www.devonpin.co.uk

Salisbury pin 3rd Thursday of the month **Hosts:** Malcolm and James White www.salisburypin.co.uk

PPN Bournemouth 22/06/2021 The Ocean Beach Hotel & Spa, 32 East Overcliff Drive, Bournemouth BH1 3AQ **Host:** Leigh Ashbee progressivepropertynetwork.co.uk/bournemouth

PPN Bristol Village Hotel-Bullfinch Close, Filton, Bristol BS34 6FG **Hosts:** Paul Duval & Paul Bennett progressivepropertynetwork.co.uk/bristol

PPN Exeter Sandy Park Way, Exeter EX2 7NN **Host:** Traci Cornelius progressivepropertynetwork.co.uk/exeter

Professional Investment Group (PIG) - Plymouth 3rd Monday of the month Boringdon Hall Hotel and Spa Boringdon Hill Colebrook Plymouth PL7 4DP **Host:** Angelos Sanders www.pig.network

Bristol BMV Property Options Last Thursday of every month The Holiday Inn Bond Street Bristol BS1 3LE **Host:** Del Brown www.bmvpropertyoptions.co.uk/property-investment-meeting-pim

Torbay Free Property Meet 2nd Tuesday of the month Imperial Hotel Torquay, Parkhill Road, Torquay TQ1 2DG (currently online) **Hosts:** Ed & Helen Akay www.facebook.com/torbayproperty

Professional Investment Group (PIG) - Cornwall 1st Monday of the month The Alverton Hotel, Tregolls Rd, Truro, TR1 1ZQ **Hosts:** Angelos Sanders & Matt Pooley www.pig.network

PEN Wiltshire Last Tuesday of the Month Stanton Manor Hotel Stanton St. Quintin Near Chippenham Wiltshire SN14 6DQ **Host:** Neil Stewart www.penwiltshire.com

5

Harrogate pin 1st Wednesday of the month **Host:** Diane Greenwood www.harrogatepin.co.uk

Leeds pin 4th Wednesday of the month **Host:** David Dixon www.leedspin.co.uk

Hull pin 2nd Thursday of the month **Host:** Neil Brown www.hullpin.co.uk

Sheffield pin 2nd Wednesday of the month **Host:** Paul Hastings www.sheffieldpin.co.uk

Great North pin 2nd Tuesday of the month **Hosts:** Mark Fitzgerald and Tim Ives www.greatnorthpin.co.uk

York pin 3rd Wednesday of the month **Hosts:** MikeQ and Olga Hainsworth www.yorkpin.co.uk

PPN Sheffield Mercure Hotel, Britannia way, Catcliffe, Rotheram, Yorkshire, S60 5BD **Host:** Kevin McDonnell progressivepropertynetwork.co.uk/sheffield

PPN Leeds Hilton Hotel, Neville Street, Leeds LS1 4BX **Host:** Mo Jogee progressivepropertynetwork.co.uk/leeds

THE PROPERTY HUB 1st Thursday of the Month http://thepropertyhub.net/meetups **Leeds** Dakota Deluxe Hotel, Russell Street, Leeds LS1 5RN

Developers Network Leeds 4th Thursday of the month www.whiteboxps.com/developersnetwork

Developers Network North East Either 4th Wednesday or Thursday of the month www.whiteboxps.com/developersnetwork

PLEASE NOTE - Due to the current COVID-19 pandemic, events will be online or may not be running, please check the meetings websites for up-to-date information

6

Leicester pin
1st Thursday of the month
Interim Host: Sébastien Buhour
www.leicesterpin.co.uk

Milton Keynes pin
3rd Wednesday of the month
Host: Reemal Rabheru
www.miltonkeynespin.co.uk

Nottingham pin
3rd Tuesday of the month
Host: Spike Reddington
www.nottinghampin.co.uk

Luton pin 4th Tuesday of the month
Host: James Rothnie
www.lutonpin.co.uk

Northampton pin 1st Thursday of the month **Host:** Amelia Carter
www.northamptonpin.co.uk

Watford pin
2nd Thursday of the month
Hosts: Shack Baker and Waseem Herwitker **www.watfordpin.co.uk**

Lincoln pin
4th Thursday of the month
Hosts: David Dixon and Paul Hastings
www.lincolnpin.co.uk

PPN Northampton
Hilton Hotel, 100 Watering Lane, Collingtree, Northampton, NN4 0XW
Host: Kim Hendle
progressivepropertynetwork.co.uk/northampton

PPN Milton Keynes
progressivepropertynetwork.co.uk/milton-keynes

PPN Derby Nelsons Solicitors, Sterne House, Lodge Lane, Derby, DE1 3WD
Hosts: Mike Alder & Jamie Hayter
progressivepropertynetwork.co.uk/derby

Stevenage Wealth Investing Network 3rd Wednesday of every month
Stevenage Novotel Hotel Steveage Road Knebworth Park SG1 2AX
Hosts: Stephen & Bridget Cox

UK Property Network Leicester
2nd Tuesday of the Month
The Field Head Hotel Markfield La Markfield Leicestershire LE67 9PS
Hosts: Rachel Knight & Adam Bass **www.meetup.com/UKPN-Leicester**

Landlords National Property Group
1st Monday of the Month
The Derbyshire Hotel Carter Lane East Derby DE55 2EH
Hosts: Paul Hilliard and Nick Watchorn **www.lnpg.co.uk**

Midland Property Forum
3rd Thursday of the month
The Oldmoor Lodge Mornington Crescent Nottingham. NG16 1QE **Hosts:** Kal Kandola, Hannah Hally, Kelly Hally, James Howard-Dobson, Steve Harrison
https://www.facebook.com/MidlandsPropertyForum

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups

St Albans
The Beech House 81 St Peter's Street St Albans AL1 3EG

Nottingham
St James Hotel No 6 Bar & Restaurant 1 Rutland Street Nottingham NG1 6FL

7

Liverpool pin
4th Thursday of the month
Host: William Poterfield
www.liverpoolpin.co.uk

Chester pin
2nd Thursday of the month
Host: Michelle Cairns
www.chesterpin.co.uk

Manchester pin
3rd Wednesday of the month
Host: Julie Whitmore
www.manchesterpin.co.uk

PPN South Manchester
24/06/2021 Pinewood on Wilmslow, Wilmslow Road, Handforth, Wilmslow, Cheshire SK9 3LF **Host:** Mike Chadwick
progressivepropertynetwork.co.uk/wilmslow

PPN Liverpool
Marriott Hotel, One Queen Square, Liverpool, L1 1RH **Hosts:** Andrew Budden & Alison McIntyre
progressivepropertynetwork.co.uk/liverpool

ASANA North West Property Meet
1st Monday of each month
The Willows Douglas Valley A6 Blackrod Bypass Blackrod Bolton BL6 5HX **Hosts:** Howard Cain and Kathy Bradley
www.asanapropertyinvestments.co.uk

Manchester Property Investor Breakfast 1st Friday of the month (7.30am – 9.30am) Village Hotel Ashton under Lyne OL7 0LY
Host: Fraser Macdonald
www.meetup.com/Manchester-Property-Investor-Breakfast

Warrington Property Investors' Meet Up 3rd Tuesday of the month from 7pm-9pm Olympic Park Unit 7 Olympic Way 1st Floor Birchwood Warrington Cheshire WA2 0YL (free parking) **Hosts:** Patricia Li and Michael Hopewell
www.meetup.com/Warrington-Property-Investors-Meetup/

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups

Liverpool Punch Tarmey's Liverpool 31 Grafton St Liverpool L8 5SD

Manchester The Bridge Street Tavern 58 Bridge Street M3 3BW

Connect property network
1st Wednesday of the month
Wychwood Park Hotel, Wychwood Park, Crewe, CW2 **Hosts:** Daniel Hennessy and Scott Williams
www.connectpropertynetwork.co.uk

Kieba Property Meet
2nd Monday of the month
Crabwall Manor Hotel & Spa, Parkgate Road, Chester, CH1 6NE **Hosts:** Kieran & Dawn Toner - Kieba Property Ltd
www.kiebapropertymeet.co.uk

8

Black Country pin
4th Wednesday of the month
Host: Philip Hunnable
www.blackcountrypin.co.uk

Worcestershire pin
1st Wednesday of the month
Hosts: Andy and Karen Haynes
www.worcestershirepin.co.uk

Birmingham Central pin
1st Thursday of the month
Interim host: Andy Ellard
www.birminghamcentralpin.co.uk

Birmingham pin
3rd Thursday of the month
Hosts: Mark and Christine McAleenan
www.birminghampin.co.uk

Stoke pin
2nd Wednesday of the month
Host: James Rogers
www.stokepin.co.uk

Coventry and Warwickshire pin
2nd Thursday of the month
Host: Steven Ray
www.coventryandwarwickshirepin.co.uk

PPN Birmingham
Members Club House Edgbaston Priory Club Sir Harry's Road Edgbaston Birmingham B15 2UZ
Hosts: Kirsty Darkins, Stephen Fryer & Chris Taylor
progressivepropertynetwork.co.uk/birmingham

PPN Leamington Spa
The Saxon Mill, Coventry Road, Guys Cliffe, Warwick, Warwickshire, CV34 5YN **Host:** Mark Potter
progressivepropertynetwork.co.uk/leamingtonspa

PPN Wolverhampton
The Cleveland Suite, Wolverhampton Racecourse, Gorsebrook Road, WV6 0PE
Hosts: Liam McCullough & Joe Lane
progressivepropertynetwork.co.uk/wolverhampton

Great Property Meet Warwickshire 3rd Monday of the month
Dunchurch Park Hotel & Conference Centre Rugby Road Dunchurch, Warwickshire, CV22 6QW **Host:** Andrew Roberts **www.GreatPropertyMeet.co.uk**

Saj Hussain's Property Meet
3rd Tuesday of every month (except August & December) - 6pm Novotel Hotel, 70 Broad Street, City Centre, Birmingham B1 2HT
https://www.sajhussain.com/networking

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups

Birmingham
The Lost and Found 8 Bennetts Hill Birmingham B2 5RS

Developers Network Birmingham
4th Tuesday of the month
www.whiteboxps.com/developersnetwork

9

Glasgow pin 2nd Tuesday of the month **Speaker:** James Edwards **Host:** John Kerr
www.glasgowpin.co.uk

Edinburgh pin
3rd Thursday of the month
Speakers: Fiona Campbell & Simon Zutshi
Host: Taimur Malik
www.edinburghpin.co.uk

10

Cardiff pin 2nd Tuesday of the month **Host:** Morgan Stewart and Luke Rowlands
www.cardiffpin.co.uk

Swansea pin 4th Thursday of the month **Host:** Morgan Roberts
www.swanseapin.co.uk

PPN Cardiff Village Hotel in Cardiff, 29 Pendwyallt Road Cardiff CF14 7EF
Hosts: Sean Forsey & Phill Leslie
progressivepropertynetwork.co.uk/cardiff

11

Belfast pin 1st Tuesday of the month
Interim Host: Nick Josling **www.belfastpin.co.uk**

PPN Belfast National Football Stadium at Windsor Park Irish FA, Donegall Ave, Belfast BT12 6LW **Hosts:** Pete Lonton & Danielle Bell
progressivepropertynetwork.co.uk/belfast

Belfast Property Meet 1st Thursday of the Month
The Mac Theatre St. Anne's Square Belfast
Host: Chris Selwood **www.belfastpropertymeet.com**

As the current situation is changing frequently - some auctions are moving online. Please check the EIG website for the latest info.

UPCOMING AUCTIONS

Auction House Devon & Cornwall 3-Aug-21 13:00

Auction House Online 3-Aug-21 13:00

Kivells Auctions 3-Aug-21 19:00

Auction House Bristol & West 4-Aug-21 19:00

Lambert Smith Hampton (National) 4-Aug-21 16:30

Allsop Residential 5-Aug-21

Auction House Robinson & Hall 5-Aug-21 14:30

Hinson Parry & Co 6-Aug-21 12:00

SDL Property Auctions Knight Frank 6-Aug-21 14:00

Auction Agent 11-Aug-21 12:00

The County Property Auction 11-Aug-21

Auction Estates 12-Aug-21 14:30

Auction North 12-Aug-21 16:00

Greenslade Taylor Hunt Online 12-Aug-21 15:00

Harman Healy 12-Aug-21 9:30

Walker Singleton 12-Aug-21 12:00

Brown & Co 18-Aug-21 11:00

Edward Mellor Auctions 18-Aug-21 12:00

Lambert Smith Hampton (National) 18-Aug-21 15:15

Pugh & Company 18-Aug-21 9:00

Auction House Birmingham & Black Country 19-Aug-21 18:00

Auction House North West 19-Aug-21 13:00

Town & Country Property Auctions Lancashire 23-Aug-21 12:00

SDL Property Auctions Shepherd Commercial 24-Aug-21 14:00

Durrants 25-Aug-21 15:00

SVA Property Auctions Ltd 25-Aug-21

SDL Property Auctions National 26-Aug-21 10:30

Strakers 26-Aug-21 17:00

Town & Country Property Auctions West Midlands 26-Aug-21 12:00

Town & Country Property Auctions Wrexham 26-Aug-21 18:05

Wilsons (Northern Ireland) 26-Aug-21 19:30

Town & Country Property Auctions London 27-Aug-21 12:00

Agents Property Auction 31-Aug-21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