

Issue 134 August 2019

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YOUR PROPERTY NETWORK

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NEW BUILD BIBLE!

HOW TO MAKE THE MOVE TO NEW BUILD DEVELOPMENTS

Developers share their case studies on how to dodge the pitfalls and pocket the profit.

READER PROJECT

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Welcome

In the property world, surely one of the most exciting things that we can experience is to see something that we have imagined come to life in physical bricks-and-mortar form before our eyes.

New build projects are the epitome of this creativity, starting as we usually do, with a completely blank slate. Where nothing previously existed, we create homes or buildings that in most cases, will last long after our own time. That's quite a legacy.

Creativity on its own is fulfilling but the numbers must work to make the experience a happy and successful one. While the out-of-ground build costs can be more predictable than refurbs or conversions of existing buildings, a lot of due diligence, research and professional analysis is needed to assess the site and groundwork costs before we get to that stage.

In our main feature this month, we talk to new build developers with different levels of experience to find out the reality behind the creative dream. They share their stories, challenges and case studies to help you decide whether new build is a strategy for you.

In addition, we cover a host of other property topics, including a care home conversion, non-standard construction, green energy and landlord updates, as well as some tips about boosting your online profile and lead generation.

With the summer holidays in full swing, several members of the YPN team are enjoying a break. If you're heading off to warmer – or maybe even cooler – climes, have a great holiday, come back refreshed and ready to hit the road running for the next steps on **YOUR** property journey in September!

See you next month,

Jayne Owen



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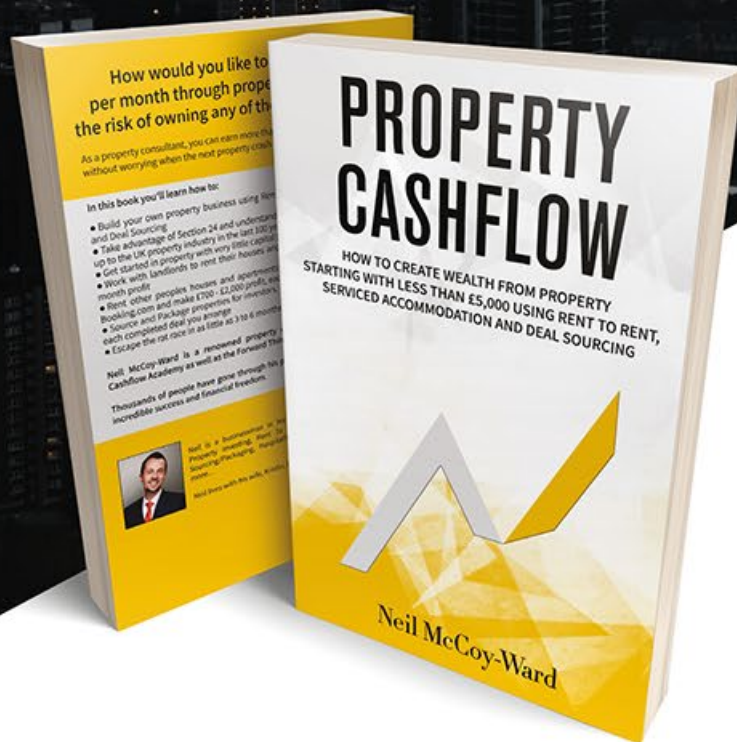
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“ An Absolute Blockbuster! ”

- Dwayne S



“ Every Property Investor in the UK should read this book, in fact, it should be compulsory ”

- Emmanuel D



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Neil McCoy-Ward
Property Expert, Trainer &
Founder of the Forward Thinking Group



CONQUER NEW BUILD!

At some point for most developers, building from scratch, ie getting out of the ground and undertaking a new build development, is extremely alluring. It's normally when you are working on an existing building and the build costs begin to spiral out of control as you find a multitude of problems or structural issues that you just didn't expect. When this happens, we look longingly at new build developments with their surety of build cost and not having to compromise due to an existing layout.

Personally, I've always longed for quoted per square metre build costs rather than a "we will put in a provisional sum figure and see what it actually comes out at when we get in there" approach. The problem with converting buildings is that you nearly always end up with at least one apartment or unit that is in some way compromised, the poor relations that are difficult to make work and even more difficult to sell. The attraction of a bare plot of land where we can design homes that really work from the outset, and can build to cater for our target market is extremely alluring.

But is the grass **REALLY** all that much greener over on that plot? Surely it can't all be wine and roses in the world of new builds?

YPN decided to find out.

We've enlisted a plethora of developers (well four) who are at differing stages of their development career. Some have made the switch from buy-to-let, others are stepping up, and we also speak to a second-generation family business that has survived and adapted to recessions, the credit crunch and now (hopefully) Brexit.

We asked them what it takes to get your project out of your head, then off the paper and actually out of the ground. From a vague idea all the way through to sold completed units and money in the bank.

These developers tell it like it really is, warts and all, to share their experiences of how to **REALLY** succeed as a new build developer. If you've ever driven past a plot and wondered what you could do with it, if you've been fed up after a tenant has trashed the flat you painstakingly refurbished before they went in or if you've simply wanted to create something new and leave your mark on the landscape ... then this is the article you have been waiting for.

We hope you enjoy reading this article every bit as much as we enjoyed interviewing these ordinary people achieving extraordinary things.

Happy Reading!

Ant



FROM BTL TO NEW BUILD DEVELOPER

DEEPAK RAJPUT DESCRIBES THE TRANSITION FROM BTL TO NEW BUILD DEVELOPER VIA COMMERCIAL-TO-RESI CONVERSIONS ... WHILE JUGGLING ANOTHER BUSINESS ALONG THE WAY.

Interview & words: **Raj Beri**

Initially starting with the development of a BTL portfolio alongside his other commitments, Deepak Rajput went onto purchasing and running mixed use commercial premises as well as converting two properties into four studios. His own residence had land with development potential and over the years he has explored various options to undertake its development. This has culminated in him building two detached houses and in this article he shares the trials and tribulations of his first foray into the new build arena.

YPN: Could you tell the readers what you did before property?

Deepak: I graduated from University with an honours degree in computing and initially I worked for a small IT company in Leicester. However, my parents needed help running their insurance brokers business and the plan was for me to ultimately take over. Unfortunately, that didn't work out as the market changed considerably so after a few years I left and with the help of my father I set up an engineering manufacturing business. I ran the business for about 10 years but wanted to do something else that would really inspire me. I'd had some inkling about property but because no one in my immediate circle was a property investor, it remained at the back of my mind. Someone suggested that I should train up as an electrician – the rationale being to access the other trades required when I was doing refurbishments. So, after I closed the manufacturing business I trained up as a fully qualified electrician, which I did for 10 years.

YPN: How did the interest in property start and how has your property journey evolved over the years?

Deepak: Having observed that a number of my parents' business clients, wealthy ones at that, owned investment properties, this sparked an interest in me. When I sold my

manufacturing business in 2000, I focused on building a BTL portfolio whilst working as an electrician. At that time, there were few

strategies like HMOs, so investors focused on either commercial investments or BTL. I made a good start and bought two reasonably priced properties that needed upgrading, which was ideal as I had practical skills.



"I just wanted to create property as an asset class, so didn't have a target number of properties or target income in mind"

I personally did the refurbishments as it was a good opportunity to apply my DIY skills. I was also able to apply transferable

skills from my manufacturing background including project management and accounts.

At the time, there were few educational resources and it was a case of observing what other people did and giving it a go yourself. My circle of contacts weren't involved in property, so I learnt from my mistakes and the challenges

just became part and parcel of the journey. A few property networking meetings were starting up but were in their infancy, although I did learn a few new things such as using direct to vendor leafleting campaigns. After my day shift as an electrician, I would change into formal clothes in order to meet vendors and I was able to grow my portfolio in this way.

In 2001, I purchased the commercial mixed use premises; two offices on the ground floor where my parents operated their insurance business, with flats above each. I still own this property and it's the best income-generating property in my portfolio, and causes me the least hassle.

YPN: When and why did the transition to becoming a full time property investor happen?

Deepak: The wake up call happened around 2013 when I needed an operation on my shoulder and I came to realise that being an electrician was now a young man's game. I had a few people working for me but I was an active part of the team and the work was becoming too physical and too draining. As a prerequisite to replacing my income as an electrician, I bought a property to convert into an HMO and that, coupled with the BTL portfolio and the commercial property, allowed me to become a full time property investor.

I also did some R2R training so was able to further increase my income by securing deals from estate agents who I had a built up a relationship with. As readers will appreciate, the HMO market is constantly evolving regarding the standard required, the legislation and the increased competition between investors. I realised that I was more interested in going into development work as I had always enjoyed conversions and gained the most satisfaction from undertaking renovations.

YPN: What led you to embark on a new build project and how did you go about learning the ropes and doing the initial assessment?

Deepak: This has happened because the project was literally in my back yard! Our residence has a decent plot of about ¾ of an

acre which was ripe for development. After many years of negotiating, one developer offered to buy the house plus land and develop the site but unfortunately, the banks withdrew their offer to fund the project during the credit crunch. I did consider developing the site myself but my lack of knowledge meant that I didn't know how to proceed. A chance meeting with someone at a property meeting made me realise that if I secured planning permission on the land, this could be used as leverage to secure development finance. However, nothing further happened for a while as I was in no rush to embark on the project.

The original developers were looking to demolish the house and build a mixed residential development of 12 apartments and town houses. This scheme was way out of my comfort zone and even if I gained planning permission, I had no clear idea of how to undertake the build phase. The lack of education and guidance held me back as it was rare to come across people at network meeting who were knowledgeable on property development. However, I did meet someone who I developed a working relationship, with who was able to provide valuable input. I am not the type of person who jumps into new things but someone who prefers to take their time learning the process. With his help and that of a colleague who was a quantity surveyor, and my local knowledge having lived in the area for 30 years, I finally decided on a scheme for two four-bedroom detached houses.

YPN: How did you decide which scheme to opt for and what challenges did you face during the planning application phase?

Deepak: Let me give you some context on the site itself. The piece of land that's being developed is wedged between our house and a neighbouring house. Because I didn't want to do a large scheme by knocking my own house down, I had to look at the best option

for the land available. In addition to monetary considerations such as looking at profitability, I was also mindful about the emotional aspects of particular schemes. I felt that building four terraced houses would have devalued our own house and the neighbour's house and have a negative impact on a future sale of my house. After taking all these points into consideration, I decided to go for a scheme to build two four-bedroom houses.

The planning application went pretty smoothly – we didn't get many objections to the scheme that we were proposing and gained planning permission with a few minor amendments, although it took significantly longer than the eight-weeks that's often cited. Readers should appreciate that planning is normally granted subject to certain conditions eg the types of roof tiles to be used should look similar to neighbouring properties, the house cannot be occupied until the driveway is complete etc.

YPN: To help readers who might be considering new builds for the first time, can you give them a sense of the process involved?

Deepak: Initially, one has to analyse the market and assess local comparables as this will help you establish the GDV (Gross Development Value or Open Market Value of the built project) of the site. As I had a mortgage on my own house, I had to approach the lender to obtain their permission to separate the land. They undertook a RICS valuation on the existing house and the land to assess if the lending on my house would still fall within their required LTV. For example, the initial LTV may be 50% – separating the land obviously devalues the site as a whole, which may significantly increase the LTV resulting in them declining your request to separate the land, or only allowing it if you make a financial contribution to maintain the required LTV.



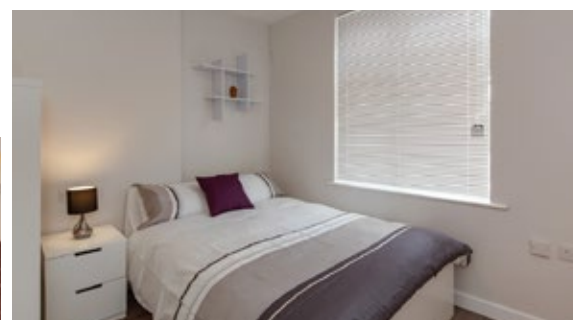
CASE STUDY 1

Moat Street

Wigston, Leicester, LE18 2GE

Conversion of offices to four studio apartments

Purchase price:	£145,000
Renovation:	£87,000
Furnishing:	£6,000
Buying costs:	£2,000
Planning costs:	£3,500
Cash in:	£147,000 (bought for cash)
End Valuation:	£250,000
75% LTV release:	£187,500
Cash left in:	£62,500
Gross rent pm:	£2,100
Net rent pm:	£985
ROI:	18.9%



CASE STUDY 2

Cossington Lane

Rothley, Leicester, LE7 7NA

New Build development of two four-bed detached houses.

Purchase price (Land): **£260,000**
(open market value)

Buying costs: **£500,000**

Professional Fees,

Finance costs: **£165,000**

End Valuation: **£1,125,000**



Thankfully, there was just a very slight devaluation to the house and the LTV remained well within the lender's upper limit. The only thing the lender required were plans to confirm which part of the land I was separating, which I did by submitting some hand drawn sketches. Following this, I engaged the services of an architect and planning consultant to put together a scheme and submit it for planning approval. Often, an architect can submit a straightforward planning application, but if the application is going to be contentious, it's better to employ a planning consultant.

YPN: Which professionals did you utilise for this scheme and what were their roles?

Deepak: The scheme was drawn up in conjunction with the architect and a drainage engineer worked on the drainage design. On the site itself, the ground was mainly clay based and had numerous trees. My planning consultant suggested that I should commission some surveys to support the planning application, which I duly did.

For the tendering process, I asked my architect to draw up a pre-tender document to submit to building contractors for quotes. Some tender documents can be lengthy and I know from my experience as an electrician that this can be very off-putting. As my scheme was relatively small, we kept the tender document as brief as practicable.

YPN: How did you decide on which contractors to appoint for the new builds?

Deepak: Prior to this new build project, I'd done a commercial to residential conversion in 2015 where I had good experience with the building contractor.

Though they had not worked on new builds before, my aim was to nurture the relationship and get them on board for this project. While negotiating a quote with them, I also had quotes from a couple of other contractors, one being a recommendation from my structural engineer.

The builder from my commercial conversion project and I were able to put our heads together and come up with an agreed costing for the new build. Regrettably, the contract wasn't awarded to them after all because they pulled out at the last minute and to this day I still don't know why! After this body blow, I turned to my property network and finally awarded the contract to a new builder some five months later.

YPN: How has the build progressed and how have you over come challenges along the way?

Deepak: The challenges started very early! Clearing the site was fairly straightforward, but we had a few garages that had to be demolished – by law an **asbestos survey** is required when something is knocked down. This survey did not highlight any issues and we were good to go. A prerequisite to doing any new build is to undertake a **topological survey** which I'd actually had done three-four years earlier and it lay dormant on my computer but could still be used. The builder required the surveyor to mark out where the trenches would be dug for the houses using the topological survey data and at this point we hit a significant problem. It turned out the distance between my house and the neighbour's house was half a metre less than indicated on the survey.



By this stage we were ready to dig the foundations but instead had to put in for a planning amendment. Having a great relationship with my planning consultant and architect really helped and we were able to secure the amendment fairly quickly. Most developers tend to agree that until the property is *out of the ground*, there is a lot of uncertainty. We also had a **geotechnical survey** in which soil samples are analysed to confirm how deep the foundations need to be and the designs required.

Most of the surveys are required for technical aspects of the new build and not a requirement by the lender. We had no real challenges with the lender as we were able to supply them with all the information they required, which included planning proof, details of the scheme such as the schedule of works and build costs, and the GDV of the site. They have in-house specialists to appraise the information and undertake a valuation to verify the GDV. Because I had no prior experience of the new build process, a colleague was able to help me move forward. A number of things have to be brought together before the build can even start and one has to accept that certain things just can't be anticipated until the build process starts.

YPN: Have there been any challenges that you would look to tackle early on in your next project?

Deepak: Every problem was unique to me because it's my first new build development but I can draw on what I've learnt myself as well as from other developers. There is an argument that new builds can progress quickly, so I guess I can assess if the build could have progressed quicker. However, I wasn't going to micromanage the new build and tell the builder to work quicker because a contract and handover schedule was already in place. All I can do is look at this experience as a learning curve and implement key learnings for the next project.

Supported by my ethical builder, I have partly project managed the new build but it has been a huge learning curve for me. The builders realised early on that there were some issues with the technical drawings but they have worked with me to rectify these, even though it is not technically their remit.

"On this occasion, because the development is next door to me, logistically it was easy to keep an eye on the project"

This can be a double-edged sword because one ends up deploying disproportionate time to the project due to it being so close. Next time, I will probably consider a project manager.

YPN: Do you have a number of exits once this development has finished?

Deepak: My plan A is to build and sell and I am working with a good estate agent to achieve this. If the properties do not sell, Plan B will be to refinance to a BTL mortgage, which should not be a major issue. If the readers are purchasing land, they will need to consider the exits much more carefully because if a re-mortgage is required, they may require additional funds to meet the LTVs available. My numbers have always included a land price based on the open market value.

YPN: Having experienced new builds at first hand, would you embark on another similar project again and what tips can you give the readers considering new build as a strategy?

Deepak: I would definitely consider doing a new build project again. However, the challenge is that land comes at a premium price and if one embarks on the route of securing the land, gaining planning permission and then undertaking the build, it could take 18 months or more to complete the whole cycle.

If one buys land with planning, there will be an additional premium to pay, so it's important the deal stacks up and finding a contractor who can build at the required price might be a challenge. Moving forward, I will consider both strategies as well as commercial conversions.

In terms of tips, number one is to get educated or get a mentor because there are a lot of risks with new builds. Second tip would be to work or JV with someone who has more experience and expertise than you have. This might reduce your own profit margin but the value of working with an experienced developer can't be understated and it's something I would consider even for my next project. My third tip would be to establish a really good power team, through recommendation if possible, with the caveat that you may have to 'kiss a few frogs to find a prince'.

YPN: Looking ahead, what's next for you and what keeps you motivated?

Deepak: I'm not rushing into my next project although my initial plan was to have a pipeline of projects. I decided a few months ago that it's best to focus and see this project through to completion in August 2019. In the meantime, I am continuing to build my power team and also reaching out to active or passive investors who would like to work with me. I want to focus on property developments but at this stage, I am keeping an open mind. My plan would be to use some of the profits from the development projects to pay down the mortgages on a number of my rental properties to lower the risk. I am passionate about conservation and transforming buildings or land to provide homes that people aspire to live in, so that vision keeps me motivated. I also love meeting and speaking to other investors through networking and this also keeps me motivated. Finally, I am in a position where I can start to give back more and I dedicate time to a 120 year old charity as a trustee which is very rewarding.



Illustration for identification purposes only, measurements are approximate, not to scale.
JonHolmesPhotography © 2018



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STEPPING UP

GOING FROM SMALLER NEW BUILD PROJECTS TO LARGER DEVELOPMENTS, BRAD MCCOUID EXPLAINS THE PROCESS, THE CHALLENGES, DEALING WITH STRESS - AND WHY NEW BUILDS ARE SO REWARDING

New build can be exciting, profitable and extremely frustrating all at the same time. But once you've gone there, you'll never go back. We met up with Brad McCoid to find out how raw enthusiasm and a never say "never" attitude is key to rolling with the punches of new build.

ON THE TOOLS

When I left school after GCSEs I decided the whole sitting at a desk and stacking up debt at university route was not for me, so I enrolled on a three-year NVQ apprenticeship in carpentry at Reading College. My main aim was to get a trade behind me and, as I aspired to be involved in the property game, I thought this the best start. Little did I know that I would spend more hours at a desk and accrue more responsibilities and debt than I could ever have imagined – effortlessly spending the average student debt daily.

In the last year of my carpentry apprenticeship I made the bold move to leave my employer and 'go it alone' setting up a carpentry company. Our main focus was on fitting kitchens and bathrooms. Within months I had seven employees and some really profitable contracts. I also took an evening class to get an NVQ in accountancy and then eventually went on to university where I accomplished a degree in Construction Management.

Using the knowledge I obtained in my Construction Management degree and the 'school of hard knocks' experience on site, coupled with my raw enthusiasm and never say "never" attitude I have been able to scale and systemise my business to reach where we are today.

FIRST PURCHASE

With my carpentry experience and construction management training under my belt I was keen to get involved in property and at the age of 18 I made



my first purchase from an Allsopps auction in London. The property was a derelict ground floor storage room in an old block of apartments in Boscombe near Bournemouth. I had 20 days to complete after the auction, so I went out to the finance market wide-eyed and bushy-tailed. No lender would even entertain a 10-minute conversation, let alone sling some money my way, so I was forced to purchase cash, which completely wiped out everything I had. The refurb was paid for using credit cards and personal loans from friends and family. Completely hand-to-mouth.

It was extremely difficult at the time but looking back I wouldn't have had it any other way. I converted the storage room into a two-bedroomed apartment by creating a large table-like structure to form a mezzanine floor and had a cantilever glass staircase to get to the second bedroom. It was a huge success and I made £60,000 profit in a matter of months.

GOING ALL IN

After doubling my money on the first one I went all in with the flip strategy, taking a few employees with me. I went from

Bournemouth to further afield where property prices were less expensive. We did quick refurbs (one-three months), adding value and sticking them straight back on the market. This was

an arduous process, which often involved me and the team living on site, sleeping on sheets of insulation and having cold showers until we got the job done.

It was an unforgettable experience and, although it was demanding and problematic at times, the money was good and the speed in which we were churning properties out made this flipping rollercoaster well worth its challenges.

"Lived on site, sleeping on sheets of insulation"

NEW APPROACH

Then the recession hit. Having not experienced anything like this before, I brazenly carried on purchasing and flipping whilst others around me cautiously slowed. The market was stagnant and came to a complete standstill. The properties I was trying to sell were sticking, which meant we were working twice as hard for half the reward.

This is when I realised that to carry on in the property industry you have to adapt your strategy to match the current market. So I switched up my approach and started converting properties into multi-let rooms and bedsits. This worked really well. Rental incomes were high, not a million miles away from what we get today, 10 years later, which was just great back then.

PLENTY OF STRATEGIES

I've always been pretty hands-on and I like to take any opportunity that comes my way if I can make it work, so over time I've gained experience in plenty of different property strategies –

single and multi-lets, HMOs, flips, commercial to resi conversions, planning gains and new builds.

One strategy I really liked was buying land and old office buildings then either obtaining planning gain or converting to residential and holding as part of my rental portfolio. The imperative part of this scheme was to get out every penny I had put in, if not more.



This proved a great strategy as the LTV (loan to value) on the exit was based on the rental calculations, which were extremely high for the market at the time, and resulted in great profits.

MY FIRST NEW BUILD

I accidentally fell into new build in 2007 when an old contact who'd been supplying me kitchens and bathrooms said, "Look bud, I'm having a bit of financial difficulty, can you help me out?" He had a second charge on his property up in Harrogate, in a beautiful little village called Kirkby Overblow, which is nestled in a picturesque valley and surrounded by fields. This was the worst house in the best area.

To get him out of his difficulty I bought his second charge from the bank for £175,000 and immediately applied for planning permission to demolish and build a substantial five-bed home. After receiving full approval for the scheme, I employed a local builder who had the labour and machinery. Over the next 12-14 months this little bungalow sprouted into a five-bedroom, six-bathroom family home built with the

utmost attention to detail and quality. It was built in Yorkshire stone with glass balcony areas and a curved glass feature window shipped in from Germany, which really maximised the amazing rural views. It was a great property and I was sure it wouldn't stay on the market for very long at all.

How wrong was I?

Having changed my strategy entirely in the time it had taken to build it, I was left mortgaged to the hilt with a huge house I couldn't sell that was a five-hour drive each way from where I lived. I eventually dropped the price and it sold for £1.2 million, which still made a tidy profit, but not quite what I was expecting. I would have loved to keep it but, at the time, I wasn't in a position to get a mortgage on a house of that value, so I sold it and used the money I made to reinvest in the Reading area, where I'm from, with my new strategy in hand.

GRIPPED BY NEW BUILD

I enjoyed the new build process, the freedom and the learning curve that came with it, so I started looking for sites.

I purchased a small two-bed semi which I converted to a three-bed, held, rented and released equity. Whilst doing this I put in for planning approval for another small two-bed, which would attach to the side and replace the garage we had removed due to its condition. I then sold that to my company and rented it as a single-let to a family. Sticking to my strategy of no money left in which I had successfully accomplished next door, this new build now named 'Penny Cottage' ended up costing me one penny once we had completed the refinance. Happy days.

After this, I started looking at bigger sites to build more units. The market was improving and there was some restored confidence in the economy. I then went to three units at a time, then five and worked up to doing two or three of these sized schemes simultaneously. Then I found Westminster Mews, which was a huge leap for me at the time - an 18 unit scheme with new drainage, sewer connections on Network Rail land, easements, moving a road crossing on a dual carriageway and, of course, the dreaded Section 106 - Affordable Housing.



CASE STUDY

WESTMINSTER MEWS

Location

When assessing a site it's all about location. Does it have a nice outlook? Is it in a nice area? Does it have good transport links and amenities? And how do all of these factors correlate and affect the GDV of the site?

This site was in a great location geographically, however was compromised by its outlook. Although surrounded by fields, canal towpaths, country pubs and some of the best schools in the area, Westminster Mews backed on to the railway line and to the frontage you could see the A4 dual carriageway. Due to this we made the decision to reflect this in the sale price of these homes, so purchasers really have great value for money on this development.

Target market

These units are aimed at young professionals and families working in and around Reading/Green Park and other London areas, which can be reached by car or train in under an hour. A prospective purchaser from London could have a four-bed house for the same price as a one-bed apartment and still get to work in a similar timeframe. It's a no brainer.

Running the numbers

When assessing a site we conduct a market appraisal and see what else is for sale in the area. We have a tailored spreadsheet that we've developed over time and this generates profit and loss etc based on the square footage, purchase and fees etc. It started out as a short spreadsheet to analyse refurbishments and calculate cash flow but now it's grown considerably and, as with all working documents, it's constantly evolving and improving.

I input the build costs, cost per square foot and how many square foot I'm building, and it works everything out for me, breaking it down into how much each individual trade or line item should be, eg first fix carpentry, second fix carpentry, plumbing, heating, air source heat pumps etc. It's very accurate and is a real time saver when analysing any deal or site.

It also calculates the profit if house prices were to drop by 10%, so we know we're still going to make a profit at the end of the job, even if the worst happens. We always aim to produce a worst case scenario in the appraisal phase of doing our DD on a potential project. If the scheme still generates a profit we double check our contingency percentages etc and really try and lean the figures out to stress test.

We always aim to make 25% return on investment, or at least three times what we put in. We just stick the numbers in the spreadsheet, and if it doesn't come out within our profit parameters, or what we think we can secure funding on, then we won't touch it.

"Do your appraisal 10 times, and then do it again"

Plan

Build 13 houses and five apartments.

We bought the land with a pre-app already on it for 18 units, we then amended the plans slightly, adding carports, making the houses slightly bigger and designing the internal layouts, then we put in the application for full planning permission. This was a laborious process for something that had prior approval and it ended up taking us eight months. Yes, we had changed a few things but we weren't re-inventing the wheel. This immediately set the build schedule back considerably and a huge chunk of unexpected interest was incurred at the initial get go.

Build

TIMBER FRAME

All units were constructed using ethically sourced timber frame with a brick and render outer skin. I like timber frame for a number of reasons. It's ethically and sustainably sourced and it's also cost effective. But the most important reason is the speed in which homes can be constructed using this method. There is no waiting around for brickies that have been rained off etc, the bricks are just an outer skin. The timber frame can be up and watertight on an average three/four-bed home in a week or so.

AIR SOURCE HEAT PUMPS

Each property has air source heat pumps and underfloor heating throughout, which is the primary source of heating. There are no radiators, but we do have towel rails in the bathroom for obvious reasons, nobody wants a cold towel when they get out of the shower, especially in the depths of winter.

We chose air source heat pumps because there wasn't a gas supply to the site so a new main would have to be installed, which would have been costly and time consuming. Homeowners also received a kickback from the government, through the Renewable Heat Incentive (RHI), which was appealing. In addition to that this renewable source is less harmful to the environment and more environmentally friendly and the new homeowner's utility bills will be dramatically reduced to almost half a traditional gas boiler.

ACOUSTIC GLAZING

As the site was very close to a railway line, we installed acoustic glazing, as part of our building regs and planning consent, just to lower the noise from the railway. But, as we were doing the build, the railway changed from diesel engines to electric, so you can't even hear it.

CONTAMINATED SOIL REMOVAL

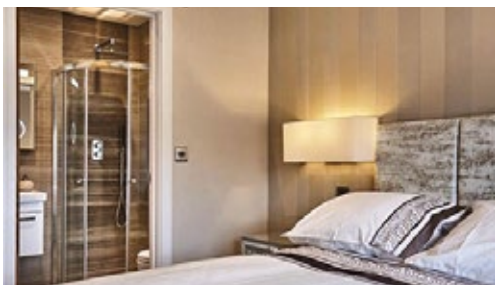
Upon excavating the rear gardens we conducted some routine soil sampling as this was stipulated in our planning conditions. This uncovered a sizeable quantity of contaminated soil, which then had to be removed from site. The area re-tested and a remediation strategy implemented and approved by the local authority. All in all this added an additional cost of over £100,000, which was a very unwelcome surprise.

Numbers

Land:	£1.1m
Build cost:	£3.2m
Total costs including all acquisition, build and fees:	£4.7m
Sale:	£5.5m
Profit:	£800,000

Timescales

Bought the land:	December 2016
Got full planning permission:	August 2017
Started on site:	August 2017
Build finished:	June 2018



TEAM

We use the same professional team of architects, surveyors, health and safety executives etc for each of our projects. As well as building up a loyal team of sub-contractors.

We have project managers that deal with the day-to-day running of the site and procurement of materials etc all the way down to the labourers on site who are tasked with keeping the site spotlessly clean, in turn creating a safe and pleasant working environment.

SELLING THE HOUSES

Usually we sell the houses off plan. We get CGIs done and market them before they're even built. But this site was different. The railway line directly behind it and the road in front could have potentially put buyers off, and I didn't want people to drive there and be put off by the area before they'd seen the product. So I decided to complete the build before putting them on the market.

The units were priced between £300,000 and £450,000, which is cheaper and much better value for money than other house builders in the area. In fact, the majority of prospective purchasers have commented on the exemplary finish and value for money compared to other sites available in the area.

RED TAPE

The biggest learning curve with new build is that everything takes twice as long as you think it's going to take, but that's just how it is in this industry. There were always delays with refurbishments for one reason or another but usually just waiting on materials. New build, however, is a whole new ball game and there's a lot of red tape and hoops to jump through. Planning can be

time consuming and then you've got Section 106, which is an agreement with your local council that you are going to supply affordable housing in accordance with their affordable housing criteria.

"Everything takes twice as long with new build"

Once you acquire full planning permission, there are still a lot of pre-commencement conditions you've got to meet before you can start your build. Your timeframe is in the council's hands and the case officers work three days a week at best, so there's not a lot you can do, and this can get extremely frustrating. You just need to account for the delays in your initial costings.

THE JOY OF SECTION 106

The Section 106 contribution can be quite complicated but put bluntly it is the contribution of how many units or a monetary sum you agree with the local authority (LA). The majority of LA criteria states that after a certain number of units you build you are to make a 30% affordable housing share. These can be in the form of social rented or shared ownership, which can usually be sold to a registered provider for anything between 60% and 80% of open market value.

On this one, it had been pre-agreed that five affordable apartments would be offered as social rented accommodation. This can be problematic, as they need to be in one block and they can also decrease the value of the homes around these units. However, as this had been signed by the vendor before I purchased and had already been approved by the council, I was going ahead with it.

The problem we faced was that none of the registered providers in the area were interested in buying only five units.

We contacted about ten or twelve and kept getting the same feedback, *"Anything less than 10 is not viable for us to take on."*

I struck a deal with an affordable provider who would offer us 80% of market value for shared ownership units. So we went back to the council and amended the Section 106, from social rented to shared ownership – via a Section 78. They came on board, but they couldn't agree the terms of the Section 106 and nomination agreement with the affordable provider. The provider and West Berkshire Council have been arguing about it for around nine months. The infuriating part is that although we had sold homes the purchasers were not allowed to complete on the purchase or move in due to the stipulations of the S106 agreement which states 'the land for the affordable must be transferred to the registered provider and nomination agreement satisfied before any occupation of the privately sold dwellings was permitted'. I found this to be completely absurd, and it created a huge problem for us. Purchasers were forced to pull out due to their mortgage offers expiring. It was a nightmare.

"Section 106 took us nine months to sort out"

As you can imagine, that slowed us down dramatically and cost us a small fortune. It was very frustrating because it's been out of our hands for the most part, so we just had to sit and wait. But I'm happy to say it all worked out in the end and it's certainly safe to say I learned a lot about Section 106 and affordable housing through this process.

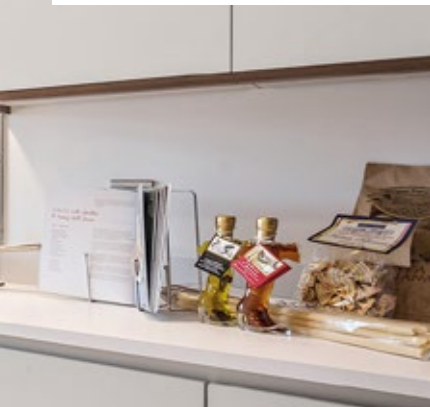
STRESS LEVELS

No matter which field you are in, every successful person experiences some anxiety and stress along the way, because they want to perform well and exceed their expectations of themselves. I have had copious amounts of extremely stressful and anxious times and a lot of sleepless nights. I've been terrified of what's around the corner, but what I've learned is that if you have an interest in something and you want to excel at it you need to harness these emotions and energy and use them to help you progress.



TOP TIPS

- Know your market
- Do your appraisal 10 times, and then do it again. Ensure your figures are correct
- Know your debt partner (bank or specialist finance)
- If retaining, calculate your returns over the period you plan on holding
- Know your exit
- Get involved. Just get out there and do it.



**CLICK HERE TO LISTEN
TO THE FULL INTERVIEW**

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THE FAMILY BUSINESS

35 YEARS IN THE BUSINESS AND STILL GOING STRONG, THE MORGAN FAMILY SHARE WHAT THEY HAVE LEARNED AND THE SECRETS OF LONG-TERM SUCCESS

Interview & words: **Angharad Owen**

35 years ago, Miles Morgan started Beaumont Homes. He began with conversion projects and refurbis, and eventually moved into land development. For the past 20 years, the business has focused exclusively on residential developments and strategic land investments.

Now, Miles is semi-retired and is no longer involved in the day-to-day running of the business. He is as involved as he wants to be, mainly taking on a role of consultant when necessary, having left the business in his children's capable hands.



PLANNING OR NO PLANNING?

When buying land, Edward explained that their preferred strategy, albeit not exclusively, is to buy land without planning in place using an option contract, or to make an offer subject

to planning. However, if they do find land that already has planning permission, there needs to be an angle for improvement for them to consider it.

He has found that land with planning often has one of three issues. It is either overpriced, and therefore they cannot meet their profit requirements, the design of the proposed builds doesn't work well for a developer, or there are technical issues surrounding the planning.

"Much of Edward's time is spent sourcing. He sends out letters to landowners and is always looking for opportunities."

However, most developing opportunities come their way due to their local knowledge and presence. When a suitable piece of land is found – assuming it doesn't already have planning permission – he hopes to negotiate an option agreement with the owner. This enables them to design the development and take it through the planning process, before being committed to purchasing the land. Only if planning is granted will they follow through with buying the plot. In the past, planning was done in-house,

with Edward designing the buildings. However, as the company has grown, it has been outsourced to planning consultants and an architect, who work with Miles and Edward to get the applications approved.

WHAT ARE THEY LOOKING FOR?

The family live and work in the Bristol and South Gloucestershire area, and therefore know their locality very well. All their projects have been in a one hour radius around Bristol. Having local knowledge helps with knowing who will want to live in a typical area. They know the city and surrounding areas like the back of their hands. However, if they are ever unsure of who their buyers will be in an area, they speak to agents and use their gut instinct.

The main things to consider when looking for land to develop is that it is within a village or town boundary, and that it has some decent access. Most of the research can be done through Google Maps. If the plot ticks these two boxes, then Edward conducts some title searches. It is a quick and simple process to get an idea on whether a site will be viable or not.

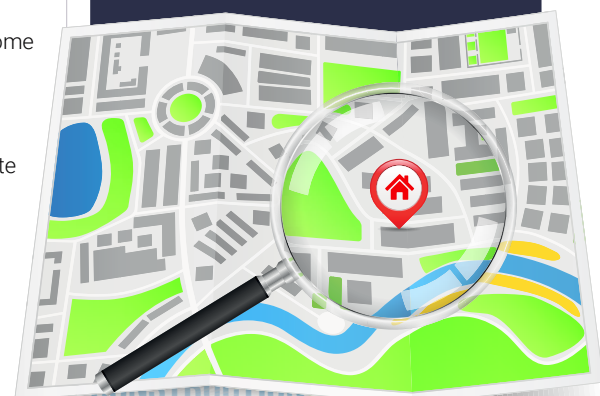
Ideally, they would like sites big enough to fit multiple dwellings, but they are not limited by this if the right opportunity comes along. For example, their projects include large city-centre commercial conversions, to a large detached house with plenty of grounds.

BACKGROUND

Edward, Mile's son, joined the family business after leaving school at the age of 16. He studied part time to achieve a construction management degree from University of West England, and went on to become a member of the Chartered Institute of Building.

He oversees the development side of the business, alongside his brother Bradley, who has a BSc in Construction and is also a member of the Chartered Institute of Building. Bradley is the construction director and project manages every project. His sister Charlotte has a BSc (Hons) in Business Management and although on maternity leave at the time of writing, is the financial director and the appointed health and safety person. Edward's main roles include finding land, negotiating contracts, planning applications and securing new work.

As the family have a construction background, they prefer having direct control over projects, as principal main contractor. Not only does it save time and money as projects don't need to go out to tender, but they are a firm believer in that no-one would be able to do the job as well as they can.



Edward prefers to use traditional construction, as they believe it is the best way to build a house. Although in the past they have used other methods of construction such as timber frames, for ease.

Their main benchmarks are that all houses are finished to a standard where they would be happy to live in, and the exterior design must be in-keeping with the surrounding architecture, to create positive kerb appeal.

CASE STUDY: THE WALLED GARDEN

This piece of land was within the Bishop of Bristol's estate, behind the Bishop's residence. It was sold by the Church of England, and therefore there was a long process of negotiation.

Beaumont Homes teamed up with another company to create a joint venture agreement to purchase it. Their partner provided the cash to buy the site, and Edward and his team provided a turnkey construction and development service under a JCT contract.

The land was originally designated for church use, and the original planning application was for accommodation for the clergy. But the CoE made the commercial decision to sell it. After purchase, Edward revised the plan. Most of the changes were internal so another planning application wasn't needed.

The site was in a listed setting and therefore there was a conservation officer involved during the alteration of the plans and the build. The land was an old kitchen garden, and was surrounded by Grade II listed walls, meaning they couldn't be knocked down without permission. But the site was surrounded on four sides and they needed to find a way in.

The conservation department had to approve the final design. They wanted it to reflect the history of the land, and for it remain looking like a garden. As a result, the houses were pushed back against the walls and there is a large green area in the middle of the development.

They also designed it to be as sympathetic to the location as possible to showcase the listed setting. The two-hundred-year-old walls surrounding the plot were made from natural stone, and needed to be repaired and repointed as over the years the mortar had been washed out. This involved a lot of remedial work, which needed to be inspected by the conservation officer.

The repairs needed to be done using a lime mortar and a course red sand blend, which they found from a specialist supplier in Bristol.

CASE STUDY 1

The Walled Garden Development Winterbourne, South Gloucestershire

Type of property	3 detached executive homes in a listed setting.
Purchase price	£350,000
Open market value	£500,000
Purchase/ Acquisition costs	£15,724
Funding method(s)	Joint venture
Deposit paid	£35,000
Amount of funding	£315,000
Borrowing rate(s)	Profit share agreement
Monthly mortgage/ funding payment	Rolled up to the end of the loan
Total money in	£375,724
Personal money in	£0

COST OF WORKS

Duration of project	15 months
Planning costs	£0 – Full planning on purchase
Total costs	£1,265,281

VALUATION & INCOME

Post-works valuation	£1,800,000
Sale price	£1,727,000
Profit	£291,102



CASE STUDY 2

Kelston View

Type of property	6 detached new build dormer bungalows
Purchase price	£900,000
Open market value	£1,100,000
Purchase/ Acquisition costs	£945,000
Funding method	Development finance
Deposit paid	£100,000
Amount of funding	£1,750,000
Borrowing rate	8% APR first charge lender
Funding payment	Rolled up to end of loan
Total money in	£1,750,000
Personal money in	£500,000

The stone walling on the properties needed to match the surrounding walls, which meant sourcing some more local stone.

The stone wasn't easy to find, as many of the quarries shut years ago. The only way to find them was to visit local farmers. Luckily, they found someone who had recently built a new silage pit and had dug up a lot of stone during his works.

A team were sent to pick stones of the right size and shape, fill up skips and take them back to site, where a stonemason prepared them and rebuilt the wall.

However, the main reason the land was problematic and Beaumont Homes were able to secure the land below market value was because Japanese knotweed had been noted on a survey in isolated spots, which had frightened off many of the other potential buyers. As a result, the plot wasn't mortgageable.

Getting rid of the plant is easier when on an empty site. The specialist contractor they employed hired a 25-tonne excavator to strip the contaminated part of the site. The plants were chopped down and taken away in contamination bags to be incinerated. The tainted earth was dug up, all the way down to the rock. The earth was put through a sieve to filter out the knotweed, which were also taken away.

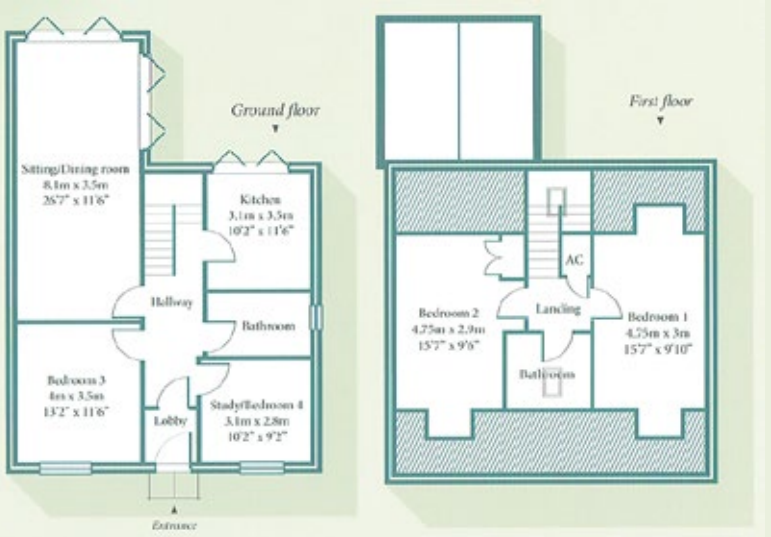
The entire site was then sprayed with a powerful weed killer. The specialist Japanese knotweed removers conducted periodical inspections throughout the build to ensure it hasn't come back. As part of their warranty, they will check the site annually for the next ten years.

However, the process of getting rid of the pest wasn't cheap, as the specialist removal and the warranty totalled just over £40,000.

CHALLENGES

Every site has its challenges. One of their projects (not featured as a case study) was purchased with planning permission for four detached bungalows. At the time of interview, they have currently built three. After trying to get an additional plot for another bungalow, it didn't work out and have recently started work on the fourth.

The problem with the site was that it was an old Methodist church with planning, which had a covenant on it that restricted any development of the site.



COST OF WORKS

Duration of project	18 months
Planning costs	£25,000
Planning duration	14 months
Total costs	£2,250,000

VALUATION & INCOME

Post-works valuation	£2,550,000
Sale price	£2,700,000
Profit	£450,000



They had to track down a previous owner to release the covenant. To do so, it involves a long process of negotiation as there is often no set fee. It's highly likely that the negotiation won't go anywhere, as those who set the covenant may demand an unrealistic price. But Edward managed to negotiate the price and work it into their offer to purchase the land.

They risked their time and effort, but they had to reflect it in their purchase price to still make a profit. The three properties already built have been sold, and they're going to start development of the final plot in the next month or so.

HOW DO THEY FUND IT?

When Miles was starting out, he was just using his own money that he had saved up through setting up a side business selling oil paintings.

Back in the 1970s and 80s, factories in Hong Kong could produce oil paintings to order for a very cheap price. Miles got in touch with the Chinese embassy, who subsequently put him in touch with a factory.

He imported paintings and sold them by hosting exhibitions and advertising in the local newspaper. Doing this allowed him to save enough money to buy a wreck of a house that was unmortgageable. He refurbished and sold it, creating a good profit. He rinsed and repeated, converting old houses in the centre of Bristol into flats, each time using the profits from his previous project to buy the next. He built up his business slowly and continued doing this for many years. This enabled him to purchase strategic land holdings and farmland suitable for planning gain.

But when the recession hit in 2009, Beaumont Homes were halfway through two developments. Like other developers, the banks had pulled their funding which meant that they had to put in a lot of their own personal money to finish them. But because the market had fallen, the houses sold for less than anticipated.

Because of this, there was now less equity in the business, so they started looking at other methods of finance. Since then, they have worked with secondary lenders, joint ventures, private investors and crowdfunding. Although they're back in the same position as they were pre-recession, they prefer to continue working with other people. If anything goes wrong, Beaumont Homes has the cash reserve to steady the ship.

Their good track record of never failing a development, exemplary principal contractor performance along with having built strong relationships with investors, Beaumont have no problem raising the rest of the funds for their projects.

A typical Beaumont development is generally around £3m GDV, and a standard development lender will lend up to 65%



CASE STUDY 3

Bradley House

Type of property	24 apartments commercial to residential
Purchase price	£1,500,000
Open market value	£1,800,000
Purchase/ Acquisition costs	£1,600,000
Funding method	Development finance
Deposit paid	£300,000
Amount of funding	£3,120,000
Borrowing rate	8.5% APR first charge lender
Funding payment	Rolled up to the end of the loan
Total money in	£3,120,000
Personal money in	£830,000

COST OF WORKS

Duration of project	18 months
Planning costs	£35,000
Planning duration	8 months
Total costs	£3,950,000

VALUATION & INCOME

Post-works valuation	£5,400,000
Sale price	£4,800,000
Profit	£850,000

To secure development finance, the project must achieve at least 20% profit. However, it varies from project to project. For external situations eg a recession or Brexit, it could end up with less of a profit margin. If they are working with a JV partner, Edward may consider a smaller profit percentage as they haven't provided much of their own money.

Build costs are usually around £180 per square foot, plus a 10% contingency for their standard specification. This varies between developments, as flats will naturally have a lower build cost per square foot whereas premium houses will have a little more.

HAS BREXIT AFFECTED SALES?

Brexit has without a doubt influenced their business. Although some developments will always sell due to their locations, others aren't so promising. If a development is in the wrong price bracket, or the demographics aren't quite right, Brexit has slowed down the sales. In their area, dwellings for sale under £350,000 are performing best.

It wasn't possible to predict Brexit. In 2016, they were in the middle of developing a site. They are finding that sales are taking longer than projected and they are having to accept lower prices.

There will always be something unpredictable in business, and they must be resilient and able to take it on the chin. Some projects will go better than expected, and others will do the exact opposite.

LOOKING TO THE FUTURE

Edward's confidence in the South West market has returned during 2019. So far, all completed properties across three separate developments have sold.

Over the summer, Beaumont Homes are beginning work on three new developments of multiple dwellings, and are principal contractor of a build of eight apartments with grounds, for a client on a JCT contract.

They also have planning applications submitted for multiple sites, and many option agreements being prepared for others. Edward and his team are always interested in building their pipeline of work.

Over the next five years, they hope to increase their knowledge and involvement with crowdfunding and JCT contracting presence throughout the South West. To this end, they are actively expanding the main contractor side of the business and aiming to establish solid relationships with landowners and developers, where they can offer joint venture and main contracting opportunities. They are also looking to connect and work with more high net worth individuals and pension schemes.

With these objectives already under way, they are planning to carry the success of the business forward for the next generation of the family.



ADVICE TO OTHERS

Get a lawyer

Preferably a specialist commercial lawyer who is an expert in property development and construction. They will save you from making any dangerous mistakes, because there are many that could be made in the minefield of legalities.

Know your costs

Be clued up on the build and development costs. If you're not from a building background, you need to try and pick up some of that knowledge. Consider employing a QS, or JV with an experienced main contractor – not your mate from the pub!

Be patient

A bit of patience can be so rewarding. Edward tries to be the underbidder in an auction, so when a deal falls out of bed with the first bidder and it comes around for a second time, he can pick it up for even less than it originally sold for.

Don't listen to estate agents

Although they can have great insight to the market, if they are selling a site they will often tell you what you want to hear. You need to make your own mind up. Know your end values and get some good comparables.

YPN SAYS

Embarking on a new build development is not for the faint hearted because, as these developers have discussed, there are many things that can and do go wrong. It's essential to crunch (and re-crunch) your numbers carefully and to have the right power team in your corner to ensure your project is delivered smoothly.

In many of the case studies we considered, it's very difficult to engineer different exit strategies as the homes created are of too high value to "stack up" to rent out if the properties do not sell. Because of the length of time involved in new build developments the market can shift significantly and it's essential to have an understanding of the micro property market and build in a contingency so you won't lose money if you have to reduce prices to achieve sales.

Whilst there are definitely factors to be aware of, there is no doubt that new build developments are incredibly exciting and can be extremely rewarding. It's been an absolute pleasure creating this article with these inspirational developers.



GET IN TOUCH



Website: www.beaumonthomes.co.uk

Facebook: **Beaumont Homes**

Linkedin: **Beaumont Homes / Edward Morgan**

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CLICK HERE TO LISTEN TO THE FULL INTERVIEW

HOW TO GET STARTED IN THE NEW BUILDS BUSINESS

By Susan
Alexander

Two current case studies and some really valuable insights to help you get started in new build property projects.

In this article I'll share some, hopefully, valuable insights from my own personal experience to help you succeed with getting started in new build projects of your own. I'll talk you through two projects I'm working on – a new build apartment development and a new build townhouse scheme.

Case study 1: New build apartments project

I found out about this particular plot on a plot-finding website that allows owners to advertise their own plots for sale. It's often the case that good opportunities aren't advertised openly. The owner had previously tried to sell it on the open market but for a number of reasons it hadn't worked ... which made me think from the word go that an opportunity might be in the offing.

The advert explained that the site previously had planning permission for 14 new townhouses. And, as it was already in my area, it immediately got me a lot more interested!

The site had been cleared a number of years ago and was now an empty, derelict plot of land. Or rather, it had been derelict since an old mill on the site burned down several years before. It seemed to be a genuine blank canvas and absolutely perfect for a new build project.

IT PAYS TO DO YOUR RESEARCH ... AND TAKE EXPERT ADVICE

No matter how good a project seems, it pays to do your research, research and more research first. I did some digging, looked at the historical planning applications and spoke to some neighbours. Closer inspection revealed that a nearby river could pose a flood risk, which could lead to some high build costs. Another possible snag was that the 14 new houses planned weren't really ideal for what was effectively a town centre site.

I asked myself: what could we do better?

Next, I talked to a planning consultant and a couple of architects to get a broad perspective on other people's thoughts for the site's potential. Planning consultants understand what you're likely to get planning permission for, as well as some of the potential constraints, so they are worthwhile having on your team.

I enquired as to the likelihood of a new build apartment development, as I thought that might suit the site better. And a little bit more research revealed that there was a strong possibility that the planners would approve a scheme like this.

However, we had to move quickly prior to submitting a planning application as the local authority were already in talks about changing the development boundaries, which would have made it much harder for us to obtain permission. I would never have picked up on something like that as quickly if I hadn't had discussions with my planning consultant.

Now things started to get exciting! I went back and negotiated with the owner.

Rather than buying the site outright I did an option agreement with them. Option agreements can be a very good way to reduce the risk with a project. It gave me the option to buy the site within ten months – with a view to obtaining planning permission for the site prior to purchase.

WHAT YOU NEED TO KNOW ABOUT ... BATS

The next step was to consult with my selected architect and planning consultant to establish the best scheme. We set about putting together an application for a new 44-apartment development.



But there were a couple of issues I hadn't anticipated with this kind of plot, which shows that it is important to be well prepared, have a realistic timescale and see every problem as an opportunity. Every project can be a learning curve, even when you already have previous experience.

One important task was to put together a consultation plan. As you can imagine, 44 apartments have a very different impact on the vicinity compared to an empty, albeit unattractive, plot of land. Or even compared to the previous application for just 14 houses. You need to consider the impact on the area and consult with the neighbours.

But another task that took me a little by surprise was the need to conduct a bat survey. Yes, a bat survey! Although it was an empty site – a blank canvas, as I thought – it turned out that one of the trees on the site, none of which were protected or had been there for hundreds of years, had potential to be a bat roost. Thankfully, no bats wanted to make this their home-from-home, but the survey did hold up the process for three months.

Fortunately, this wasn't a problem for me. I was flexible and had an ample timescale. But you can see if you were not expecting it, then it might be. So, as I always say, it's important to be prepared ... and be prepared for the unexpected!



Case study 2: New build townhouse project

Let's flip over to the new build town house scheme. Here, I'll reveal a little more about the all important tendering process with a new build.

This, as it happens, is another project I found off-market. The site comprised an old engineering stores works, which had been empty for 20 years. In this case, planning was slightly different because there was already a building on the site, and no bats! It should have been more straightforward ... so it seemed.



UNEXPECTED PROBLEMS CAN HAVE SIMPLE SOLUTIONS

The unexpected complication encountered with this site was that it is located on quite a narrow road, with an apartment block on the other side. Now, as there was already a building here, you wouldn't think that would be a problem.

But it involved a proximity issue. It meant that the bedroom windows of the new build would look directly into the windows of the existing apartments – a huge no-no in planning terms.

Again though, having experts with a positive approach around me led to a solution.

The plans were tweaked to change the angle of the windows in the new build, so they didn't look directly across to the other apartment block, keeping everyone happy and getting the all-important planning permission.

THE TENDER AND CONTRACTING PROCESS ... HOW IT WORKS

Now let's look at what happens once you've got your planning permission approved. The tendering and contracting process when working with builders.

By the way, you might be wondering ... is there a difference between new build

houses and new build apartments? The answer is yes, so far as the building work itself is concerned. But the planning and preparation for either kind of project is basically the same.

At planning stage, the drawings are normally outline plans from your architect. To move on to the next stage, you'll need to get more detailed drawings done for building regulations and to prepare a full specification. In many cases, your architect will need structural engineers to help with this, to ensure for example the load bearing technical specifications are correct.

You might also need help from other experts, such as with SAP (the Standard Assessment Procedure) to assess the energy efficiency of your building to ensure it complies with the required standard. Similarly, you are likely to need help with the mechanical and electrical specifications.

Don't worry too much about these though, as your architect will normally be able to obtain quotes for this work, and to co-ordinate the information to bring the detail of the drawings together.

Once you've completed all that you can start to look at contracting with a builder.

DON'T JUST PREPARE ... PRE-PREPARE

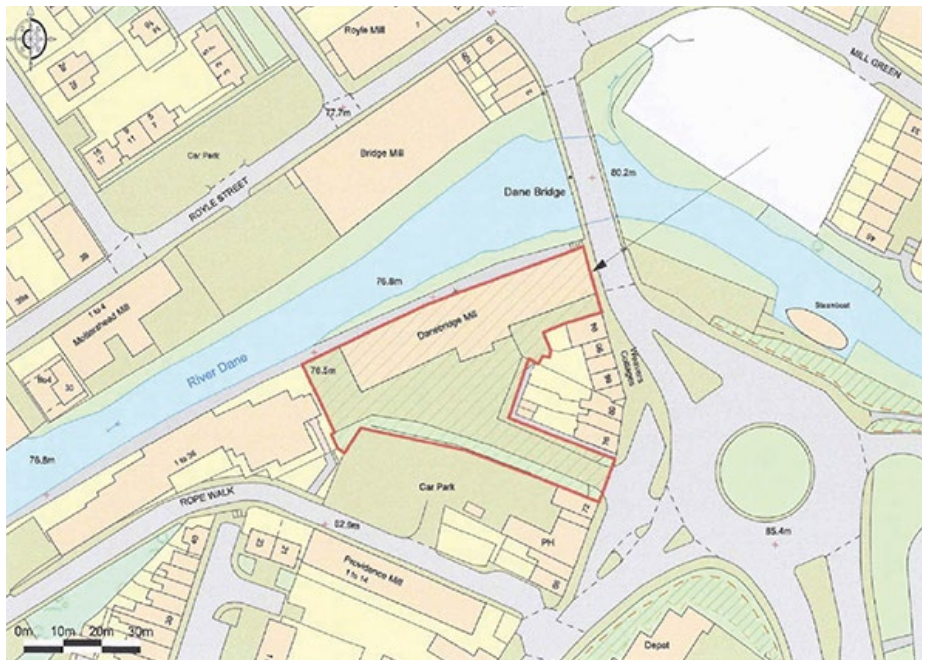
Not just preparation, but pre-preparation is important here. Here's what I mean by that: the scale of your new build project will depend on how many builders you might want to obtain quotes from.

Be sure to tell the builders both when you expect to go out to tender and when you expect to start your build. I'd suggest you engage with up to ten builders on a new build project initially, and I know that sounds like a lot!

By contacting them ahead of time with your tender dates and expected start time for build, you can start the process of elimination. Find out which builders want to tender and know that they will have the availability to build when you are looking to start. Doing so will give you greater likelihood of keeping the commencement of your new build project on track.

If you contact ten, you might find six who can work to your timescales and want to quote. In the end, you have a fair chance of getting at least four quotes back in time. This will help you not only get the best price for the job, which is of course important. It also gives you the best chance of getting the most suitable builder.

Bear in mind that if you omit to include something that you wanted, it won't be included in the builder's costings. That means there will be an extra cost involved at some stage and, potentially, a cost and time overrun.



Another point to note. There is a minimum period of two weeks required for the builder to set up the site and carry out all the Health and Safety requirements, before they can start the build. Only then can you take the first steps toward turning your original idea into fully completed new build houses or apartments for people to move into.

As you can see, there is always something new to learn when embarking on a new build. And sometimes that can throw up unexpected problems. But, please, don't let that put you off. At the same time as being challenging, a new build project is a very exciting and rewarding project. It can really develop your business and property skills. See any problems not as a headache, but as a step on your journey to becoming a successful property entrepreneur.

I hope you've found these insights from my own experience helpful and interesting. remember, if you're considering becoming involved in new builds or investing in any way – we can help you succeed on your property investment journey. Don't hesitate to contact us here at The Property Mentor. You can book a free coaching call at www.thepropertymentor.com or contact us on 01244 760213.



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SAFETY AND THE GOVERNMENT'S PIECEMEAL POLICIES

June 14th 2019 marked the second anniversary of the Grenfell Tower fire, when so many lives were lost as a consequence of cost cutting and poor government policy.

Ahead of the anniversary, campaigners projected messages on high rises across England, saying they are unsafe. Apart from a dangerous cladding message, another message said that fire doors are not fit for purpose, and this was all very disheartening to read.

It got me thinking about safety in rental properties and my annoyance at the piecemeal and fragmented way safety legislation is rolled out.

Surely, when it comes to safety, every home occupier (owner or tenant) should be subject to the same rules and regulations. They are – I hear you shout – aren't they? Emm, no!

If you are a landlord, it is a legal requirement to have a gas safety check done every 12 months and get a gas safety certificate (CP12). It serves two purposes:

- 1 **Check that gas appliances (boiler, gas fire, hob) are safe**
- 2 **Check that carbon monoxide (CO) emissions are absent**

Are homeowners legally required to get an annual boiler/gas appliance check done? No. Although it is strongly advised that homeowners do so. But why the dichotomy? People are still people, after all and homeowners are just as likely to have kids as tenants.

I'm not sure, but most homeowners I know don't bother. (My house is done annually via a British Gas Homecover policy, which includes a boiler service. No gas safety certificate is issued though, because it's not a legal requirement.)

One of the procedures done as part of an annual gas check is to check for CO emissions. But what if there is an issue with CO the day after the engineers have signed everything off as safe?

That's tough, and you'll just have to inhale it for the next 12 months until the next annual check ... and hope you survive to tell the tale (BTW, its odourless).

Of course, the solution here would be to install a CO detector. What a great idea, as homeowners will then be following the same regulations as tenants as far as CO detection is concerned. Actually, this is not the case because having a CO detector in your rental property is not a legal requirement – just good working practice and good duty of care.

Before someone corrects me and says that the requirements for CO detectors became law in 2015 – that's not entirely correct.



A CO alarm is required in any room burning solid fuel (coal, wood, cow dung etc). Having a boiler doesn't count as solid fuel and I'm guessing that most rented properties have gas boilers.

Why then, doesn't every landlord install a CO detector in every rental property? Firstly, because it's not a legal requirement, and secondly, it's considered yet another cost that landlords could do without.

Why don't the government just make it a legal requirement and end the uncertainty, instead of successive governments introducing safety policies piecemeal? Not sure, but this type of policymaking has confused me for some time.

We made the decision a few years ago to get ahead of the regulatory curve and had CO detectors installed in all our rental properties. Especially the ones where tenants were burning cow dung (solid fuel – just kidding).

Many landlords will whinge and moan about these extra costs whilst, at the same time, considering tenants as valued customers ... what a glaring contradiction! Most will

merely cite operating within regulatory guidelines, which is true.

Incredibly, the requirements for smoke alarms in rented properties (one per landing) only became law in 2015. What a wasted opportunity for the government to insist that smoke alarms are hard-wired/interlinked.

When the battery runs out and the unit starts beeping, the tenants will just throw the battery out. Or worse still, they'll use the 9v battery to power up little Johnny's Christmas present.

My wife once did a six-monthly property inspection where we used to have battery-operated alarms, and you'll never guess what? The tenants had removed the entire alarm because the defunct battery was causing a nuisance!

For clarity, the landlord is only responsible for installing the alarm and the tenants have responsibility to maintain them.

Landlords and agents only have the legal responsibility to check that the alarms are working on the first day of the tenancy. Sadly, many agents simply hand the keys over to tenants when they come to their offices to collect them on the day of move-in.

It's likely that hard-wired smoke alarms will come into play in a few years' time as part of the government's piecemeal policy.

I can't let gas regulations have the spotlight though ... how can I leave electricity behind? The current government is considering making an electrical inspection condition report (EICR) a mandatory requirement.

Raj, surely you don't mean that properties can be rented out and not be certified as electrically safe and up to regulatory standards? That is exactly what I'm saying. As with CO detection, it's very much a case of good duty of care or good working practice, but not a legal requirement to have an electrical certificate.

I don't know how many cases have ended up in court relating to what I am ranting about in this article, and I'm also not sure how many landlords have been prosecuted for not showing duty of care.

But most of the measures that I have mentioned (hard-wired smoke alarms, CO detectors and an EICR) are straightforward, cost effective and will help you sleep better at night.

RANT OVER

Raj Beri



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FROM CARING TO SHARING!

CONVERTING A CARE HOME INTO A 40-BED HMO

BACKGROUND

Sisters Claire and Amie's interest in property began shortly after leaving school. While they were growing up, their father ran a furniture shop, but started to invest in property and build a BTL portfolio.

After graduating with an IT degree, Claire found a job in an estate agency. She thrived in the fast-paced environment of sales. She worked throughout the property boom and was selling, on average, 13 houses a week. After working at the agency for two years, their father persuaded her to join him in growing his property business.

On the other hand, Amie left school to enrol on an advanced art and design course. After graduating, she started working at a jewellers. She quickly progressed in her role, and by the age of 20 she was a store manager. She attained her jewellers diploma and applied for a job within the interior design and store layout team.

The promotion included a relocation to London, but she turned the job down after discovering she was pregnant.

She approached her dad, as she knew she could help drive their property business forward. He urged her to write a business plan, and tried to discourage her from joining by outlining everything that could go wrong. Undeterred, Amie chose to join the business, with the goal of project managing HMO conversions.

Much of what they know now is either self-taught or passed down from their dad.

Although he was new to the property industry, he was able to apply what he had learned from his past furniture business. Over the years, all three have attended property-specific courses, including Rick Otton's commercial contracts, HMO Daddy and Progressive's deal packaging.

Just like many other property investors, the business started with BTLs. By the time the sisters started working with John, the portfolio had grown to almost 50 houses. But money was drying up quickly, and they started looking at high-income strategies. They looked at HMOs, and opened their first one in 2008.



Dad, John



Amie

Claire

THE PROJECT

Although their biggest yet, this featured project was not Claire and Amie's first commercial conversion. After they had completed their previous development of converting an office into a 33-bed HMO, they got the taste of conversion and wanted to go bigger.

This care home had been empty for nearly three years before Claire and Amie purchased it. Due to the constant changes in legislation and necessary upgrades in the care industry, the owners could no longer keep up and had relocated their residents to a new site.

The care home had been on the market for some time. The initial asking price was too high, and many buyers had previously fallen through. It had planning in place for 15 apartments, but after some calculations, the current plan wasn't feasible. They decided to run some figures based on converting it into a large 40-bed HMO split over four flats, and it suddenly became a viable project.

By this point, the vendors were willing to negotiate not only on price, but on the structure of the purchase.

They agreed to exchange subject to planning. The vendors signed an exclusivity agreement to take the property off the market. Claire and Amie also negotiated a delayed completion to give them time to gain planning permission for an altered plan, and the purchase was completed once the application had been accepted.

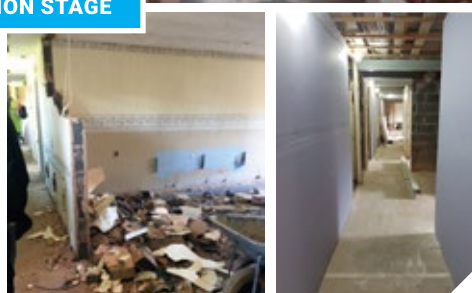
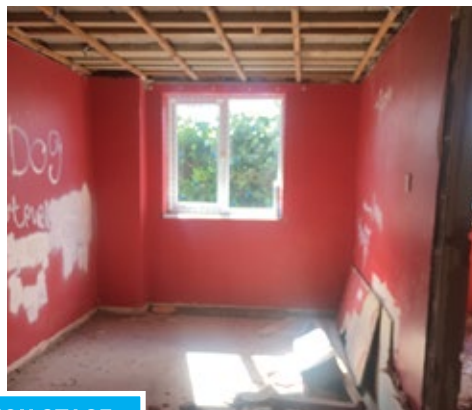


BEFORE



HILLTOP LODGE SWADLINCOTE SOUTH DERBYSHIRE

Type of property	Ex-care home for the elderly
Property history	For sale with planning for 15 apartments and a Section 106 agreement for £101,051.27
Strategy	Conversion into sui generis HMO cluster flats
Purchase price	PP: £400,000 Exchange with 5% deposit and delayed completion including purchase instalment payments for 15 weeks to obtain planning for our use.
Open market value	£600,000
Purchase/ Acquisition costs	£414,722.30 PP: £400,000 Stamp: £9,500 Legals: £9,276.30 (this incl lender's solicitors fee)
Monthly payments agreed	Purchase Instalment Element: Monthly instalment payments of £1,300. This was to be used to pay the seller's mortgage on the property. Any repayment of the capital element was to be recorded and deducted from the purchase price.
Funding method(s)	Cash funds for deposit, purchase instalments and all associated planning costs.
Deposit paid	5% on exchange £20,000 then a further £4,300 as instalment payments.
Amount of funding	£1,018,000.00 for purchase and development
Borrowing rate(s)	0.95% PM
Monthly mortgage/ funding payment	Rolled into the loan
Total money in	£1,195,284
Personal money in	£177,284.00 + undocumented time for our own time and that of our existing employed staff.



PLANNING PERMISSION

Claire and Amie worked with a planning consultant who submitted a pre-app. He had spoken to the council to find out what they wanted before submitting the planning application. The council's main concern was crime, and some of the neighbours had voiced this worry too. The access to the property is a dark street behind other houses. It's a very private area, and people were nervous about possible anti-social behaviour.

However, despite these concerns, the area has little trouble with crime and anti-social behaviour. Claire and Amie addressed the anxieties by installing CCTV and 24/7 lighting around the building.

Some councils still worry about HMOs because they have had a negative stigma in the past, not helped by rogue landlords.

"This business has changed a lot and you have to be really proactive," Amie says. "The councils are still coming to terms with the fact that things have changed."

The local housing officer has become well-acquainted with Claire and Amie over the years, and knows that they provide good housing. He even put a letter of recommendation forward for them to help purchase the property.

THE CONVERSION

Inside, the property looked like it had been abandoned. Hospital beds, furniture and clothing needed to be cleared out.

But despite the junk, a bit of damp, grime, broken windows, boarded doors and a history of squatters, the structure of the building was good.

The property needed to be split into four separate flats, and therefore there a lot of the interior walls were knocked around. The bottom flat, which used to be the care home kitchen, needed the most structural work.

The other three flats are on the upper floor. The wings either side were easy to renovate from what was already there. It was well-laid out, and they only needed to open up two of the

Although the housing officer was highly supportive, Claire and Amie were asked to submit a management plan along with their planning application. It was a substantial pack that detailed who would be at the property, when they would be there, how the bins were going to be emptied and how the property would be cleaned.

The previous planning for the 15 apartments included a large Section 106 agreement. This meant that there needed to be a contribution of over £100,000 to the council. Luckily, their planning consultant managed to get it removed.

The use class of the property also had to be changed, from a C1 to sui generis. Claire and Amie's planning consultant had a good relationship with their council's planning officer, so there were no issues regarding the change of use. The previous planning permission, and the fact that a care home is considered a residential dwelling, supported their application.

Although a 40-bed HMO would double the amount of previous occupants, there didn't seem to be any concerns about traffic pressure. The care home contributed to local traffic due to visitors and staff, whereas many of Claire and Amie's proposed tenants don't drive.

Including the pre-app, the planning process took four months, during which the sisters were paying a monthly instalment towards the seller's mortgage. At the time of completion, the total amount paid over the four months was taken as part of their deposit.

Also, by the time they completed the purchase, the works had already been put forward to tender and the builders were ready to go on day one.

bedrooms to create a large kitchen-diner.

Claire and Amie worked with the builder and his team to find the best way to do the conversion without slowing him and his team down. The top three flats were finished at the same time, leaving the bottom one to be worked on last. Although they discussed finishing the flats one by one, it transpired this would have delayed the process.

As three flats were finished first, the rooms were let and tenants moved into the building while the works were still being carried out on the last flat.

Some of their tenants worked nights, and so as compensation they either had temporary rooms in other properties, or the lettings department carefully placed them in rooms where there would be as little disruption as possible.

PROJECT DURATION

- **15th March 2016** Head of Terms agreed
- **15th April 2016** Exclusivity Agreement signed
- **28th April 2016** Key undertaken given
- **26th June 2016** Exchange of contracts
- **9th September 2016** Planning consent approved
- **22nd December 2016** Purchase completion
- **27th March 2017** JCT signed with contractor to start works
- **3rd April 2017** Builders start works
- **16th October 2017** Flat 1 complete, tenants start to move in
- **Flat 2 End Nov** 73% occupied, last tenant moved in March 18 then full
- **19th October 2017** Mortgage valuation
- **16th December 2017** Flat 4 complete, tenants start to move in
- **22nd December 2017** Refinance completion

ANYTHING UNEXPECTED?

As with any project, they expected to have a number of unplanned problems, but everything went surprisingly smoothly.

The only major problem was towards the end of the project. Claire and Amie hired a mechanical and electrical (M&E) engineer to look at the building and check the incoming commercial gas and water supply. The M&E engineer advised them to be careful with how the heating, hot water and electrics were set up.

Some of the bathrooms needed electrical units for hot water, and during the build the odd unit had

been changed. During the last four weeks of development – three units were already tenanted – the gas board came to change the metre. It turned out it wasn't large enough and they would need a new supply.

With 30 tenants, and another ten due to move in, in four weeks' time, Claire and Amie couldn't afford for the gas to be turned off. They were looking at a two-month wait for the gas to be fitted, and at least a week without it.

They begged and pleaded with the company as they didn't want to let their tenants down. They got an appointment within five days and the metre was changed the same day. Two teams came in and turned it around very quickly, costing an extra £6,000.



TIME AND BUDGET?

The project was finished within budget, but they did have a delay of just over a month. There were small problems that needed to be rectified along the way that affected the finish date.

For instance, the ceilings needed so much stripping that it was easier for the builder to board and re-plaster them. This caused a delay of a few weeks. Other small delays, including consultation with building control, built up the delay further to be just over four weeks.

"But on the grand scale of things, that wasn't a lot of time really," Amie says. "We thought we did really well to meet that deadline as it was."



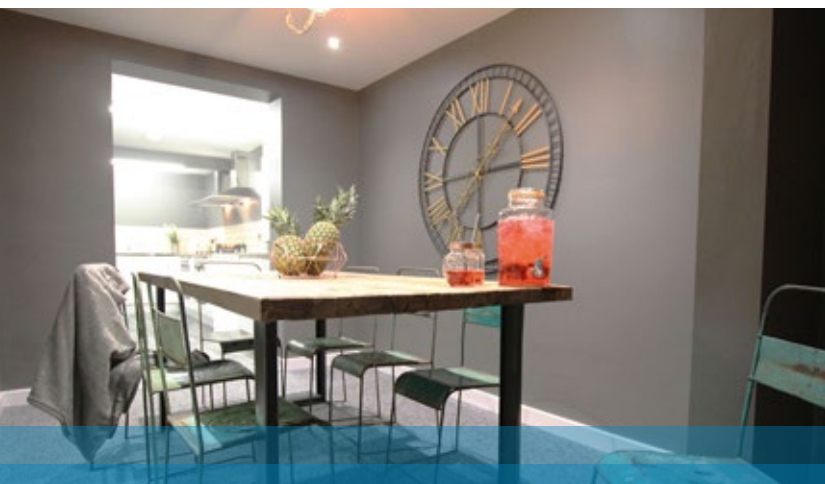
FINANCIALS

The open market value for the property was £600,000, and they purchased it for £400,000. Due to the structure of the purchase, Claire and Amie needed a 5% deposit of £20,000. This was funded by savings within the business and the equity released from their previous 33-bed HMO conversion.

The renovations were completely funded by development finance. They used a bridging lender who offered a 12-month 50% purchase and 100% bridge for the development. Upon remortgaging after completion of the project, they repaid the lender and got back their deposit and personal money invested at the beginning. The overall profit was £214,000.

The property was valued on a commercial mortgage based on income. To qualify, they had to have a certain number of tenants signed up, and the lender accepted some of the reservations for rooms prior to the project being complete.

The tenants started moving at the end of October, and it was full by December. There is a high turnover, but it is a high-demand area. They currently have a one out, one in procedure. Swadlingcote is a small industrial town that needs low-cost but high-quality accommodation, which is why the housing officer was very supportive of the project.



COST OF WORKS

Architect's fees	£18,900
Planning costs	£11,798
Planning duration	Four months
Quantity surveyor	Included in construction consultant's fee.
Asbestos survey	Demolition and Refurbishment survey: £1,134
Other costs	M&E drawings: £5,850 Highways consultant: £1,800 Principle designer/contract administrator and construction consultant: £28,618 Structural engineer: £1,500 Sound proof test: £1,500
Preliminaries	Removal of commercial kitchen.
Skips	£5,000
Site prep and demolition	Rip out, building block walls and fitting steels: £30,000
Drainage and incoming utilities	Drainage: £10,000.00 New commercial gas supply: £5,000
Superstructure	Cavity walls: £8,160 Plastering and materials: £98,130
Doors	£12,700
Windows	£18,037
Roof	£15,300
Plumbing	£76,253
Electrics	£111,100
Flooring	£22,794
Decoration	£48,135
Kitchen	£36,400
Bathroom	Included in plumbing quote
Floor & wall tiles	Included in total building quote
TV & WiFi	£733 WiFi and access points set up. Wiring included in electrical works
Externals	£25,000
Key system	£3,000
Alarms / CCTV	Included in electrical works
External lighting	Included in electrical works
Blinds / curtains	£1,753
Beds	£30,460
External furniture	£1,320
Total costs	£763,947

WHAT WOULD THEY DO DIFFERENTLY?

Well, they are planning on doing it all over again! Their next project is very similar, so they are in the fortunate position of being able to utilise what they learned on this project and bring it through to the next one.

Claire and Amie built a strong relationship with the consultants and are planning on using them again. It's essential to have a big and supportive team when doing large projects. They realised that they needed to get on with everyone as they were going to be working together nearly every day for a year.

The builders are included in this too, so it's vital to have a good relationship with them. Claire and Amie have a great rapport with them and were even taking biscuits and chocolates onto site regularly.

One of the major things they would do differently would be to look at a different locking system for rooms. For the past 11 years, Claire and Amie have used a master lock system for their HMOs, where there is one master key available for each house.

However, as the care home is such a high-intensity HMO, people are constantly losing their keys or not locking doors. Although it's great that their tenants are trusting of each other, the apartments are so big they may not know all their flatmates, potentially causing a security risk.

Installing a different locking system unfortunately wasn't within budget for this project, but they will be factoring in the additional cost for a card or digilock system for the next one.



VALUATION & INCOME

Post-works valuation	£2,050,000
IF SOLD	
Sale price	£2,050,000
Profit	£841,549
IF RETAINED	
Re-mortgage amount	£1,485,000
Rate	3.5% above Libor; we re-mortgaged in Dec 18 to 2.25% + BBR
Money back out	£214,716
Money left in	£0
Monthly income (per unit if more than one)	Total: £18,780.00 Unit 1: £4,593.00 Unit 2: £4,931.33 Unit 3: £5,100.00 Unit 4: £5,155.00
If HMO, bills inc?	Yes
Monthly mortgage payment	£7,704.23 Repayment we have now re-mortgaged in Dec 18 to £2,916.92 amortised loan
Monthly costs	£3,186.80
Net monthly cash flow	£7,888.97 now remortgage £12,676.28
% Return on money left in	No money left in





FAVOURITE PARTS OF THE PROJECT?

Claire's favourite part of the project was going in every week, speaking to the builders and seeing the progress as the weeks went by. Amie loved designing the house, as that's where her strengths are.

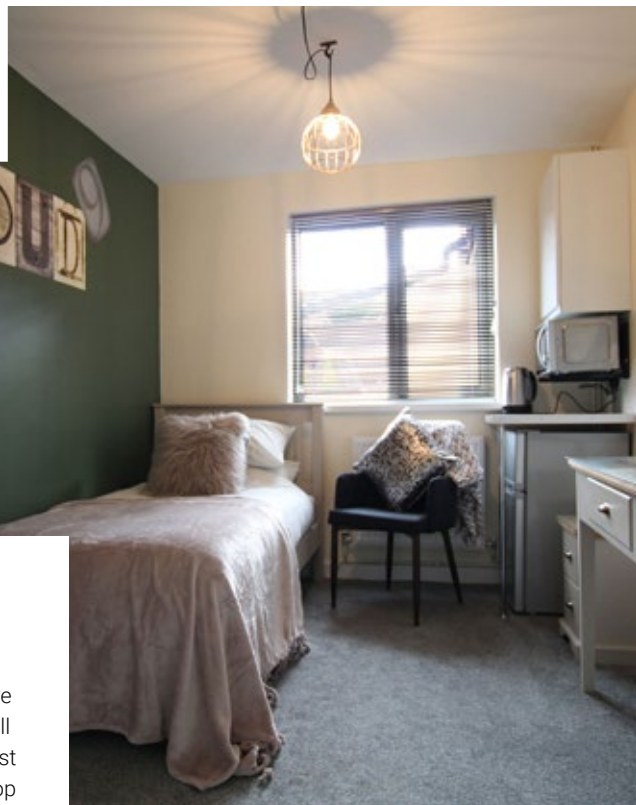
Of course, both love seeing tenants' faces when they see the finished product and are excited about moving in.

TENANTS AND MANAGEMENT

Tenants are usually range between 25 and 50 years old. The sisters have a good sales and lettings team who will speak to the tenants on the phone. The aim is to find out what their interests are, what they do for work, and to get to know a bit about them. This allows the sales and lettings team to carefully place each tenant with people they think will be able to get along.

There are a number of factories and warehouses around the area, and most of their tenants are blue-collar workers.

The lettings are managed in-house, and they have a lettings manager and a buildings and facilities manager who are responsible for the day-to-day running of the properties. There is also a full team of in-house cleaners and maintenance managers.



ADVICE FOR OTHERS

Their number one piece of advice for anyone wanting to go down the route of converting a large building into an HMO is to get a good team together. It's also important to speak to planning consultants to have a second opinion and to see whether the project is worth doing or not.

Having a good rapport with the building team will always make the project go smoother. Claire and Amie paid for a construction consultant to do the JCT administration, which made their relationship with their builder even stronger as he didn't have to ask them for money.

WHAT'S NEXT?

Claire and Amie are going to have a very busy year. At the time of writing, they have just received the keys for house which will eventually be a six-bed HMO, and have just signed an exclusivity agreement on a shop with a flat above. Planning has just been submitted to convert that property into an eight-bed HMO, and the vendor has agreed that they don't have to exchange until planning has been accepted.

And finally, they have just bought a 12,000sq ft care home, which will be converted into a 45-bed HMO.

"And I'm sure we won't turn down anything else that comes our way!"

CLICK HERE TO LISTEN TO THE FULL INTERVIEW

GET IN TOUCH

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ANSHU KOTAK

MY PROPERTY BEGINNINGS

BACKGROUND

I've always been in the corporate world. I joined my first corporate firm at 21, after graduating from the London School of Economics with a maths degree. At 28, I moved to France and did my MBA. After business school, I joined Goldman Sachs as an investment advisor.

Part of my job at Goldman Sachs was to help high net worth individuals invest their money in stocks and bonds. I worked there for six years, all the while investing in property in my spare time.

I bought my first BTL at 25, after saving for four years for a deposit. It was the income from this property that allowed me to attend business school.

I noticed how the rent gave me freedom to do what I wanted, and I decided to keep saving. Every time I had enough for another deposit, I bought another property. In 2017, I was matching my salary with my property income, so I quit my job.

I had spent so much of my time working. I would get up at 5:30am, work weekends, work late – it was quite unhealthy. With my newfound spare time, I've accelerated my investing and written a book. I also help other people invest through consultancy and joint ventures.

Even though I'd been in the corporate world for years, I always rebelled against it. Every time I had enough money, I took advantage of it and found an excuse to not work. At one point I moved to Barcelona to learn Spanish and how to salsa. But after business school, I was in so much debt I needed to work again. However, in the back of my mind I was constantly planning a way to become financially self-sustainable.

When I turned 35, I technically retired. I'm not going to say that I'll never work again, but I no longer need to work. It's a lot of fun

– I wake up whenever I want and choose my own working hours. I probably work even harder now!

That doesn't mean it's not difficult though ... I don't have a salary and sometimes, particularly when I get hit with a high maintenance bill, I wonder if I quit my job too soon.

I'm a huge believer in outsourcing. Although there's less of an income, it does make my life easier. Many people have trouble choosing a lettings agent, but I've been quite lucky. It's trial and error, and the first thing I do when I consider a new area is to find a good agent.

HOW DID YOU SAVE?

My first salary was the average for London at that time. At 21, I was on £30,000 per year and I was earning much less than my friends who had gone straight into investment banking.

Instead, I had chosen a company that offered a lot of travel perks and I had opted for lifestyle over money.

I was getting around £1,800 net per month, of which I religiously put away £600. I lived at home and I didn't go on holiday much. My bonuses went directly into savings and each time I had a pay rise, I would increase the amount I put away accordingly. It took me four years to save £60,000 for my first deposit. And I kept saving for another ten years.



BUY TO LET
Loose



CASE STUDY ONE

Location	London
Type of property	Two-bedroom flat
Purchase price	£160,000
Open market value	£180,000
For LO and R2R, monthly payments agreed	£1,350 pcm (guaranteed rental)
Funding method	Mortgage 75% LTV
Deposit paid	£40,000 (25%)
Total cash investment incl. deposit, legals, stamp, refurb	£47,000
Amount of funding	Borrowed £120,000
Borrowing rate	4.25%
Monthly mortgage/funding payment	£425

Cost of works

Duration of project	One week
Total costs	£2,000

Valuation & Income

Post-works valuation	£180,000
Re-mortgage amount	£320,000
Rate	2.64% (75 LTV)
Money back out	£120,000 (over last seven years)
Money left in	£0
Monthly income	£1,300
Monthly mortgage payment	£528
Monthly costs	£72
Net monthly cash flow	£700
% Return on money left in	Infinite ROI as no money left in the property

£60,000 is a sizable amount, and it enabled me to buy a three-bed London flat. But it's possible to get started with much less than that, as can be seen in the Northampton case study. That only needed £25,000 all in.

A few years after buying my first two BTLs, I released £200,000 equity because of their capital appreciation. This money, coupled with some savings, was how I was able to afford my residential home. Without my BTLs, I would never have been able to buy my home.

YOUR PROPERTY CHECKLIST?

It's evolved over the years. When I started investing in London, I would go for flats. Compared to houses, they were cheaper to buy but more or less equal in rental value.

However, flats have some problems of their own – leases can be restrictive, service charges need to be taken into account, maintenance of the property is controlled by someone else, and the management company may not be easy to work with. Because of this, I started buying houses outside of London.

Now, my ideal investment is a three-bed family home within walking distance of a station and other amenities. Preferably, it's near some good schools and is in a nice part of town.

As with any investment, there are plenty of risks involved with property. But as long as it's in a decent condition, complies with all regulations, is near to a station, shops and within commutable distance of a major town or city, then I don't think there will be any problems finding tenants.

WHO ARE YOUR TENANTS?

Most of my tenants are low-income families. The houses I tend to buy are functional and often attract social tenants. As mentioned above, the management is outsourced to an agency, so I don't have to deal with tenants directly for maintenance problems or rent collection.

SIGNIFICANT PROBLEMS OR CHALLENGES?

Last year, I bought a flat in London. Part of the deal between me and the seller was that it had vacant possession. The vendor had to evict his tenants, who wouldn't leave the property.

The entire transaction took a year. I had gone through the process of being approved for a mortgage and the valuation accepted only for it to expire three months later. I had to do it twice again before eventually buying the property. The third time, the tenants wouldn't even let us in to value it.

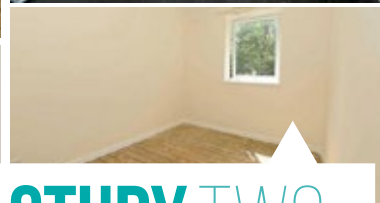
Although I didn't evict the tenants, I had to watch the entire procedure. It was quite scary – the council sometimes advise social tenants to wait for the bailiffs, because that's the only way that they're guaranteed to be back on the emergency housing list. Whereas if they leave voluntarily, even if they are evicted, they're not entitled to be housed again.

It was a very surreal experience. At one point, while we were talking to a council department to try and evict them, another department were advising them to stay in the property.

By the time they left, they had completely trashed the place. The seller didn't want to negotiate further on price because, although it was in a terrible state, the property had risen in value throughout the year. I had to pay an additional £20,000 to get the flat rentable again.

Despite this, it was still a good deal and it still met my rental criteria. But it will always be something I remember.





FORMAL PROPERTY EDUCATION?

I taught myself everything I know. Property is much easier to understand than other asset classes like stocks, bonds and hedge funds. At the end of the day, everyone needs a house to live in, and it's much easier to analyse an area compared to evaluating a company and forecasting their cashflow.

Most of the information needed to get an idea on the area is available for free online. Look at what other properties on the street or in the same postcode have sold for. Rightmove and Zoopla both do this and it's easy to work out a rough guide price for an area.

Property isn't a difficult topic to teach yourself. There is a lot of free content out there. It's just a matter of taking an interest and the rest is relatively easy to figure out.

To get an idea of an area, go out and do some viewings. It's only by doing this that you'll know where the good and the not-so-good areas to invest in are.

There are plenty of networking events and property meetings around the country for those who want support. And if you want to have your hand held, consider hiring a consultant or mentor.

ADVICE FOR BEGINNERS

1 Get a good mortgage broker

They can be expensive, but they're valuable teachers. They ask you so many questions about your background and income, and it really gets you thinking about what you can afford. Once you know that, go onto Rightmove or Zoopla, and pick three or four areas you can see straight away.

2 Go out every weekend

Line your viewings up. Sometimes I have ten viewings in a day. In the beginning, stick to areas you are fairly familiar with and easy for you to get to.

The message I try to impart is: don't wait until you're 65 to get a pension. Start now. It's all about building your own passive income, building your own pension and relying on yourself for your own financial sustainability.

WOULD YOU DO ANYTHING DIFFERENTLY?

I would like to have been a lot more deliberate with my investment strategy. To begin with I just bought a flat because I had the deposit. When I went to business school, I didn't really think about investing. When I came back and decided to save up for another, I was happy to wait a few years. If I had put my mind to it, I could have retired at 30. I don't regret anything, I just fell into it all.

To anyone who is reading my book *Buy to Let Loose* and starting to feel inspired, I would say act on it and pursue it. I took my time and I was a little intermittent, and it took a few more years to get to where I wanted to be.

WHAT'S NEXT?

I'm doing joint ventures on some HMOs, but other than that I'm pretty content with my investment portfolio at the moment. I'm focusing on helping others though my consultancy work.

But I've always wanted to start my own business. Every time I thought about it, I either had a huge business school debt or a great job offer that I just sold my soul for. Plus, I was too scared of not having that pay cheque.

Now that I'm in a more financially secure position, I have an exciting new startup that I'm working on. It's far too early to divulge detail, but please watch this space.

CASE STUDY TWO

Location	Northampton
Type of property	Three-bedroom mid-terrace house
Purchase price	£125,000
Open market value	£140,000
For LO and R2R, monthly payments agreed	£850 pcm (guaranteed rental)
Funding method	Mortgage 85% LTV
Deposit paid	£18,750 (15%)
Total cash investment incl. deposit, legals, stamp, refurb	£25,000
Amount of funding	Borrowed £106,250 + £2,656.25 arrangement fee (2.5%)
Borrowing rate	4.39%
Monthly mortgage/funding payment	£398

Valuation & Income

Money left in	£25,000
Monthly income	£850
Monthly mortgage payment	£398
Monthly costs	£10
Net monthly cash flow	£400
% Return on money left in	21%

CLICK HERE TO LISTEN TO THE FULL INTERVIEW

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SITE SAFETY

REGULATIONS APPLY TO SMALL PROJECTS AS WELL AS MULTI-MILLION POUND DEVELOPMENTS

By **Paul Hazelgrave MCIOB**

Paul Hazelgrave is a familiar face in the West and North Yorkshire property scene. He's a team member at the Leeds pin, supporting the hosts, and a regular attendee at networking events in York and Harrogate. He is a third-generation builder, following in the footsteps of both his father and grandfather before him, with over 40 years' experience working in the construction and property industries. This month, he is drawing on his extensive knowledge-base to share some insight into health and safety on site. Over to Paul ...



hotel, numerous new-build and LHA housing projects and commercial conversions.

In parallel, I have bought numerous properties and added value, through refurbishments and by extensions, to flip and/or to hold as investments. These have ranged from two-bed terraced cottages and HMOs, through to five-bed detached houses. We have lived in some as a family, as we progressed up the housing ladder.

Throughout my corporate career, I have worked with large professional corporates and benefited from comprehensive and significant technical training. This training has included health and safety (H&S), both in-house and through external bodies such as the Construction Industry Training Board (CITB) and National Examination Board in

Occupational Safety and Health (NEBOSH). I work as a consultant with investors, developers and contractors, and most of them are small to medium enterprises (SMEs) and sole traders. It's scarily apparent that most people have little or no health and safety training or knowledge.

There are countless property training providers out there and some are fantastic property educators. To my knowledge though, it appears that H&S – a fundamental aspect of property investment and development – is being overlooked on these courses.

Health and safety has always been my number one priority. And it never ceases to amaze me that so many folk operating in property do not appear to have the first inclination about H&S compliance.

BACKGROUND

I became an apprentice joiner at 16 when I left school and progressed into management roles through promotions. Eventually I was trusted with project managing prestigious multi-million-pound developments with GDVs up to £50m.

To facilitate my career, I continued technical training and became a Chartered Construction Manager. This means I'm committed to 40 hours of continual professional development (CPD) annually. Gaining Membership to the Chartered Institute of Building allows the use of MCIOB after my name, and members are held in high regard within construction management.

Throughout my career, I've covered a wide range of structures and environments ... far too many to list here, but residential projects include: over 500 luxury apartments, 1,500 units of student accommodation, a five-star



CONSTRUCTION DESIGN & MANAGEMENT REGULATIONS 2015 (CDM REGS)

Many of the SME investors and developers I've had contact with have not heard of these regulations. Those who have, lack the required depth of knowledge and often believe that these regulations do not relate to them or their business. However, the CDM regs significantly affect both.

I believe that most professional investors and developers carry out their due diligence to identify, assess, remove or mitigate residual commercial risks. These costs are included within their appraisal before they purchase. However, very few consider any H&S risks.

I'm sure that many believe in the adage that ***the builder will know about H&S risks and include all costs within their rates.***

HSE TARGETING SME INVESTORS AND DEVELOPERS

For decades, the Health and Safety Executive (HSE) have concentrated on the large sites. But now, they are now targeting SME sites.

Despite only contributing a small percentage towards GVA of the industry, SME sites experience most H&S breaches and injuries.

The HSE are currently targeting respiratory risks and occupational lung disease on all sites, caused by asbestos, silica and wood dusts. Silica is generated from cutting and grinding bricks, blocks and concrete, and wood dust concerns are hardwoods and fibreboards, such as MDF boards. They are checking on what precautions and systems businesses have in place to protect their workers.

A recent survey by the Labour Force Survey has found that there are 12,000 lung disease deaths a year estimated to be linked to past exposures at work. 20% of those deaths are from asbestos-related lung cancer

We have had a lot of recent property legislation impacting on our industry. I believe the most significant piece of legislation is the CDM Regs 2015, which has been legally binding for four years. A view supported by the HSE targeting small sites, criminal convictions of SME investors and developers are now passing frequently through the courts.



A BRIEF INSIGHT INTO THE CDM REGS 2015 FOR SME INVESTORS AND DEVELOPERS

I've highlighted the ones that I believe YPN readers will relate to.

1 CDM regs 2015 applies to all building projects with more than one contractor.

2 Those impacted by the CDM regs 2015 are:

- **Investors**
- **Business owners**
- **Developers**
- Managers
- Designers
- Contractors
- Suppliers

3 There are three main named duty holders in the CDM regs 2015. These now include, amongst others:

- **Commercial Clients**
- Principle Designer (PD)
- Principle Contractor (PC)

4 The CDM Regs 2015 distinguish between domestic and commercial clients.

Domestic is quite straight forward, but what is a commercial client?

The HSE clarifies:

"An individual or organisation that carries out a construction project as part of a business."

(source: HSE)

Therefore, anyone involved in any of the of the below strategies, and procures or arranges building or maintenance work in properties which are not their main residence.

- BTLs, HMOs, R2R, PLOs, SA, commercial to residential conversions, mixed-use developments, new builds, and so on.

THAT IS PROBABLY ALMOST EVERYONE READING THIS ARTICLE.

We are commercial clients and named duty holders.

Under the CDM Regs 2015, we have duties to perform and we are accountable for our acts and omissions.

In cases of a notifiable project, which is: *"where planned construction work will last longer than 30 working days and involves more than 20 workers at any one time; or where the work exceeds 500 individual worker days,"* it's a legal obligation to notify HSE in writing of details of the project, and display said notification in the construction office.

Some believe their projects miss the cut. However, please consider this example of a notifiable project:

- **Average of six persons employed on a commercial conversion to an HMO for over 14 weeks**
- **They each work six days a week**
- **36 days per week x 14 weeks = 504 person days.**

The threshold of 500 person days is passed, therefore it is the **commercial client's responsibility** to issue an electronic online **F10 notice** to the HSE.

OUR MAIN DUTIES AS COMMERCIAL CLIENTS:

- **Appraisal and appointing the right people at the right time.** This mainly refers to the PD and PC, and must be done in writing.
- **Provide sufficient and relevant pre-construction information** to PD and PC, allowing them to carry out their duties.
- **Communicate and co-operate** with PD, PC and others.
- **Allow adequate time and resources.** A realistic timescale must be allowed for.
- **Ensure the PC has adequate arrangements in place, and they are maintained** for managing and organising the project.
- **Ensure the PC allows for adequate welfare facilities** to be provided and maintained.
- **Ensure the Construction Phase Plan is sufficiently developed by the PC prior to commencement** and it is maintained.
- **The Health and Safety File** is being put together throughout the project and handed over to the end-user completed at the end of the project. This is usually done by the PD.
- **Ensure the PC provides adequate protection for the public, employees and visitors** and is maintained.
- **Ensure the PD designs workplaces and dwellings correctly** for the safe use by the end-user.



HOW TO ASSESS THE COST OF HEALTH, SAFETY AND WELFARE IN YOUR APPRAISALS

- 1 Identify significant hazards.** The potential of a substance, activity or process to cause harm.
- 2 What is the risk to our business?** The level of risk is linked to the severity of the consequences of a substance, activity or process to cause harm.
- 3 Identify the control measures required to remove or reduce the risk to an acceptable level.** The residual risk left has to be managed.
- 4 Cost the control measures, and include it on the risk register and cost plan at the appraisal stage, and reviewed throughout.**

Remember:

- **Each project is different.** There will be varying levels of hazards and risks. These need to be assessed by a **competent person** in the business.
- **Significant risk elements should not be ignored.**
- **H&S requires a practical and proactive approach.** I always recommend SME investors and developers to seek professional assistance where they do not feel confident over their compliance.
- **Ignorance is no defence in the eyes of the law.**

As SME investors and developers, we may believe professionals to be too expensive. That is until we have used amateurs ... and then it is too late.

WHEN IT GOES WRONG

Do any of these scenarios resonate with you? Do you walk in their shoes?

Investor fined £16,000 + £5,000 costs. No refurbishment and demolition (R&D) asbestos survey converting single BTL.

A house being refurbished had an unannounced site visit by the HSE. Evidence of disturbed suspected asbestos were found endangering workers. No R&D had taken place.

Developer sentenced to four years in jail and £20,000 costs. Company fined £55,000 and £30,000 costs. Site supervisor received two 12-month jail sentences (to run consecutively).

A small development of new builds was running behind programme and the budget was overrunning. The developer instructed the site supervisor to get operatives from an agency. The supervisor excavated a draining trench without any ground support and instructed one of the inexperienced operatives to get into the open excavation. It collapsed and killed him.

Developer sentenced to two eight-month jail sentences (to run consecutively) and £65,000 costs. Commercial conversion collapse and multiple H, S & W legislation breaches.

An unannounced site visit by the HSE discovered that the developer had employed and instructed unskilled and inexperienced labourers to remove all the internal walls of the building. The building was deemed unsafe and the operatives were immediately evacuated. A prohibition notice was served on the whole building and the street was fenced off. The next day, the roof collapsed into the building.

Investor/developer sentenced to 45 weeks in jail and £20,000 costs. Building owner sentenced to 24 weeks in jail (susp two years) and £20,000 costs.

An investor developing his uncle's commercial building into residential obtained three quotes. Two were competitive and one was much cheaper. They decided to engage the cheapest contractor, who was found to be using unskilled and inexperienced labour. The commercial client had not assessed the capabilities of the contractor before their appointment. One of the workers fell to his death during the works.

Developer fined £80,000 & £5,500 costs. Work at Height Regulation failings on a loft conversion.

Conversion of a single dwelling into an HMO. During the construction of a dormer window, a worker fell two storeys by falling through the plasterboard ceiling directly above the stairwell. He sustained life-changing injuries. No protection had been allowed for, or provided to, a fragile structure.

Note: these case studies have passed through the criminal courts. Civil action invariably follows criminal convictions.

Please ask yourself:

- Could your business stand such fines?
- How much would your insurance premiums rise after such a conviction?
- Are you competent to provide a safe working environment?
- Would you be more comfortable employing professionals with the required skills, knowledge, education and training?
- What is your risk profile?

I strongly recommend everyone reads *A short guide for clients on the Construction (Design and Management) Regulations 2015* by the HSE. Contact me on paul@hazelgraveprojectmanagement.co.uk for a free copy.

As commercial clients, we have **legal** and **moral duties**, plus **financial reasons** to protect the public, employees, visitors and property end-users by providing a safe environment.



IN SUMMARY ...

- As SME investors and developers, we need to step up our game.
- H&S requires a practical and proactive approach.
- If you are not confident, seek professional assistance from those with the required skills, knowledge, education and training.
- Assess the H&S risks, plan, budget and include it in cost plans, as part of due diligence.
- Shortcuts may lead to large fines, a stay at Her Majesty's pleasure, or both.
- Ignorance is no defence in the eyes of the law!

CONTACT DETAILS

Paul is running a Commercial Clients Compliance Awareness day for professional property investors and developers on 9th October, at the Crowne Plaza Hotel, Wellington Street, Leeds LS1 4DL. Contact for details. He is also available to help investors with:

- Project Management
- H&S compliance training
- Mentoring for those managing their own projects
- Support for those stepping up in scale of projects

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NON-STANDARD CONSTRUCTION (NSC)

By Mark Doyle

Non-standard or non-traditional construction properties are regarded as being built with a non-traditional construction system, using different materials and are usually regarded as unsuitable with a lower level of strength, resistance and performance.

This article deals with older properties with problems that have already been constructed and found all over the UK. They are usually made with, or include, pre-cast reinforced concrete (PRC), in situ poured concrete and ferrous columns, plates and/or fixings. The houses were spacious and provided good quality homes ... until there was an issue.

This is when they can be a real problem, because repairing these properties is specialist work and can be tricky, which usually means expensive. In addition, they are mainly un-mortgageable.

To grossly simplify the problem, any of these properties that remain are surviving beyond their design life, making lenders and insurers overcautious.

What was/is regarded as traditional construction:

Traditional construction include masonry, stone, and bricks front, rear and crosswalls, with timber framed panels, bays and eaves. The dimensions and any features would be standardised with its neighbours and other properties in the area to allow for pre-cut masonry bay, supports and fixed length timber joists

In practice, true cavity masonry construction was not commonly utilised in the UK until the 1930s.



WHAT IS NON-STANDARD CONSTRUCTION?

NSC typically comprises iron/steel and concrete frames infilled with a variety of available materials and composites at the time of construction. These properties were typically built quickly, by councils and contractors at times of great need (eg, just after the world wars or as part of slum clearance). They tended to incorporate regionally available materials.

The design of these properties was based on the established knowledge of materials at the time. These materials, such as pre-cast concrete, poured in situ concrete, timber, iron, steel, aluminium and asbestos, don't necessarily withstand the UK climate particularly well during prolonged exposure.

Notwithstanding human health issues, various other problems exist with chemical breakdown such as oxidation (rust, **see photo 1**), concrete cancer (**see photo 1**) also called the alkali-silica reaction (ASR, **see photo 2**), carbonation and aluminium break down (HAC, **see photo 6**).

Why do we have non-standard construction properties?

Over the last hundred years or so, there have been several points in the UK's history when a large demand for housing coincided with population growth, a shortage of certain materials and lack of skilled workers. In particular, after the two world wars when industry had been diverted into the war effort and materials were scarce. Between 1919 and 1939, approximately 250,000 NSC homes were constructed. Similarly, with the clearance of slum and urban housing in the inner cities of the 1960s. The responsibility of meeting this need fell on the councils and social housing providers who would buy in packages and kit-form houses produced in factories off site. These properties were then assembled quickly usually by less well-trained and non-skilled labour to provide quick homes.

WHAT ARE THE ISSUES WITH NSC?

These homes were designed to be built quickly and in large numbers as a short-term solution with a design life of only 25-30 years. They typically had ferrous or reinforced concrete frames (**see photos 1 & 9**), narrow walls, non-cavity construction, suffer with internal condensation, interstitial damp and damp bridging and were difficult to insulate from the inside. Above all, residents of these homes always talked about how cold they were!

Amazingly, these houses were more expensive to build than traditionally constructed properties, at a time when skilled labour was scarce, they utilised poorer quality construction methods and deleterious materials. Water ingress caused most of the chemical breakdown, but this was helped by poor working practice, leading to additional problems such as poor jointing or compaction, the failure of seals and expansion gaps.

The photos below show typical non-standard construction properties.



Photo 1: Concrete Cancer



Photo 2: Alkali Silica Reaction



Photo 3: Concrete Consolidation



Photo 4: Ronan Point Collapse



Photo 5: Steel Pin Failure



Photo 6: Bird Eye HAC Building

UNSATISFACTORY NSC HOMES

In the 1970s, it became obvious that certain construction techniques were poor and could even lead to failure and collapse. So the 1984 Housing Act allowed local authorities to designate certain house types as **defective by reason of their design or construction**. The affected housing types were listed, and their inclusion on this list causes concern and sets off alarm bells with lenders and insurers.

The affected house types are:

Airey, Boot, Cornish Unit, Dorran, Dyke, Gregory, Hamish Cross, Myton, Newland, Orlit, Parkinson Frame, Reema Hollow panel, Schindler and Hawksley SGS, Stent, Stonecrete, Stour, Tarran, Underdown, Unity and Butterley, Waller, Wates, Wessex, Winget, Woolaway

Briefly each type of NSC house had its issues. For example, the unmortgageable Airey was built using reinforced concrete columns with external concrete panels held in place with reinforcing rods which corroded badly leading to collapse. Other properties such as the BISF house (**photo 8**) had concrete walls at ground level, a metal frame above and metal panels or asbestos sheets bolted on the roof.

George Wimpey - No Fines Concrete:

These houses are amongst the best known and are usually mortgageable. Builders George Wimpey developed a standard model pre-cast concrete frame house. Over a 30-year period, some 300,000 of these homes were constructed across Britain. They were constructed by pouring concrete with round aggregate (but no small fines material) into a timber frame, which was later removed. Although they look like a typical post war Semi when viewing the upper inside edge/face of the gable wall, pebbles are visible.

Not surprisingly many of these homes are owned by councils or housing associations, and many have been or are snapped up by tenants under the Right to Buy scheme with discounts of up to £75,000 to remediate homes.

Building contractors in areas with lots of these properties specialise in repairing and refurbishing them and offer certificates and warranties on completion of the work. But, as usual, it's crucial to get the best contractor you can.

Today, remaining NSC homes are often unrecognisable as they have been cladded or part re-built, often with newer slate or tile roofs. Unless they are part of a housing estate with a known history of NSC, you probably wouldn't recognise the property, let alone its construction issues. Real challenges in recognising these properties come in areas where a gap between traditionally constructed properties has been infilled with, for example, a pair of semi-detached houses built using NSC techniques.



Photo 7: Wimpey No Fines House



Photo 8: British Iron & Steel Federation (BISF) House



Photo 9: Wates PRC House

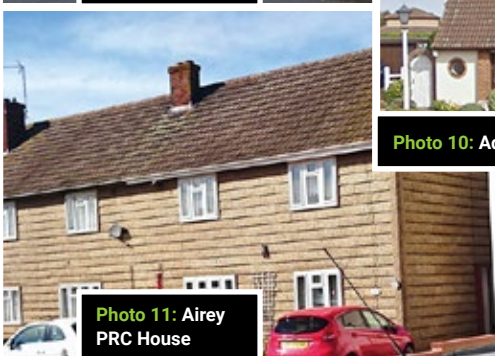


Photo 11: Airey PRC House



Photo 10: Addison PRC House



Photo 12: PRC/Asbestos

OFFICES, INDUSTRIAL AND COMMERCIAL BUILDINGS

Although this article focuses on residential property, it is important to note that many larger buildings in the UK utilised these construction techniques. There are, for example, some 50,000 properties in the UK with an aluminium additive or HAC concrete mix which breaks down over time and was only banned in 1976. This is particularly important for anyone looking at commercial conversions or permitted developments.

There may even be no official record of the construction methods utilised in a build. An estate or commercial agent will probably not mention it, a broker or a solicitor wouldn't know, nothing would show on the search documentation, and an unwary or uninformed mortgage valuation surveyor could easily miss the signs.

These are properties that really need the input of a specialist building surveyor.

Pre-cast concrete panel construction and the problem with concrete:

Concrete is hard wearing and durable. But it does suffer from its own problems, along with issues with panels and reinforcement. Large panels can bend/crack, and if water penetrates through to the fixings, reinforcement, steel posts, columns, bolts and attachments they will rust. As part of this oxidation or rusting process, the metal expands and causes the concrete to crack (hence all the bridge works on the UK motorways while concrete supporting columns are replaced or refurbished).

Any construction is only as strong as its weakest link, and in the case of concrete panels that is either the fixing bolts or the panel seals. Sadly, the best-known example of this kind of failure was the partial collapse of the Ronan Point tower, following a gas explosion when the weak metal joints gave way leading to the pack of cards type collapse (see photo 4).

WHAT DO THE BANKS, MORTGAGE AND INSURANCE COMPANIES THINK?

Underwriters from financial institutions make decisions based on their current knowledge, interpretation of information and acceptable levels of risk. So firstly, underwriters are all aware of NSC properties and generally don't like them.

Their concern is how would they move them on should they have to recover the property from the mortgagee. However, they will lend on them and provide cover on certain types, not surprisingly the ones that are certificated, which they have found to expose them to the least level of risk.

WHO HOLDS THE RECORDS? ... WHO KNOWS

Usually, the remaining larger ex-council house estates of NSC properties and developments are well known and records of the construction methods used are available from the archives of local councils. Often, the mortgage and insurance companies will have internal files as they tend to closely monitor these properties. However occasional builds and infill properties that have been substantially improved often have no records. The only information may be in the local community. The local media and neighbours may well know, but few buyers undertake due diligence to this level.

SHOULD YOU BUY AN NSC PROPERTY?

As these properties are usually spacious and competitively priced, they come with a great yield and ROI. This is always tempting but when it comes to an NSC property it's all about your attitude to risk. And when it comes to risk, everyone's profile and position is different. Assuming the property you are interested in has certificated remediation, and you can get a mortgage and insurance cover, does that mean it's all okay? Not necessarily! So it's a choice ... yes, no or maybe?

CONTACT

Mark is happy to mentor or chat with anyone that may need some assistance and can be contacted at: mark@cheshlancs.co.uk or via www.cheshlancs.co.uk

Mark and his wife Claire have well over 20 years' experience in BTLs, HMOs, developments and conversions. Today, Claire runs their business while Mark's chartered engineering background allows them to work on properties in poor condition.





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GOING GREEN

GREEN ENERGY FOR LANDLORDS THE FACTS

Interview & Words: **Heidi Moment**

Switching to green energy will save you money, reduce your impact on the environment and give you a USP in a crowded market place. Envirogy energy expert, Dom Napier, tells us all about it.

WHAT IS GREEN ENERGY?

Green energy is the colloquial term for renewable energy, which is electricity generated by a renewable source, such as tidal, wind, and solar.

WHY SHOULD WE GO GREEN?

Living more sustainably and cutting our impact on the environment is becoming more important all the time. It is ethically and morally the right thing to do to make sure the world is here for the next generation and the generation after that.

The good news is, for the first time since the Industrial Revolution, Britain is obtaining more power from zero-carbon sources than fossil fuels and over the past decade renewable energy usage has increased by 20%. According to recent data for the first five months of 2019, 24% of the electricity produced in the UK now comes from renewable sources. The rest comes from nuclear (18%), imports (6%) and biomass (5%), so fossil fuels now account for 47%, which is the lowest it has ever been.

24% of UK electricity now comes from renewable sources

This is a time for change and with technological advancements and the growing desire to be more green, it is possible to think we could hit the 50% mark in the next five to seven years, which would be amazing.



TENANTS WANT TO BE GREEN

Being more sustainable is extremely important to young people, who are championing the green cause all over the world. They don't want to 'inherit a diminished planet'. They want renewable energy and are making greener choices where they can.

Young tenants want to be able to say they live in a house that uses only green energy. We work with many landlords who find that being able to market their properties as 'green' helps them to fill rooms and entire houses as well as ticking their own environmental conscience.

Create a USP that appeals to younger tenants

HOW DOES IT WORK?

There are a lot of urban myths about green energy and perhaps people don't really understand how it works, often thinking if they have renewable



DOM NAPIER

energy such as solar, then if it's not sunny, their lights will go off. This isn't the case.

Here's how it works:

All the energy produced goes into the national grid. If you imagine it as a funnel, all the electricity, whether it comes from renewable, traditional or nuclear sources goes in the top. Houses and businesses then draw off the grid. So whilst you can't guarantee that the electricity putting your lights on is renewable, you know that you're putting the renewable energy into that funnel at the top.

The more people purchase green energy, the more green energy is in the grid. The aim is to turn every household, and therefore the whole country green, and then we will hopefully start to reverse some of the impact and damage we've already done to the planet.



WHAT ABOUT GAS?

Gas is still gas, which isn't renewable, unfortunately. Although, there are now a number of companies offering carbon neutral gas that comes from gas fields in Norway or the North Sea. They calculate the carbon footprint of manufacturing and transporting the gas, and then offset that by investing in neutralising or offsetting their carbon footprint, through the plantation of trees somewhere on the planet. So the gas you purchase is 100% certificated carbon neutral gas.

WHO ARE THE MAIN SUPPLIERS OF GREEN ENERGY?

There are many suppliers of green energy, both electricity and gas, throughout the UK. Domestically the supplier that's gaining the greatest traction over the last 12 to 18 months is Pure Planet. They offer 100% renewable electricity and 100% carbon offset gas. They operate on domestic tariffs only.

Other suppliers include Tonik Energy, iSupply and Green Star Energy. And then in the commercial area you've got Engie, which is the largest energy player in Western Europe, and Corona have a green solution too.

WHAT ARE THE COSTS AND HOW DO THE SUPPLIERS COMPARE?

A decade ago renewable energy came with a premium price tag, but not any more. As with any technology, it becomes more competitive as it advances and we are now seeing renewable energy prices on a par and sometimes cheaper than traditional fossil fuel energy. It is also more constant, as opposed to fossil fuels, whose prices can flex quite a bit as the price of crude oil increases.

You might hear that "such and such" supplier is the cheapest in the UK, but it's not as simplistic as that. The pricing is based on consumption and location and is bespoke to everybody. So it really depends on where you are based and what you use.

Pricing is based on consumption and location

BESPOKE PACKAGES FOR LANDLORDS

Energy price increases can have a serious impact on a landlord's bottom line, especially if they have HMOs and are covering the bills. We can help landlords to find the best deals for their portfolio. We access the entire market, both domestically and commercially for gas and electricity, providing a 100% impartial offering to our clients. Our domestic side is Ofgem accredited and it's 100% open market.

Each package is bespoke. We work with clients to understand their motivation, then we procure the right energy at the right price, specifically for them. On top of that, we look at how they can change behaviours to reduce energy consumption, which can save even more money over time.

TARIFFS

We have both domestic and commercial tariffs, which is the type of contract. A homeowner would come under a domestic tariff, as would a rental property, although, if a landlord has several rentals there is the opportunity to put them under a commercial tariff too. The advantages of a commercial tariff is that you can fix the terms for considerably longer. A domestic tariff might last for 12 months, but with a commercial tariff some suppliers offer two years fixed, and some go up to five.

From a landlord's point of view, fixing your tariff brings complete stability and helps you to move away from the uncertainty of fluctuations and price increases.

SAVING ENERGY AND MONEY

There will always be a certain amount of energy wastage, whether that's in a business, your own home or a rental property. But there are steps you and your tenants can take to reduce your consumption and save money. Check out the savings below:

Energy Saving Tip	Saving
Turn appliances off at the plug	£30-80 a year
Turn your heating down by one degree (you probably won't notice the difference)	£75 a year
Set your heating to go off 30 minutes before you leave the house, so you're not paying for it to heat an empty house	£65 a year
Install thermostatic valves and programmers in each room, so you're only heating the room you spend most of your time in	£150 a year
Buy energy efficient appliances, an A+++ fridge freezer	£19 a year
An A+ electric oven uses 40% less energy than a B-rated oven	
Upgrade your boiler	£320 a year
Insulate your roof	£200 a year
Wash everything at 30 degrees	£52 a year
Switch to LED light bulbs	£35 a year
Use a washing up bowl	£25 a year
Turn off lights when you're not using them	£14 a year

When it comes to speaking to your tenants about their usage, it's about consistently reinforcing the messages of saving energy. Write it into your letting agreement. Installing a Hive or similar system allows people to monitor and turn things on and off remotely, which saves energy and is easy to use.

If you've got multiple properties that are comparable it would be useful to monitor the amount of energy that's being consumed, and if you've got a high consumer tenant you could actually say, "Look, at the moment you are using 25% more electricity than one of my other tenants. These are the things that they have embraced and are undertaking to reduce their energy bills."

It can be really powerful when a landlord can demonstrate that they are empathetic to their tenants' expenditure, and it can take your relationship to another level.

Fixing energy prices for 5 years provides stability

ENVIROGY RENEWABLE ENERGY GRANT

We also offer our commercial clients a non-repayable green energy grant to assist them in moving over to renewable energy.

BILL MANAGEMENT

Managing bills can be a huge hassle, especially if you've got a sizeable HMO portfolio. Dealing with energy companies can be time consuming and challenging, and let's face it, energy is a pretty dull and boring topic - definitely not the most exciting task on your to do list.

We offer our clients a complete outsourced energy management solution. We work with you to understand your portfolio, then we come back to you with a plan of what's best for the portfolio and what will save you the most. We then manage the communication, bill validation etc, depending on what the arrangement is within the letting agreement. We sort out the entire process from switching suppliers to ongoing management.

IT'S EASY TO SWITCH

Switching is easy. It's like switching to any other provider. We handle everything. We understand your requirements and we propose a number of different solutions. You choose the solution that's right for you and you can ask us any questions around that. Once you sign the agreement, that's pretty much where your activity ceases. We will then lock the contracts in and arrange for the switch over to be seamless. We manage the entire process, handling all the dialogue between suppliers. So, there is no disruption to your business.

One client
saved
£11,000
per year

Switching
is simple - we
manage the
whole process

CASE STUDY

Client

A London-based residential landlord with 18 properties. The rental agreement was that the landlord paid for all bills, including broadband, phone, electricity and gas.

Problem

Managing 18 individual contracts was time consuming and problematic and was inhibiting their ability to grow as a business. Each property's energy contract had a different start and end date and it was becoming increasingly difficult to keep track of it. Several notifications had been missed, which is easy to do, and meant the tariff reverted back to the standard tariff, increasing the rate by 20 or 30%, making a significant impact on the bottom line.

Across the whole portfolio his energy was costing him £62,500 per year.

Solution

We started by switching all the properties over to renewable energy.

We put the whole portfolio on a 36-month code-terminus contract, which meant each property's tariff ended on the same date. That was huge relief for the client as it meant the prices were fixed, so the client had stability.

Savings

With the new tariffs we **reduced his yearly costs to £51,300.**

Annual saving: **£11,191**

As a %: **18%.**

Annual saving per property: **£621 a year**

A happy customer

Our client is happy. He's saving a lot of money, he's helping the environment and he's created a USP in quite a crowded market in London.

WILL YOU GO GREEN?

If you're interested in switching your portfolio to green energy, get in touch with Dom to discuss how:

Dom Napier

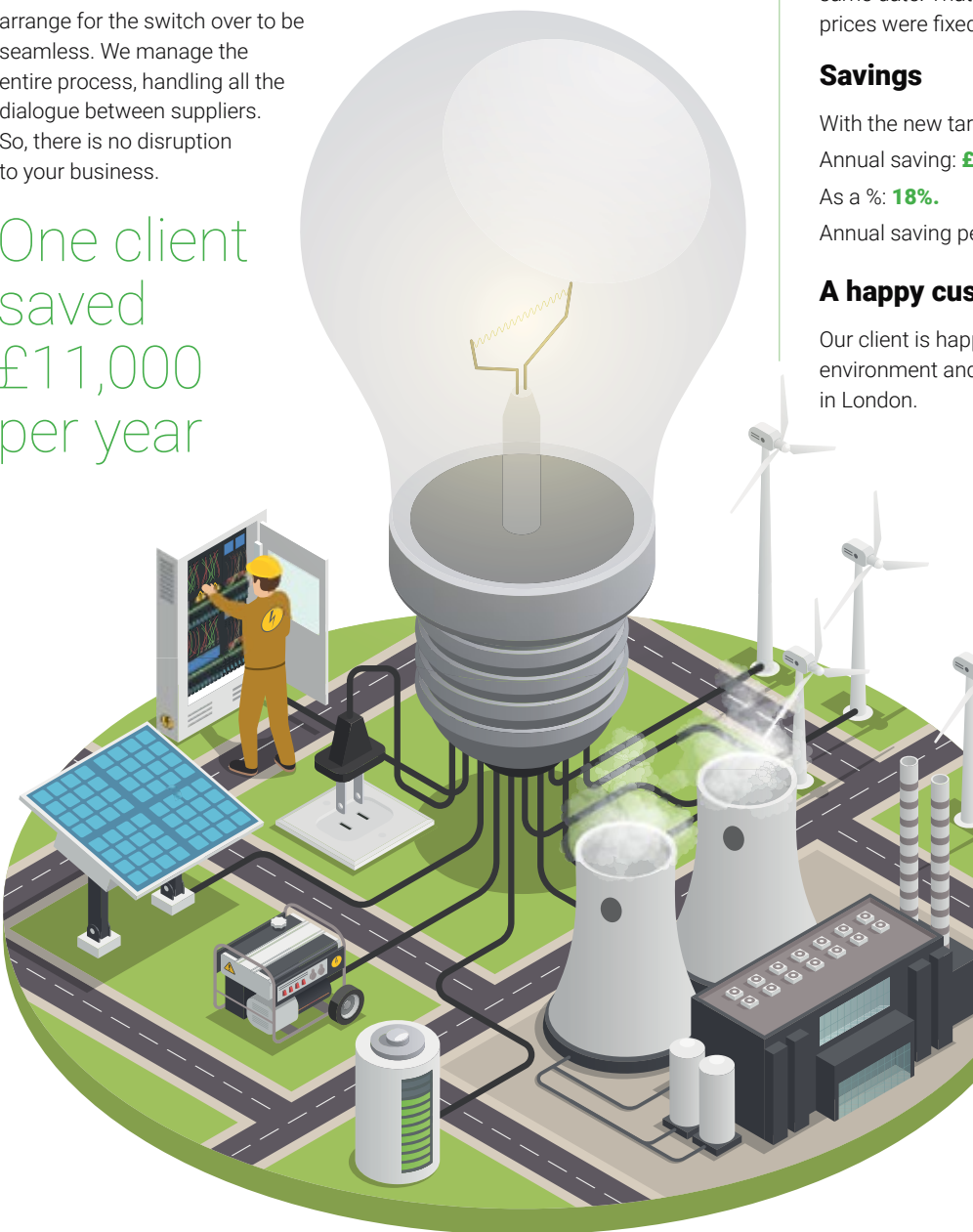
dom@envirogy.co.uk 08000 466 277
www.envirogy.co.uk

YPN SAYS

Have you used green energy or sustainable methods on any of your projects? If so, please get in touch. We'd love to share your story too. Please contact me at Heidi@yourpropertynetwork.co.uk for more information



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See you there!

Jayue



BUYING WISELY

EPISODE 4: BATHROOMS

Anthony Bailey-Grice
and Nick Watchorn, LNPG

Any experienced landlord will tell you that there are two rooms in a property that will attract the most focus from potential tenants. You probably know the answer to this one already, and since we looked at the kitchen at the beginning of this series, our main focus this month can only be the bathroom.

There are only so many opportunities to create an impact and lasting impression with your properties, whether with a potential tenant, potential buyer, or even a surveyor. Considering the importance of the bathroom (or bathrooms!), each property should leave you eager to take full advantage of the opportunity to create as impressive a space as possible.

THE COMPONENTS

There are two options you'll need to consider when it comes to putting together a new bathroom. If you choose to purchase everything at once, not only will you be making a cost-effective decision, but you'll be able to quickly create an effective and cohesive look that is sure to put your property's best foot forward

Your other option is to cherry-pick the components from separate ranges or even manufacturers. This is a technique that, when done with a keen eye for interior design, can create a beautifully eclectic space like no other. Though it's not a technique that will save you any time, with a long-term project like your own home, you will have the opportunity to

update the room piece by piece to make sure you get your perfect end result.

It goes without saying that for rental properties at least, this latter option brings with it a whole host of its own problems in terms of time, taste, and the added cost implications.

Overwhelmingly at LNPG, we find that our members across the market tend to unify their spaces with a complete bathroom suite for their refurb. Admittedly, this is made easier thanks to the superbly priced bathroom packages brochure we have available through Bathrooms.com.

THE PLAN

Often the quickest, easiest, and cheapest way of completing a bathroom refurb is the most simple and straightforward. To know the path you need to take, you'll need to assess the space you're working with and what the primary needs of the room are.

The obvious things to start with are checking your water pressure and planning the room around your soil pipe. These can be tough to change and will influence the structure of everything else in your bathroom.

With this being said, there's some more specific advice you can take in the business of letting out properties. When a property becomes a commercial opportunity, this could mean more than just creating a standard bathroom and being done with it. If you're looking at attracting long-term family

lets, you will want to create a space that's fitting for a family. Look at TMV2-approved thermostatic bath shower mixers (also known as BSMs) to provide the benefits of both a shower and a bath at a standard of safety that you know you can rely on.

If you're in the HMO or student accommodation market however, you may find that there is less reason to be on the lookout for the perfect p-shaped or roll-top bath. In many cases there are more reasons against investing in a bath



for these properties than there are to bite the bullet. Available space is the obvious consideration, particularly if you have multiple bathrooms in the property, but you would do well not to forget the human side of the situation either: no good will come from frequent delays while your tenants wait for one another to finish up in the bath every night, so it's best to avoid this problem from the beginning if you can!

Choosing the right balance between playing it safe with a timeless cohesive look and taking a risk with the intention of dropping the jaws of any potential tenants will always come down to your own personal taste and the goals you have set for yourself and your property.

In all cases, and with any room in your refurb, the one thing you want to make sure of is that you are getting quality products that are fit for purpose and backed up by warranties you can rely on.



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Your Trainer: Kevin Wright

Creator of the Ninja Investor Programme

Kevin has been described as 'outrageously positive' partly because of his positive approach to property finance, but more recently as someone who took just two months to beat cancer. He started his career in the property industry in 1983 and began giving financial advice in 1992, initially as a qualified financial advisor.



For more information and to book in, email YPN@recycleyourcash.co.uk or visit:

www.ninjinvestorprogramme.co.uk

THE BUY-TO-LET MARKET OVERVIEW

By Chris Worthington

The subject of this month's market overview is housing supply. Why should this be of interest to landlords and BTL investors who are primarily interested in demand for housing in the private rented sector?

Supply and demand are fundamental to any economic argument. In addition, I would argue that BTL investors have a crucial part to play in their community in the context of the continuing severe shortage of housing. Here are some statistics that indicate the scale of the problem:

- In the 2017 budget, the government raised its housebuilding target for England to 300,000 per year even though the previous target of 250,000 had not been met. In 2018, approximately 192,000 new homes were built in England with an additional 30,000 homes from conversions, a total of 222,000 new homes. (Source: Sunday Times.)
- The housebuilding statistics for 2017/2018 show that local authorities in England started building 1,630 new homes in 2017/2018. 40 years ago, in 1977/78, the figure for new homes built by local authorities was 90,750. (Source: Unison.)
- Recent data from the Office for National Statistics (ONS) highlighted that the number of new homes being built fell by 8% in Q1 2019 and by 2% year on year.

In 2017, the government published a white paper entitled Fixing Our Broken Housing Market. This identified the threefold problem as *"not enough local authorities planning for the homes they need, housebuilding that is simply too slow and a construction industry that is too reliant on big players."* Given the shortfall in new housing in both the private and public sectors, what are the possible solutions to the housing crisis? Here is a summary setting out the main issues.

SPEED UP PLANNING APPLICATIONS

Delays in planning applications are often cited as a constraint on housing building. However, a report from estate agency comparison site Getagent.co.uk found that in the last eight years there has been a steady increase in the number of applications granted. 74% of applications were granted in 2010 compared with 81% in 2018. The report also found that developer land banking by major housebuilders remains prevalent and continues to put a squeeze on housing supply. Since 2010, an average of only 35% of planning applications were actually built.

SUPPORT FOR SMALL AND MEDIUM SIZED BUILDERS

In the 1980s, small and medium (SME) sized housebuilders accounted for around 70% of housing starts. By 2017 the proportion had shrunk to 37%. The number of housebuilders classified as SMEs fell from 12,490 in 1988 to 1,839 in 2017. The financial crash wiped out thousands who may have not returned. (Source: Sunday Times.)

RELEASE LAND IN THE GREEN BELT FOR HOUSING

The green belt around major cities is also often cited as a constraint on housebuilding with some commentators calling for a

relaxation of the planning guidelines. Some local authorities have already moved in that direction with a total loss of green belt-designated land of 5,070 hectares in 2017/2018, compared with an average loss of 806 hectares per year from 2011 to 2016. There was no loss of green belt in 2010. (Source: Ministry of Housing, Communities and Local Government.)

SOCIAL HOUSING

The government has lifted the cap on housing revenue account (HRA) for local authorities, provided they can demonstrate they have the revenue stream to repay the debt. However only 160 out of 326 local councils have retained an HRA. The rest have already sold their housing stock to housing associations. Early estimates suggest that lifting the HRA will produce approximately 10,000 new homes per year.

Social housing for rent is provided within some private sector housing projects but Homes England, a government funded housing agency, reported just 1,409 starts on site for social housing in 2017/2018.

PUBLICLY OWNED LAND

The government has developed plans for the sale of publicly owned land through the One Estate Programme. This is an initiative funded by the Ministry of Housing Communities and Local Government. To date, that has released land for approximately 10,000 homes on 100 sites in England with government money available for the development of brownfield sites.

HELP TO BUY

The Help to Buy scheme offers an equity loan where the government lends to first-time buyers and existing homeowners money to buy a newly built home. The purchase price must be no more than £600,000. Under this scheme 20% of the purchase price is loaned interest free for the first five years, as long as borrowers have at least a 5% deposit. In London up to 40% of the purchase price is available.

The Help to Buy programme has been criticised for putting up house prices, making loans to people who could buy a home without the subsidy and boosting the profits of house builders.

BUILD-TO-RENT

In cities across the country, new high-quality build-to-rent projects are underway, funded by institutional investors. There are 139,508 build-to-rent units either completed or planned including 29,416 completed, 43,374 under construction, and a further 66,718 with planning permission. (Source: British Property Foundation.)

CONCLUSION

The policies and programmes that have been developed to improve the supply of housing have made some progress, but they are not achieving the scale of house building that is needed to meet demand.

Build-to-rent and more social housing will cover some of the shortfall but there will continue to be a strong demand for accommodation in the private rented sector.



Chris Worthington is an economist with 20 years of experience in local economic development. You can contact him via email on chrisworthington32@yahoo.com



GO LARGE!

HOW LARGER PROJECTS LEAD TO A STEP-CHANGE IN GROWTH

By Richard Brown

aka



In the game of golf, our handicap (free shots), technology, coaching and practice can help us to play a tough golf course close to par. Similarly, there are also four elements within property that can help us complete tougher courses close to par too.

In other words, we are all competing to be the best version of ourselves on the golf course called property. And some are using these four elements to scale their property businesses more quickly.

In last month's issue of this column, I outlined five different alternative financing tools that I have used in the past year or so. If you read that feature, you might recall that this led to significant step-change in the growth of my property assets under management (PAUM) in the past year.

If you consider John Howard, an upcoming guest in my Property Heavyweights series on The Property Voice Podcast, he recently undertook a £26million development. Then there is Anna Clare Harper, a guest from my Women in Property series, who is looking to acquire £100million in affordable homes for rental purposes. They make my now £4.7million in growth (having just added another £1m project this month!) appear like chicken feed. However, when this is contrasted against the c£1m in growth added the year before, it does show the step up that has taken place.

So, how has this growth been possible and more importantly, what does it mean as far as our own plans and goals are concerned?

Starting with the second point first, in my case, some of my previously shelved legacy goals are now firmly back on the table. I always had a dream of starting a foundation of some description, mainly to support the disadvantaged with access to education and debt management. I can now also add assisting aspiring young entrepreneurs and of course those looking for decent homes, to that list.

But you can't really have a foundation without a sizable fund behind it ... it would run out of money in next-to-no time, and it does cost quite a lot to administer them. Once again, I have the pleasure of seeing the bigger picture as a result of scaling my property business. We have all we need in life pretty much, so now we can start turning our attention to our legacy, which is really, **REALLY** exciting me, I can tell you! It's this legacy goal that keeps me going ... but for you it can be something else big that excites you instead. The point is that bigger dreams and goals are more possible when you're working at a larger scale, that's all.

As for the first point – how is this possible?
– There are four main elements, as far as I am concerned.

LEADS

Access to quality leads at the larger end of the property deal spectrum

Where do you find larger projects? Well, some are hiding in plain sight. For example, I am currently in the process of acquiring no less than three conversion and quasi conversion/development projects that are on the open market.

Rightmove Commercial and the commercial agents are a good source for such opportunities. With people being spooked by Brexit right now, it has left less competition for opportunities with permitted development or pre-existing planning approval in certain areas. Another great source of leads of late has been referrals from people in my network, be they service providers such as planning consultants, architects, etc, or fellow investors and developers that know what I look for and that if I say I will do it, I definitely will.



FUNDING

Access to development and equity finance at enough scale to be able to undertake these larger projects

I expect we all know about BTL mortgages and bridging finance. However, none of these now commonplace sources of institutional funds provide funding deep into the conversion and development costs of larger projects. This is where development finance and equity finance come in to plug the gap, that is unless we have a bottomless pot of cash.

There are essentially five layers of funding in a larger conversion or development project:

1. Senior debt for purchase financing, typically mortgages and bridging at up to 75% of the purchase price
2. Stretched senior debt, usually secured funding up 85% of the purchase price
3. Mezzanine finance, taking the funding above the purchase price and into funding the works/development cost at a % of the gross development cost/value
4. External debt and equity, typically from private lenders and investors
5. Developer equity, being the developer's own cash equity stake. It is possible to fund a development project with less than 15% of the total development cost utilising many of these additional forms or finance.



EXPERTISE

Access to the skills and expertise required to deliver these projects safely and securely

As we move on to larger projects, we will need a larger team around us too. This costs more money, however with a larger project we also get a larger budget. So there's more opportunity to bring in and pay for additional expertise to support us. We don't need to be the experts, we need to be able to bring in and co-ordinate the experts to support our development projects.

Some of the expertise we might need include:

- **Acquisition and sales:** estate agents, buying agent/sourcer
- **Advisers and support services:** solicitor, accountant, finance and insurance brokers
- **Building and construction professionals:** architect/planning consultant, building, structural, quantity and other specialist surveyors, project/site manager

- **Trades and contractors:** builder, bricklayer, carpenter, joiner, plasterer, plumber, heating engineer, electrician, painter/decorator, flooring fitter, door/window fitter, roofer, gardener/landscaper and general labourer ... or a main contractor that can manage all sub-contractors
- **Lettings and management (if planning to rent):** letting agent/property manager, facilities manager with larger buildings

There are many ways to find such experts, such as industry and professional membership listings, social proof through review sites and recommendation from trusted public forums and sources.

However, the best way to find such experts is through personal referral and recommendation, and remember that anyone you work with should have a track record that relates directly to your project at hand. A builder used to doing general refurb and single extensions is unlikely to be as capable in dealing with a commercial conversion or new build development, for example.

SYSTEMS

Access to the systems and processes that allow us to scale

When I originally prepared this list for my apprentice community, I omitted to include systems and processes. However, they play an increasingly important part in our business as we grow and scale.

I am currently operating eight different projects, all at various stages of the development project lifecycle. I could not do this without having development criteria checklists, project plans, cashflow forecasts, schedules of works, standard contracts and so on. This is perhaps my own personal area of development going forward as I step into more complex, larger projects, so it is still one that I am getting to grips with. After all, we all have our personal growth development areas, don't we?

My project summary over the past 12 months. Many will be retained in the portfolio as build/convert-to-rent:

Project type and location	Development size and value
Commercial conversion, Stoke	11 x flats £0.9m GDV
Care home conversion & new build, Doncaster	3 x townhouses & 2 x bungalows £1.0m GDV
Listed building to HMO conversion, Oswestry	6-bed HMO £0.3m GDV
Commercial conversion, Oswestry	5 x flats £0.6m GDV
Retail to resi conversion, Stoke	9-bed HMO £0.3m GDV
Various flip/BRR projects, UK & USA (my former bread and butter projects)	5 x single-family homes £0.7m GDV
New build development, Stoke	4 x semi-detached £0.9m GDV
Total	45 x sale/rental units @ £4.7m GDV

In summary then, this past year has seen a step-change in scale as far as my own property projects are concerned, rising to around £4.7m GDV of property assets under management compared to around £1m in the year before.

The game-changers have been:

access to quality, larger development leads, access to development and equity finance to fund these projects beyond the senior debt layer, bringing in expertise in larger numbers,

and adopting systems and processes to enable more to be done with less.

I shall leave you with the following question: *If you could scale your property business by a factor of five or 500% in the next year, what could you bring back onto the table that had perhaps been taken off it?*

I hope the answer to that questions excites you as much as it excited me, I can tell you...

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



INTRODUCING **KEVIN CROCKER** OF WHITE HORSE PROPERTY AND **PETER LICOURINOS**
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A BRAND-NEW PROPERTY INVESTMENT

By **Graham Kinnear**

It is easy to see how buying a new build buy-to-let is attractive. The property should not require any significant maintenance or repair in the first few years and indeed should be protected by a build warranty.

Given the property is brand new, it will surely appeal to tenants looking for quality accommodation. Add to that there are often developer incentives on new builds such as rent guarantees, legal fees paid and stamp duty assistance.

As well as the single let strategy, the flipping of new homes has historically worked on sites with a number of phases, a long build time and are being developed in a rising market.

Those who have done so successfully are usually selling on the contract, rather than the property itself. The system could work by reserving a property at the launch of the build scheme, as the developer cannot ask you to complete the contract until the property is built – usually a year or two in the future.

Generally, house prices increase with each phase of the development, giving the investor the opportunity to sell their contract before they have to complete.

This is a strategy only for the brave. If the market were to turn and you had to complete on properties at a value greater than their present value, you can imagine how difficult sourcing funding could be!

So in the current market is a new build buy-to-let viable? Potentially, if you are careful. To ensure your success you must consider the following ...

THE RENT GUARANTEE

The developer may offer a guaranteed rent on the property. You must do your research to establish if this is indeed the market rent. All too often developers will guarantee the rent at a level higher than the market will support to underpin an inflated purchase price. They want to show the lender that the property will generate more income than is probably the case.

At the end of the guarantee period you will be left with market rent, which may put you in breach of your loan conditions, reduce the capital value and make the investment unattractive.



LIKELY RESALE/RENTAL VALUES ON COMPLETION

Developers will often provide information from local agents in terms of what the capital or rental values are likely to be of a completed development. Bear in mind that no agent has a crystal ball, and consider the impact on prices if 20 identical homes in the same development are offered for let or sale at the same time.

Also, the future values can be influenced by the buyers on the site, particularly where there is a social housing element to the scheme. Factor in these unknowns to your calculations.

DEVELOPER DISCOUNTS

Some developer discounts are genuine. The developer may be nearing the end of the scheme or their financial year and may be motivated to discount a unit for you. That said, you should be aware of comparable data.

I have known schemes where buyers were offered a property at a supposed 20% discount and were shown land registry figures of a flat which changed hands at the higher amount. The reality was that the developer had undertaken an internal sale to be able to show that land registry figure. In this case, the price including the 20% discount was actually around 10% higher than the current market value. Ensure you are not overpaying for your property.

BUILD QUALITY

Take care that your contract for purchase is more detailed than simply requiring building control to sign off before you are asked to

complete. A provision to allow a snagging report and any remedial works to be undertaken is a sensible idea.

A professional developer will have no objection to such a request and it could save you a lot of headaches. I have seen a

number of schemes where, in my opinion, the workmanship is not satisfactory and yet the developer will not take any remedial action, stating that the works are "within acceptable tolerances!"

HELP TO BUY

The Help to Buy scheme has been celebrated as getting people on the property ladder. The more cynical would suggest it should be called Help to Sell, as it has given developers a more financially-able pool of buyers. My concern is that some developments that offer Help to Buy are

selling properties at an inflated value given that those buyers who wish to use the scheme do not have access to the whole of market.

If you are investing in a new build then be absolutely sure that the purchase price is reflective of general market conditions, as you will only ever get market value when you come to sell.

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".



YOUR HMO Q&A

Welcome back to this month's HMO Q&A. As always, we take the questions for this article directly from you!

If you have a question that you would like me to answer, then please drop by to my Facebook group: **The HMO and Property Community Group**.

With Rick Gannon



Q) I want to start an HMO business but want to attract some joint venture partners. I hear a lot about the importance of raising your profile in order to do this and possibly raise finance. What are your best tips for a beginner to raise their profile, especially those that absolutely don't like face-to-face networking?

A) I love this question. Yes, raising your profile is really fundamental in building your HMO business. I understand that face-to-face networking isn't always that easy for some, but don't worry because there are ways you can still do this on social media. Here are some of my social media networking tips:

Facebook

Start a business page, this is literally a two-minute job and can have a different appearance to your main profile. Once you have created your page, make sure that you post at least one thing every day. Make your posts interesting, engaging and with short bulleted points so it is easy to read.

Posts need to be relevant and engaging, such as sharing your story so far. People love to read about other people. Maybe creating an engaging vlog with the wins and losses of your day will be a good start. Don't be afraid to share the bad stuff too. Sometimes things go wrong, so let others learn from your mistakes. Being transparent is very important.

Keep it real. Only post things that you know to be factual, because real content is

powerful. On the back of that, be interactive with your audience.

Try, where you can, to respond to your community with relevant comments and answers.

Once you have mastered posting on your own page, maybe drop by and contribute on someone else's. Share your thoughts and answer other people's posts. The more engaged you are, the more profiled you will become.

Top tip: Don't share posts or links to articles unless they are really important, as this can sometimes dilute the value.

Start your own group

Groups are very different to pages, as they are more engaging. If your members are active then they will see every post that you pin to the top of the group which can create more engagement. When your group grows, beware that it can become a huge time commitment, so make sure you plan your posts in advance.

Set some group rules and make sure you are consistent with sticking to them. You can apply some pre-qualifying questions for

people who'd like to join, to make sure

they're likely to engage and they're there for the right reasons.

If it gets too much for you, ask some of your community to help out by becoming moderators. This will take some of the pressure off you.

Post frequently, keep it interactive and only add valuable unique and relevant content. Sometimes Facebook groups can be a little sombre, so remember to have some fun too!

Instagram

This is also a great platform but a little harder and offers a different way of profiling. I find that Instagram is more centred around motivation, as it's your life shown in pictures.

Generally, if you follow someone they usually, though not always, follow back. Try to make sure they're the type of people you want as followers in order to grow your community.

Like Facebook, post at least once a day with a great inspirational post, sharing your story. Videos are engaging on Instagram and you will quickly see your followers grow.

Remember to use hashtags on every post of relevant groups or topics you're talking about. All hashtags will collage in one place where people can view your posts, and then

hopefully follow you.

LinkedIn

This is more of a business media, and is much more professional.

I would suggest that you repurpose the content you post on Facebook for LinkedIn. Don't worry about repeating content, as you may find that your audience across the two platforms differs anyway.

Twitter

I'm not sure about twitter at the moment, it seems to just be news feeds and a place where journalists hang out?

Give it a try though!

The important thing with any social media is to be persistent. Don't worry if nobody follows you back or if you don't get any likes for the first month or so. Like anything, building a profile takes time.



Q) I have seen a lot of social media posts recently talking about overcrowded HMO markets. It worries me to think that when I start investing, I won't be able to fill my rooms. Is it true that there is more supply than demand at the moment?

A) Yes, I do see a lot of these posts too. Sometimes we forget that we have to be proactive rather than just waiting for tenants to contact us. Here are some tips that you can adopt straight away to start filling those rooms:

- **Don't play in the middle ground**, that is where the market is busy. Be better and design your properties well, this way the competition will be less.
- **Have professional photos taken**. This makes a huge difference to the desirability.
- **Dress your rooms**, there is nothing worse than an advert with a bare room.
- **Open your viewing times up to offer more flexibility**. Maybe later in the evening and weekends.
- **Offer cash incentives** to current tenants for recommendations.
- **Search for people looking for rooms in your area** and direct message them with a list to your adverts.
- **Advertise on Spareoom.co.uk and use the pay per click feature**, this will ensure that your advert is highest in the page. Use the renew button on your advert as often as you can.
- **Advertise on OpenRent**, as this also gives access to Rightmove, Zoopla, Gumtree.
- **Advertise on Facebook Marketplace**, this is really busy. I guarantee you will get inundated with messages, so please make sure you have some guidelines though as you will have all sorts of applicants using this platform.
- **Advertise on all of your local Facebook rooms for rent groups**.



Going back to basics with the above tips will certainly help you fill those voids.

Q) After recently starting my property journey, I have found my mind wandering and sometimes I become less focused than I should be. How can I maximise the time I have to spend working on my business?

A) Yes, I hear you! There are so many

distractions that keep pulling us away from our main goals, and unless you are disciplined, you may find these distractions chewing into your day.

Here are some of my tips to keep you focused and productive. They work for me:

1. **Planning** This is imperative, you must plan your week. If you don't plan, then how will you know if you are getting closer to your goals?
2. **Every day, list a task that needs to be completed**, and don't do anything else until it's been done.
3. **Be in the room**. Switch off all distractions, including your phone. Literally turn the power off so that you are not tempted to take a peek. Switch off your emails and don't do anything until you have completed your number one task.
4. **Deep work**. This means give it your all for the time that you have devoted to the task. Shut the door and work deep into the task. Tell your family, partner or spouse that you mustn't be disturbed until you are done.
5. **Split your to-do list into two categories**: A tasks and B tasks. The A tasks are the actions that will put money in the bank, the B tasks may well be important in your mind, but they won't put food on your table. Concentrate on the A tasks first, and leave the Bs until after they're done. If you do this, your income will increase exponentially.
6. **Sleep!** It's proven that eight hours is the optimal amount. "I can't sleep for eight hours, I don't have time!" We all have the same amount of time and sleep is hugely important to our productivity.
7. **Go to bed an hour earlier** than you would normally.
8. **Get up an hour earlier** than you would normally.
9. **Eliminate alcohol** during the week.

10. Exercise as often as you can. It releases feel-good hormones and changes your mindset.

And the most important tip of all – take the time to have some downtime and some fun!

I can guarantee that if you adopt these tips your productivity will rocket.

That's it for this month, as always don't forget to drop by to my Facebook group *The HMO and Property Community Group* to ask your questions. See you next month!

Rick

GoTenant!

With my product, **GoTenant**, the tenant app allows your client to report maintenance issues quickly and easily. It also allows secure communication for general updates as well as providing tenants with access to their documents and information all in one place.

The property management element offers all the facilities mentioned in point 10 above, plus many more to help a busy landlord.

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



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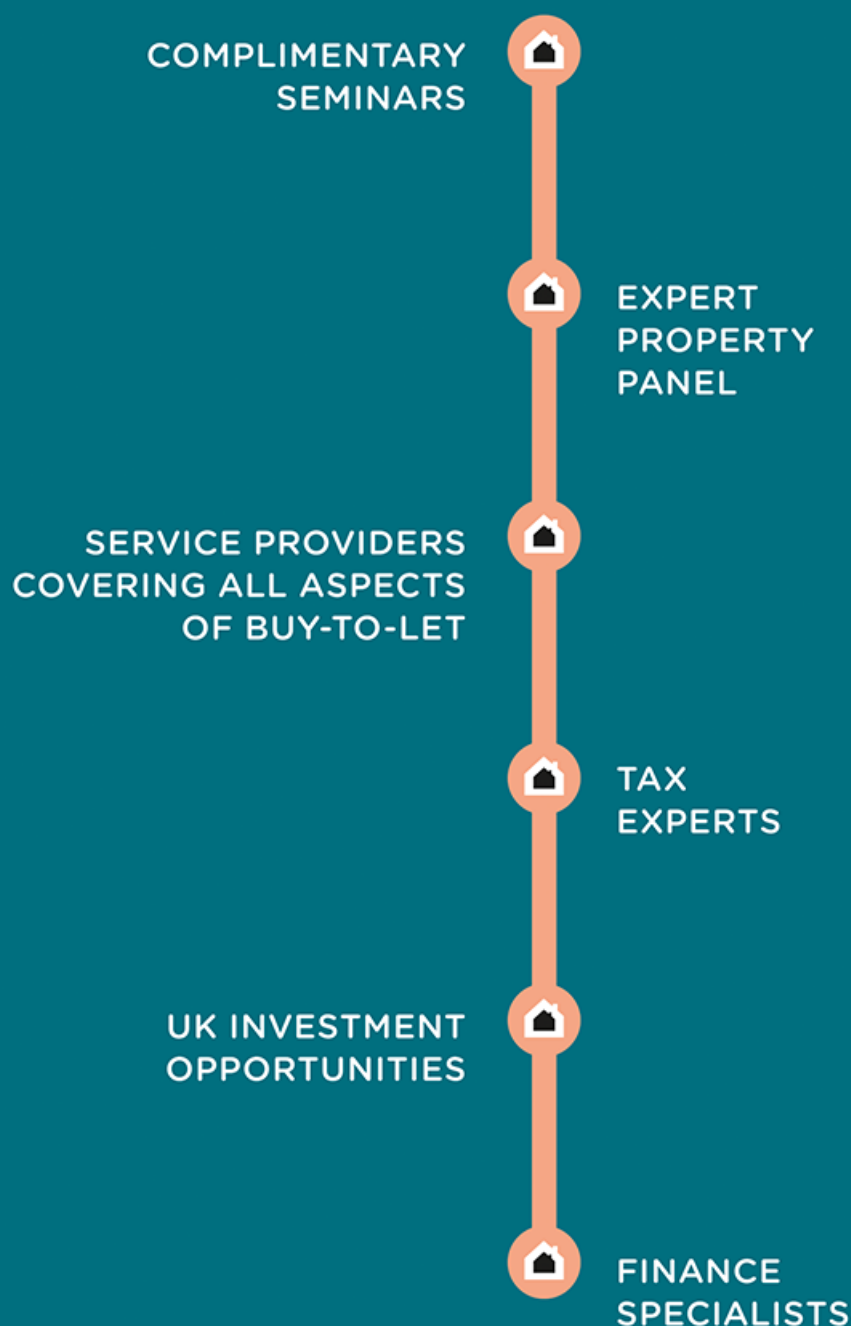


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FIVE RENT-TO-RENT MYTHS BUSTED

FRANCIS &
EMILY DOLLEY

This month's feature initially came about as a reply to a feather-brained article that was written about us in the Guardian newspaper back in 2013. If you Google "Guardian rent to rent" you can still find this article. The main accusations were that we're not honest with our landlords, we pack people into our rooms, we "jack up the rents", we ignore council legislation and we use licences instead of ASTs to enable fast and illegal evictions.

Of course, none of this could be further from the truth!

JACKING UP THE RENTS. LOL!

In reality, we want a long and fruitful relationship with our lovely landlords that'll benefit us both, so of course we are 100% transparent from the very first contact. In that initial conversation, we talk about future-proofing their property for years to come, and assure them that we'll take great care of their valuable asset.

Our customers (tenants) are all savvy working young professionals and the

suggestion that we could force them to share a room with a complete stranger was whimsical, and somewhat in the extreme.

As for "jacking up the rents" ... well, we have to keep our rents competitive or our delightful customers would simply pack their bags and find somewhere else to live. In fact, we pitch our rents marginally below the average local rent, to ensure zero voids.

LEGISLATION SIMPLIFIED

Legislation is changing all the time. We find it pretty easy to keep up to date, thanks to the pages of this magazine and due to the fact we've built a good relationship with our local HMO licensing officer.

To simplify things – we like to keep it simple – just think of the required legislation as a list. Make sure to include everything on the list, and tick them off as you do it. Simple.

The last point is an interesting one.

We're well aware that a lot of people do use licences when renting rooms in the false belief that they can evict people more or less on the spot. But the truth is that if it looks like a tenancy and smells like a tenancy, then it probably is a tenancy, and any judge in the land will treat it accordingly.

In fact, if you

use a licence to unlawfully evict someone, they can sue you for illegal eviction at any time in the future. And with more and more no-win-no-fee solicitors about, it's really not worth the risk ... just use an AST. A judge apparently once said: "You can call it a mobile-earth-

relocation-device, but in the eyes of the law ... it's a spade!"

THE FIVE MYTHS WE ARE BUSTING TODAY ARE:

1. **It's okay to have deals all over the place**
2. **The best deals are already gone**
3. **All this new legislation is confusing**
4. **Room demand is dwindling**
5. **There's no profit in R2R anymore**

The first thing to understand is that myths are usually perpetuated by people with little or no understanding of the actual strategy, or indeed by what's known as crabs in the barrel. This is a metaphor that refers to a pattern of behaviour in crabs when they are trapped in a bucket.

While any one crab could easily escape, whenever one tries, it's pulled back down by the others, thereby ensuring the group's collective demise. A classic case of *if I can't have it, then neither can you*. Another and somewhat controversial reason for these myths could be that at a deeper level, some people may not want their friends to become more successful than they are.

LET'S BUST THOSE MYTHS!

1 IT'S OKAY TO HAVE DEALS ALL OVER THE PLACE

In our opinion, multi-lets need to be managed by you or your property manager or it'll inevitably start to unravel. We wouldn't advise using a high-street agent to manage your rooms, as they tend to have zero emotional buy-in to your business, and voids will undoubtedly creep in.

The closer to home and the tighter the area, the easier they are to manage. Our patch is no more than a few miles from end to end. In fact, if we could have all our rent-to-rent deals in one street, we would.

2 THE BEST DEALS ARE ALREADY GONE

There's a saying that the best deal is just around the next corner, and this is absolutely true. As the wheel of life slowly turns, there will always be struggling landlords, retiring landlords and people wanting to free up their

time to work on other projects.

All you need to do is to find and connect with them. Believing that the best deals are gone is a mindset problem. That might be the first area you need to work on ... maybe buy a book on positive thinking?

3 ALL THIS NEW LEGISLATION IS CONFUSING

It's true that there has been a spate of new rules and regulations applied to multi-let properties, but we see all legislation as a simple tick list. All you need to do is to be aware of all the new rules and create a checklist for each new property. If new rules are applied, simply add them to the tick-list. Then all you need to do is to ensure that you do everything on the list.

If man has the ability to land men on the moon, we're sure that anyone can tick off items on a list! First, check your local council's website, and then ask questions in a good online support group.

4 ROOM DEMAND IS DWINDLING

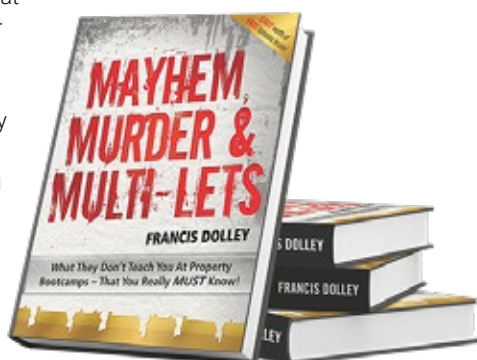
Just as there will always be struggling landlords, there will always be young professionals looking for good quality rooms in good quality houses, managed by pro-active agents.

Many people think voids are a part of every property entrepreneur's life and budget for them accordingly, but this is simply not true. The problem for some people experiencing voids is that they're not prepared to go the extra mile or dig deep into analysing why they are experiencing voids and create repeatable systems that will eradicate them forever.

We work in the tough Bristol market but haven't had a void for five years. The result has been a far more stress-free existence, much more money in the bank and more relaxing holidays. What would a void-less life mean for you?

5 THERE'S NO PROFIT IN R2R ANYMORE

Our brand is called the Multi-Let Cashflow System and it does exactly what it says on the tin. We focus our attention on monetising deals as quickly as possible. For this reason, we've never bought any expensive deals as it's simple enough to find your own, if you know how.



This alone has saved us a ton of money. Our refurbishments have cost us between £150 and £5,000, as we have become skilled at fishing out bargains – we bought two immaculate sofas for £22 last month. We also negotiate with landlords to pay for much of the work themselves.

These days, we never place deposits and always get the first month's rent delayed by two weeks at the very least. Our philosophy is that the properties don't belong to us, so although we want to make them safe, legal and desirable to our target market, we don't really want to be spending too much of our money on them.

CONCLUSION

It's said that we're the product of the five people we spend most of our time with. For many just starting out in property, those five people might be online strangers in a negative Facebook forum, all with their own agendas, insecurities, misunderstandings and fears. This is akin to taking advice from a drunk in a back-street bar at closing time!

Our advice when exploring any strategy is to seek out people who are doing it successfully on a day-to-day basis and connect with them.

To find out more about what we can offer, please visit:

www.multiletcashflowsystem.com/events

Until next month,
**Decide and Commit,
Don't Dabble and Never Quit.**



Francis and Emily Dolley are authors of many best-selling books and manuals, including **Mayhem, Murder and Multi-Lets**. They have helped thousands of investors to massively profit from using the rent-to-rent strategy and can be contacted via the Inside Rent 2 Rent Facebook group or francis@multiletcashflowsystem.com

THE A, B, C PLAN

ARSH ELLAHI



Hi Arsh,

I like reading your column monthly and I like the way you put everything bluntly and to the point. I would like to ask, when you look at a property, do you ever look at it from a single point of view?

Mr U – Peterborough

Thank you for getting in touch Mr U, and thank you for asking such a fantastic question. Let me start off by saying that this is a topic I am very passionate about, and I hope the answer I provide will show why.

As we all know, property can be a risky business if we do not treat it with due care and attention. However, on the other hand, property can also be a very secure business if you calculate everything to the nth degree. Let me elaborate on that.

Whenever I look at a property, I will always look at it in a couple of ways:

- **What is it now? What could it generate as it is?**
- **What could it become? What is its true potential, and what could it then generate?**

As strange as it sounds, whenever I look at a property, not only am I looking at the structure, I am also knocking the walls all the way around. This allows me to check which walls are stud-partitioned and can consequently be taken out easily, and those that are load-bearing. What I am really doing is mentally recreating the floor plan and trying to maximise it to its full potential.

In the earlier years – back in 2008 or so – I would be looking to turn single-let properties into HMOs. I therefore wanted to maximise the space to create as many rooms as possible. In order to do this, I would consider the:

- **Floor space**
- **Flow of the property**
- **Communal facilities**
- **Current facilities and their condition**
- **Potential to extend – either to the rear or in the roof**
- **The surrounding area, local amenities and transport links**

All the above would have a major influence on whether I should purchase the property and the offer I would put forward.

When looking at every property, I would consider it as:

- **A single let**
- **An HMO**
- **Potential small development of small self-contained flats**

I would do financial forecasts for each of the scenarios above to calculate which strategy would:

- **Generate cash flow**
- **Benefit better for refinance valuations, preferably on a commercial valuation**
- **Provide potential for capital growth**

Thus, I was not only looking at what property strategy to employ, but also the benefits of each and the longevity of the property along with the strategy.

From the early 2000s up until approximately 2015, my strategy was predominantly HMOs as this would naturally provide the maximum number of units along with a fantastic cash flow.

However, I then made a decision to no longer acquire HMOs, and moved into buying blocks of apartments or developing single let properties into small blocks of flats.

In 2015, I came to the conclusion that the HMO market was becoming a tough market and was near enough at point of saturation in my areas. Although I operate at a high 98% occupancy rate, I was finding that tenant enquiries were slowing down. But this was not the real reason for switching strategies. Having spoken to several chartered surveyors in the area, I was informed that they were being instructed by lenders to only value on the bricks and mortar, regardless of the structure, fabric or usage of the building.

Anyone who knows me well will also know that my HMOs do not conform to the usual type. In fact, for each HMO, the following is true:

- **There is no gas in the property**
- **Every room has an electricity supply, with the property being serviced by a three-phase electricity supply**
- **Each room has an en-suite and kitchenette**
- **It does not have a communal lounge**

As a result, it would be pretty hard, if not impossible, to turn any of my HMOs back into a single let. Therefore I demanded commercial valuations on the commercial product I had created. I asked the surveyor:





"Which other property on this street has six bathrooms, six kitchens and six electricity meters? If you can find something comparable, I would be happy for you to compare values. However if not, I believe the property should be valued on its own merits upon its income."

This is a conversation I have had many times over the years ... and have won every time. However, moving forward, I believe that acquiring blocks of apartments is a much easier and safer strategy. And with the effect of Section 24 starting to rear its head, I have found loads of landlords nationwide who are now selling in their droves.

Just to clarify, a block of apartments could be:

A purpose-built block of apartments

Or

A house converted into self-contained flats

I tend to find that the converted houses are available everywhere, and the reason why I like them is because the landlord has usually kept them on one title. This instantly allows me to add value, without actually doing any work.

Providing the flats are of an adequate size, I could title-split the flats and then have a number of exit options available to me, such as:

- **Selling off the flats individually**
- **Refinancing against each title**

I have been actively acquiring these types of properties and to date, have not had a single issue with finance either for acquiring or refinancing.

As a deal sourcer, I also find that this style of property is very easy to sell to other investors, as they can very simply be a let-and-forget type of strategy. In comparison, HMOs are still deemed to be very hands on.

If you have any questions that 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.

Arsh Ellahi is the author of **"Boom, Bust and Back Again: A Property Investor's Survival Guide"**



CASE STUDY

I have recently just completed a small development of six flats in Wolverhampton. I acquired the property as a very tired block of four flats for £180,000. See below a basic breakdown of costs, which will give you an indication of what can be achieved with the right vision.

Purchase price:	£180,000
Legals to acquire:	£1,500
Stamp duty:	£6,500
Finance arrangement:	£3,000
Finance costs over 12 months:	£7,200
Architect fee and planning fees:	£8,000
Build costs (materials and labour):	£135,000
Total acquisition and build cost:	£341,200
GDV:	£480,000

I now have the option of selling the flats individually, or refinancing to pull all of my initial money out.

Here are the figures for each option:

Acquisition and build cost:	£341,200
Title split:	£6,000
Selling fees:	£4,800
Selling legals:	£5,000
Total costs:	£357,000

Based on the GDV of £480,000, I would net approximately £123,000 for a small project that took nine months.

As we speak, we currently have the Wolverhampton Wanderers interested in acquiring the property at full value for their club players to use.

On a refinance and let basis, this property would generate:

GDV:	£480,000
Rental income:	6 x £500 pcm = £3,000 pcm = £36,000 per annum

Lending @ 75% LTV:	£360,000
(Please note: I would get all of my money back out)	

Mortgage payment @ 5%:	£1,500 pcm
Insurance:	£150 pcm
Letting Fees:	£0 (As I own a letting agency)

Cash flow based on figures above:
£1,350 pcm = £16,200 per annum

As you can see from the figures, this is a difficult decision as they are both great scenarios. Do I take the lump sum cash now and do another? Or do I refinance, get all my money out and generate a healthy cash flow, knowing that this property does not owe me anything?

What would you do?

I come across properties like this all the time. You can find similar ones on my new Property Investor app. To find out more about this, please visit:

www.propertyinvestorapp.co.uk

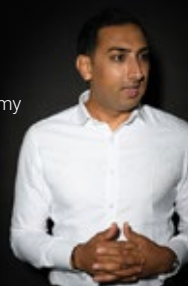


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Finally, to get access to all my updates and whereabouts, please sign up to my weekly newsletter at www.arshellahi.com



Do you want to be part of a proven portfolio building system that works?

We offer lucrative property deals in the North East! Our below market value investment opportunities will allow you to create an income stream through property and receive excellent returns on investment!



Examples of our current stock:

We source 3 different types of buy to let investments. 1. High Yielding Properties for our investors who buy cash. 2. Below Market Value Houses that are tenant ready from day 1. 3. Money in Money out deals, that can be purchased, renovated and then refinanced to get most of your initial cash investment back out.

All of the properties we source, are providing minimum net yields of 8-9% and are in areas of high rental demand. If purchased with a mortgage, these houses provide up to 30% Return On Investment. This offers our investors unbeatable returns. In addition to the amazing returns our clients are receiving, Savills, one of the largest agents in England, has just reported that the North East is expected to see capital growth over the next 5 years 2019-2023 of 17.6%.

All our properties are refurbished to a high standard by our in-house refurbishment squads and then the management is organised. This gives all our clients and prospective clients complete peace of mind.

If you would like to view any of our current properties, please visit our website at www.talkinghouses.co.uk

If you would like to discuss any of our properties in more detail, please call **0191 501 8091**.

Or better still jump on a train and come and visit our wonderful North East. We will collect you at the station give you a guided tour, have lunch and show you our available Residential Investment Portfolio.

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.

Join us in London or Durham and Discover what we can do for you.

We let our clients speak for us. Here are some recent clients giving feedback.



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



Come and join us for an hour to see what we can do for you. It will help you understand the North East property market and what it can do for you.

Please register your place either by email - info@talkinghouses.co.uk or on the contact us page on our website www.talkinghouses.co.uk or alternatively call us on 0191 501 8091.

Our places are limited and fill up fast, so please register your interest at your earliest convenience.

Once registered you will receive your ticket via email.

Our upcoming dates

London Marriott - Canary Wharf

Wednesday August 21st. 1 hour consultation slots from 10am till 5pm.

Ramside Hotel - Durham

Wednesday August 28th. 1 hour consultation slots from 10am till 5pm.

Look forward to meeting you there.



Our very best

Mike Massey BSc (Hons)
Founder
Talking Houses NE Ltd



Martin Cockbill
Operations Director
Talking Houses NE Ltd

MORTGAGE UPDATE

By **Stuart Yardley**

Trafalgar Square Financial
Planning Consultants

**Stuart Yardley presents
his monthly round-up
of what's happening
in the mortgage and
finance markets.**

There have been very few changes in the market with lender criteria or interest rates over the past month, as lenders are concentrating on service and processing the levels of applications they are receiving.

So this month, I thought I would look at a couple of specialist areas of lending.

NEW BUILD FINANCE

If you are looking at either purchasing a new build flat/house for investment purposes or looking to do a development and convert a house/building into a block of flats, the finance options will be key.

Buying

New build BTL flats are quite straightforward to finance on a BTL mortgage and the key consideration will be the lender's exposure to the block. If you are purchasing a flat within an existing development your broker will look to speak to the preferred lender, after assessing your circumstances and the deal. They need to ensure that the lender hasn't already lent on too many other flats in the development. As a rule, a lender will generally look at an exposure in the block of around 20%-25%, so they are not overexposed in one development.

Some lenders also have restricted developers they will consider, and reduced loan to values, but the market for new build finance has improved over the last few years.

If you are considering purchasing a new build flat, the key will be to speak to your broker as early in the process as possible, so they can give you a good guide on lender options available for you and the development.

New build houses are generally more straightforward as there are plenty of lender options, and you tend not to have the issues with exposure limits. The key to the finance options will be the purchase price, rent to be achieved and your individual circumstances.



Building or converting

A far more complex area for financing would be if you are looking to either build a house from the ground upwards or develop an existing building into new build flats.

For this type of finance, there are generally two approaches.

- **If you are doing a conversion of an existing building, we can look at bridging or development finance for the purchase.**
- **For a new build house from the ground upwards, we can look at potential development finance options.**

Standard bridging is quite simple as the lenders will lend against the purchase price and the loan is secured on the existing value of the house/building. You would then need to finance the development costs yourselves via your own funds, or potentially we could look at increased borrowing with cross-collateral lending.

Development finance can be a little more complex. Lenders will be involved throughout the project, and may have their own surveyors and QS. The key also with full development finance is the experience of the individual investor or their team with previous developments.

If you are looking at any potential development opportunities I recommend you speak to a broker to discuss the full project in detail. Lending options are very individual per project depending on the location, valuation, experience, level and cost of works and planning stage.

PORTFOLIO LANDLORDS

Following on from my update on portfolio landlord regulation and the property portfolio templates last month, I thought it would be a good time to remind you of the other documents you will potentially be asked for as part of the assessment process.

Our experience of these portfolio landlord requirements is that preparation is key to ensure the application process is as quick and smooth as possible, as the lenders will not waive these requirements. The quicker they can be completed and sent to the underwriters, the smoother the underwriting process is.

Lenders will potentially also ask you for:

- **Business plans**
- **Cash flow forecasts**
- **Assets and liabilities statements**

If you are classed as a portfolio landlord and anticipating applying for finance within the next few months, it's worth taking some time to ensure you will have all this information to hand.

We have a lot of questions from investors asking about what the lenders are looking to see in the business plan, so I thought I would cover some of the questions that are asked by different lenders.

Portfolio landlord business plans

Each lender will ask slightly different questions but the key questions and areas to expect are:

INVESTMENT STRATEGY

Lenders will want to know about your main investment strategy and normally will give you a tick box answer option between ...

- **Sole source of income**
- **Additional income stream**
- **Capital appreciation**
- **Retirement planning**
- **Other – where you can provide details**

This is quite straightforward and will likely have multiple answers.

BACKGROUND OF INVESTORS

The lenders are purely looking at an overview of the investor's experience in residential property investments and to get a feel for the applicants/directors.

OPERATING MODELS

- **Single residential investment properties**
- **Multi-unit freeholds**
- **HMOs**
- **Other ...**

Again, quite a straightforward answer and you just select all options applicable.

TENANT PROFILES

Again, the lender is looking for an overview of the type of tenants you operate your business with:

- **Single family residence**

- Student lets
- Company lets
- Social housing lets
- Multi occupants/HMOs

INITIAL TENANCY AGREEMENT PERIODS

- Six months to one year
- More than one year up to three years
- More than three years up to five years

AVERAGE LENGTH OF TENANCY

- Less than 12 months
- 12-18 months
- 19-24 months
- 25-36 months
- More than 36 months

PROPERTY MANAGEMENT

- Letting agent used to source and manage
- Letting agent used to source but self-managed
- Fully self-managed

The lenders will then go on to looking at voids and tenant arrears and how you manage these. Typical questions include:

- Average void period
- Details of how you deal with rental voids
- Have you experienced tenants with more than one month's arrears or any evictions?
- How these situations were managed

Next, they generally go on to your future plans and you can expect to provide some or all of the following:

- Do you expect your net rental income to increase, decrease or stay the same, and your reasons for this?
- What are your plans for your rental portfolio over the next five years?
- Proposed future purchases – how many you are proposing to purchase over the next 12 months, average spend on these purchases and estimated borrowing requirement?
- Proposed disposals – how many properties are you considering selling in the next 12 months, total value of these properties, how much your total borrowing will reduce by and the reason for the disposals?

As you can see, the business plan provides a lender with a full overview of your current portfolio and future plans.

PORTFOLIO REVIEWS & PERSONAL REFINANCING

When you come to the end of your current fixed/discounted rate with your existing lender, it's a good opportunity to review all of your options, including refinancing to another lender or taking a new fixed rate with your existing lender.

Most lenders will offer you a product transfer onto a new rate and we have seen a huge increase in the number of investors taking this option.

The key is that you try and avoid reverting to the lender's standard variable rates, and either refinance or take a new product with your existing lender as soon as you can.

I would recommend you diarise any mortgages that you want to review for three months before the end of the current interest rate. If you would like some support, I can assist with this process and look at a comparison of refinancing to a new lender or staying with your existing lender.

After assessment of your current circumstances, current portfolio and property criteria, if a refinance to a new BTL lender is the best option, here is a selection of the current interest rates.

Lender	Loan to Value	Product	Fees
The Mortgage Works	75%	2.28% 5-year fixed	£1,995 arrangement fee added – free valuation and free legal remortgage service provided
The Mortgage Works	75%	2.49% 5-year fixed	£995 arrangement fee added – free valuation and free legal remortgage service provided
BM Solutions	75%	2.63% 5-year fixed	No arrangement fee added – free valuation and free legal remortgage service provided
The Mortgage Works	65%	2.39% 5-year fixed	£995 arrangement fee added – free valuation and free legal remortgage
Virgin Money	75%	1.98% 2-year fixed	£995 arrangement fee added – free valuation and free legal remortgage service provided
BM Solutions	75%	2.36% 2-year fixed	No arrangement fee
Virgin Money	75%	1.73% 2-year fixed	£1,995 arrangement fee added – free valuation and free legal remortgage

This is just a selection of rates available and there are many other factors to take into consideration, so I recommend either speaking to myself or your existing broker to discuss tailored options available to you individually.

LIMITED COMPANY MORTGAGE OVERVIEW

When you are setting up a limited company, I would recommend that after your conversation with your tax adviser, you speak to your broker to make sure that the structure of the proposed company works from a finance point of view.

Each lender has a very different view of shareholdings and directorships. Some lenders ignore minor shareholders while others insist that all shareholders need to be party to the mortgage and give personal guarantees. When a shareholder is required to be party to the mortgage, they must fit that lender's criteria so it's important to discuss this with your broker upfront.

Lender	Loan to Value	Product	Fees
Precise Mortgages	80%	3.94% 5-year fixed	1.5% arrangement fee
The Mortgage Works	80%	3.29% 2-year fixed	2% arrangement fee
Paragon Mortgages	75%	2.89% 2-year fixed	1% arrangement fee, free valuation, £400 cashback
Precise Mortgages	75%	3.49% 5-year fixed	1.5% arrangement fee
The Mortgage Works	75%	3.74% 2-year fixed	No arrangement fee

As always, I am available to chat if you require any advice on a BTL or residential mortgage, or commercial, bridging or development finance. I work with investors throughout the country with property investment opportunities, from those buying 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



Discover How to Buy a Business

And Get The Property Thrown In For

FREE

For the first time **Jonathan Jay and The Dealmakers Academy** are offering free video training on how to do this – you'll learn four clear strategies for buying a business with its property – and have your eyes opened to a rich new source of off-market deals.



Watch the video: www.TheDealmakersAcademy.com/property

Dear Property Investor,

There's a huge untapped market for property investors – **businesses that own property or land which you can buy below market value.**

Most property investors only look for 'obvious' opportunities.

“As an experienced property investor I was cynical as to whether Jonathan could show me anything new. I now know how to expand my cash flow by buying property related businesses and have a blueprint for 'rinse and repeat' – this is worth any property investor checking out immediately.”

Rebecca Waterfield

But if you are prepared to think outside the box, there is a **huge untapped market** in businesses that own a freehold property or are on land that can be developed.

Often the property and land is **undervalued on the Balance Sheet** – which presents an amazing opportunity for the property developer who has the skills, knowledge and confidence to buy a business (with the land and property thrown in!).

The skill is knowing where to identify these opportunities and how to approach the business owner, how to negotiate the deal and structure it with the best possible terms – preferably a no-money-down deal.

There is a huge advantage of buying a business with property – **you get the daily cashflow from the business with bridges the gap while you apply for planning permission.** When you have planning you can then sell the business and keep the property – with another windfall for you.

If you want to learn how to buy a business, Jonathan Jay and The Dealmakers Academy is where you go if you want **razor sharp advice and mentoring from people who spend their lives buying and selling companies.**



“I've been a property developer for 5 years and I was surprised and excited by the opportunities Jonathan's Dealmakers Academy brings to my business. The course is loaded with valuable material and insights.”

Chris Price

Watch the video: www.TheDealmakersAcademy.com/property

LEGISLATION UPDATE

THE SECOND CITY MAKES A BOLD MOVE

By Mary Latham

THIS MONTH'S UPDATES ...

Article 4 Direction in Birmingham
Tenant fees ban
Changes to tenancy documents
Changes to Universal Credit system
Short term lets

On 6th June, Birmingham City Council made the following announcement:

"New City-Wide Article 4 Direction and Cancellation of Existing Selly Oak, Harborne and Edgbaston Article 4 Direction relating to Houses in Multiple Occupation (HMOs).

"The City Council has made a decision to introduce a city-wide Article 4 Direction, which will mean a planning application must be submitted for proposals to convert family houses (C3 use class) to small Houses in Multiple Occupation (HMOs) accommodating between 3 and 6 people (C4 use class). The Council is now commencing a 6-week period to publicise the city-wide direction **from Thursday 6 June 2019.**

An existing Article 4 Direction for the same purpose is currently in place covering parts of Selly Oak, Harborne and Edgbaston. To avoid duplication in coverage, this existing direction will be cancelled, but to ensure that there is no gap in coverage the cancellation will happen on the same day that the new city-wide direction will come in to force. The Council is inviting public comments

as part of this publicity period. These will be taken into account when the direction is confirmed later this year. Following confirmation, the direction will come in to force on Monday 8 June 2020.

The consultation will close on Thursday 18 July 2019."

Interesting that they call the statutory consultation period a time to **"publicise"**. They go on to invite comments which they say they will **"take into account"** when they confirm the Direction. Whoever wrote that didn't understand "consult", but I don't know of one area in the country where an Article 4 was proposed and not put in place, so it's academic really.

The ability to put an Article 4 Direction in place was given to all local authorities on 1st October 2010. This meant that a Class C3 dwelling house and Class C4 small HMO (up to six occupiers), which may be identical, were categorised based on the occupancy or use of the building. A change of use from dwelling house (Class C3) to HMO (Class C4), and from HMO to dwelling house, were permitted unless the local authority had put an Article 4 Direction in place.

Once an Article 4 Direction is in place, changing use from class C3 to class C4 needs planning permission. The permitted development rights, given in the **Town and Country Planning (General Permitted Development) Order 1995** as amended, are withdrawn. That Order has since been revoked under **Schedule 4 of The Town and Country Planning (General Permitted Development) (England) Order 2015.**

When a local authority decides to put an Article 4 in place, there is no right of appeal unless they have made a mistake in procedure. It's possible to apply for a Judicial Review but this is very expensive and not likely to happen.

The message is: once an announcement has been made by the local authority, it is going to happen.

Providing you keep your eye on the area where you are investing, you will have early warning, and shouldn't end up halfway through a conversion you cannot use. In fact, it will be 12 months from the end of the consultation period to the



introduction – time to buy or develop an HMO in the area because once the Article 4 Direction is in place, established HMOs usually increase in value.

An Article 4 Direction doesn't mean you won't be given planning permission for an HMO. That will depend on the criteria used by the planners. You will however have to pay a fee to make the application. This is a recent change. One of the main drivers for the change in 2010 was the amount of single family homes being lost to student HMOs. Several local authorities, including Birmingham, have since used this change to control the density of student housing in communities, to preserve community schools and other important facilities.

This is no longer the driver in Birmingham; the city planners are now trying to preserve family homes across the city because thousands have been converted to HMOs – both small ones within permitted development and larger ones (over six occupants) with, and sometimes without, planning permission.

Regardless of the type of tenants, these HMOs are putting a strain on the housing of families. There are hundreds of families in B&Bs and other unsuitable temporary accommodation. This has a knock-on effect for education, healthcare and wellbeing.

Oversupply of HMO rooms in many parts of the city is evidenced by increasing voids and rents being reduced in those areas. In this respect, A4 will be a good thing because many who invest in HMOs fail to do the homework on the area, so are unaware of this oversupply and consequent impact on their investment.

I am well aware this is not a popular opinion, but as a Brummie who cares about my city and a landlord who has invested in Birmingham since the 70s, I feel I am entitled to voice my opinion. We may see other cities and large towns adopting Article 4 Directions to control the development of HMOs, which has been somewhat indiscriminate for the last few years. Everything has its day and HMO developments have had a very good run. I hear people saying that there is a need for more affordable homes – if that is the case, why is there an oversupply in so many parts of the country? And as a very smart young colleague said recently, **“Living in a room in an HMO is not very aspirational.”**

TENANT FEES BAN

On 1st June, the tenant fees ban came into place. **THE ONLY FEES THAT WE CAN CHARGE A TENANT ARE:**

- the rent
- a refundable tenancy deposit capped at a maximum of five weeks' rent where the annual rent is less than £50,000, or six weeks' rent where the total annual rent is £50,000 or above
- a refundable holding deposit (to reserve a property) capped at a maximum of one week's rent
- payments to change the tenancy when requested by the tenant, capped at £50, or reasonable costs incurred if higher

payments associated with early termination of the tenancy, when requested by the tenant

- payments in respect of utilities, communication services, TV licence and council tax
- A default fee for late payment of rent and replacement of a lost key/security device, where required under a tenancy agreement

I've covered the details of this in previous articles, but it's worth reading the government guide because a mistake will be expensive!

<http://bit.ly/YPN134-ML-govtguide>

CHANGES TO UNIVERSAL CREDIT SYSTEM

Universal Credit has been the bane of our existence since day one. Some landlords have dealt with it by refusing to accept tenants who rely on benefits to pay their rent – the impact of this is obvious.

What I would really like to know is how exactly does a landlord avoid having tenants who rely on benefits to pay the rent? Any tenant can have a change of circumstances: illness, job loss, relationship breakdown, etc, resulting in a need for benefit support. These days, that means Universal Credit.

We all need to understand the system because any day one of our tenants might tell us they are Universal Credit claimants. Landlords and letting agents experienced in working with tenants in receipt of benefits have said from day one that forcing people who have never had to manage their own money to do so, would not work. They were right. Money management is a skill and if people have been used to their rent being paid directly to the landlord, they struggle.

Many people in the early days asked if they could continue to have the rent paid to their landlords, but the system said “No”. Instead, people must become **financially skilled and manage their money just as a person who goes to work does**. Sounds good ... but in practice, throwing a person into deep water is not the same as teaching them to swim. Many people have drowned in the Universal Credit system, finding themselves homeless and more vulnerable than ever.

And the penny has dropped ...

A report published by Citizens Advice in February revealed that 49% of the people it helps with Universal Credit were in arrears on their housing payments. This is despite

receiving extra payments to help to bridge the gap between coming off LHA and going on to Universal Credit.

What is known as an alternative payment arrangement (APA) – direct payment to landlords – was eventually made, but only after the tenant faced homelessness because of rent arrears. According to recent government figures, only 5% of tenants have their benefits paid to the landlord if they are in the PRS. It is estimated that 33% of Universal Credit claimants live in the PRS – around two million people.

Caridon Landlord Solutions, which provides advice on Universal Credit and housing benefit to the PRS, says it has been trialling the online scheme with the Department for Work and Pensions (DWP) since October last year. Sherrelle Collman, managing director of Caridon Landlord Solutions, said:

“Caridon believes that the paper forms are taking weeks to be processed, sometimes getting lost along the way and all the while rent arrears are mounting up.

We have been working with DWP to develop an agile online system, making suggestions for adjustments to ensure it is as user friendly and efficient as possible – not only to get payments made directly to landlords where necessary, but also to speed up the process.”

Many landlords want to see a return to direct payment but only when the potential to reclaim an overpayment, caused by a tenant, is removed. This change will no doubt help landlords and agents who have no option other than to take tenants on benefits, but it needs to go a lot further before the PRS goes back to accepting these tenants when there is an alternative to take a tenant who is able to fund their own rent.

It can also be used for older tenancies



IMPORTANT CHANGES TO DOCUMENTS

The tenant fees ban has caused a couple of documents to be updated. It's important that we use the most up-to-date versions.

How to Rent guide

One of the documents we must give tenants **BEFORE THEY SIGN THE CONTRACT** is the **How to Rent** checklist, which the government produces as guidance for tenants. It's also very helpful for landlords. We do not need to give the latest version to existing tenants until they sign a new fixed term contract or a current fixed term contract rolls into a Statutory Periodic Contract.

Note: if your tenancy agreement states that the tenancy will become a Contractual Periodic tenancy if it continues beyond the fixed term with no other contract being signed, you do not need to serve the documents again.

We must make sure that the version we give to a) new tenants and b) existing tenants on new tenancies, is the latest version.

To be certain, download it each time from here: <http://bit.ly/YPN134-ML-howtorent> (England). Landlords in Wales: refer to the Rent Smart Wales website for the latest documentation.

We cannot provide a link to the tenant – we must provide an attachment or hard copy.

Giving an out of date version is the same as not giving it at all because we are depriving the tenant of their legal right to that information before signing a legally binding tenancy agreement.

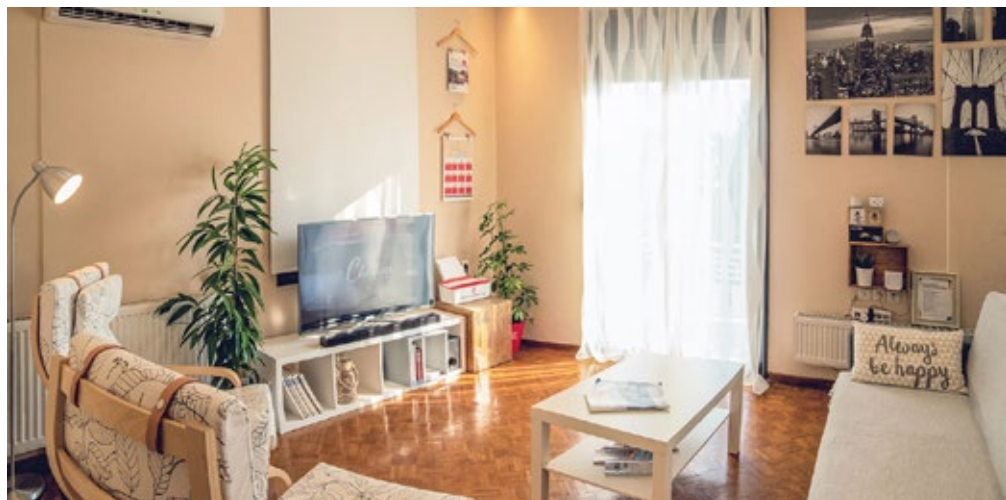
Form 6A

We don't need to give this second document – **Form 6A** – to tenants unless or until we need to serve a Section 21 to start the eviction process.

This form has been updated to state that if an unallowable fee has been charged, a valid Section 21 cannot be served.

Form 6A (<http://bit.ly/YPN134-ML-form6a>) should be used to serve a valid Section 21 on any tenant who has signed a contract or rolled over into a statutory periodic since October 2015.

AIRBNB AND SHORT TERM LETS A CALL FOR A REGISTRATION SCHEME



In May, a series of advertisements appeared on London Transport that appeared to be urging long-term landlords to switch from conventional AST-tenancies to short lets booked through Airbnb and similar platforms.

The ads were posted by a company called Hostmaker, an international property management company, who have denied encouraging landlords to break the 90-day rule.

Airbnb issued a statement:

"Airbnb was not involved with this campaign. The adverts do not reflect the spirit of hosting in London and we are pleased they are being removed. Airbnb has always been the only platform to help London hosts follow the rules by automatically limiting how often they can share their homes."

"We have zero tolerance for attempts to get around our measures and we have backed the Mayor's proposal for host registration, which would help ensure rules are applied fairly and equally to hosts on all platforms."

In April this year, London's Mayor Sadiq Khan called for the government to introduce a new registration system for anyone wishing to rent out a property in London for less than 90 days in a calendar year, to help protect the capital's housing for long-term residents.

"In a letter to Secretary of State for Housing, Communities and Local Government James Brokenshire, co-signed by Airbnb and Camden, Islington, Hackney, Tower Hamlets, Westminster, and Kensington & Chelsea councils, the Mayor outlined his support for short-term lets, which offer additional accommodation for visitors to the capital and enable Londoners to meet new people and earn some extra money."

However, the letter, also signed by London Councils – the local government association for the capital – makes clear the Mayor believes these benefits must be balanced with the need to protect long-term rented housing, and to ensure that neighbours of Londoners renting their properties short-term are not negatively affected by a high turnover of visitors." (London.gov.uk)

London is one of the UK's top destinations for guests travelling with Airbnb. Over two million guests have generated £1.3billion. The concern is that many homes are being let for more than 90 days a year, impacting on the availability of rented property for people living in the capital.

In the past, the Mayor has called on the industry to self-regulate, including through voluntarily capping the number of nights per year a host can let out their home in line with the current law. Airbnb is currently the only platform to have voluntarily implemented the cap limit. Homeaway and TripAdvisor have recently committed to introducing a cap in the future.

Landlords are expressing online their dissatisfaction with controls being introduced relating to Article 4, licensing and short term lets. **We have to recognise the theme, however, that rented homes are needed for residents and local authorities will fight to protect them.** When we talk about the most important of human needs – a home – temperatures are bound to be raised.

I will leave the proposed "progressive property tax" until next month.

Mary Latham is the author of **"Property for Rent – Investing in the UK: Will You Survive the Mayhem?"**



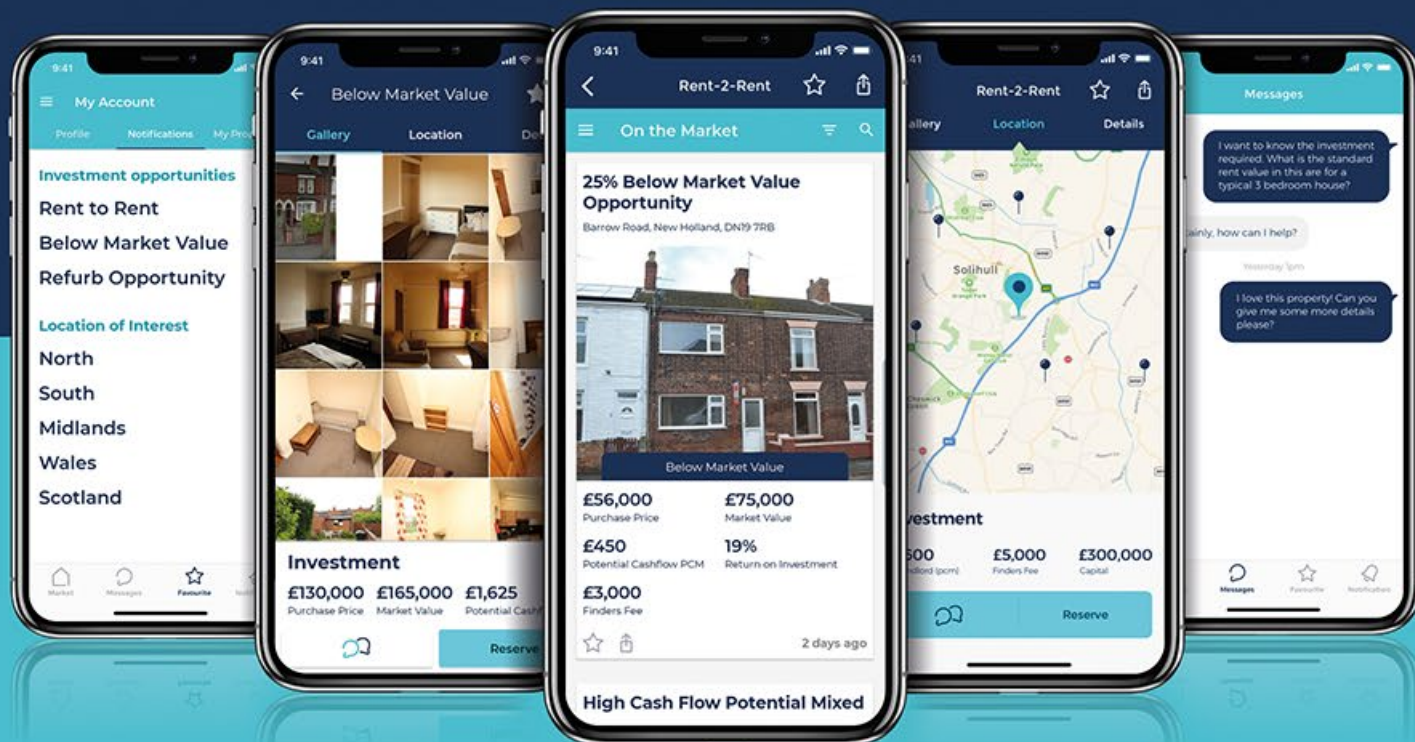
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Property Investor

BEWARE!

THE DANGERS OF PERIODIC TENANCIES

By **James Davis**, portfolio landlord & CEO of Upad.co.uk



At the end of a tenancy, if your tenant wants to stay in your property and you are happy for them to remain, you have two options. You can either:

- issue them with a new AST, or
- you can simply allow their original tenancy to become a periodic.

In other words, it will roll on week by week or month by month, depending on whether they pay their rent weekly or monthly.

If you don't give your tenant notice to leave at the end of their contract and you don't issue a new AST, they will be allowed to stay in the property and their tenancy will automatically become periodic.

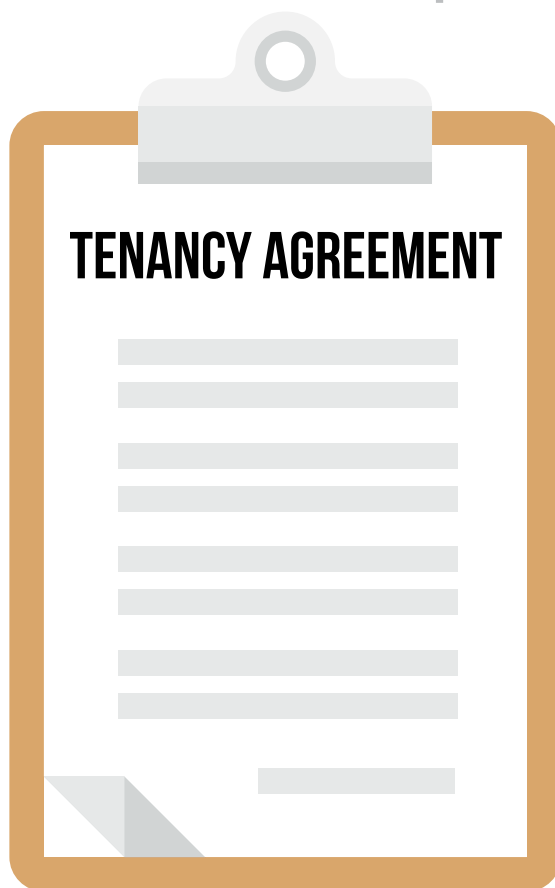
NEW TENANCY AGREEMENT VS PERIODIC TENANCY

Some landlords prefer the flexibility of a periodic tenancy. It allows them to repossess the property by simply giving the tenant two months' notice via a Section 21. It also avoids the hassle of re-issuing any paperwork, and any potential charges from a lettings agency for the "hassle" of editing dates and clicking on the print button on the computer.

IMPORTANT UPDATE ON SECTION 21 NOTICES

As part of a complete overhaul of the sector, the government has outlined plans for a consultation to abolish Section 21 evictions. Private landlords will no longer be able to evict tenants without good reason and sufficient evidence.

Under the new rules, court processes will also be expedited so landlords can repossess their property quickly, such as in cases of damages and rent arrears.



WHAT ARE THE DANGERS OF A PERIODIC TENANCY?

There are several potential risks associated with periodic tenancies, which as a landlord you need to be aware of.

The first is that the tenant could leave at any time by giving you only one month's notice. By issuing a new AST, you will have the reassurance of locking your tenant into another fixed period and you won't have the uncertainty of not knowing when the tenancy might end.

Another danger of a periodic tenancy is that the original contract might eventually become obsolete due to new laws, such as those covering deposit protection. If a contract is out of date and doesn't cover all legal requirements, it's useless and could even lead to the tenant having a financial claim against you.

Another thing to consider is that the landlord, not the tenant, is responsible for council tax under a statutory periodic tenancy if the tenant leaves during their notice period. This can be avoided by

creating a contractual periodic tenancy, either by stating in the original contract that the tenancy will become a contractual periodic tenancy at the end of the original period, or by issuing a new contractual periodic agreement.

ARE THERE ANY BENEFITS TO PERIODIC TENANCIES?

You might prefer the idea of a periodic tenancy because it leaves you the option of raising the rent at any given point in the future, assuming you give the tenant sufficient notice. Don't do this more than once every 12 months, though.

However, the best time to discuss rent increases is when you issue a new AST. The tenant will likely be expecting this and if they agree, they won't have the option to change their mind and make an early exit.

RENEWING THE TENANCY AGREEMENT

If you do decide to issue another AST, you should resist the temptation to save time and money by simply cutting and pasting the original contract, changing only the dates and rental figure. The law is constantly changing and your old contract may no longer cover all legal requirements. If you use a letting agent, you should check that they're not simply changing dates and printing out the same thing.

It is always better to issue a completely new contract so that you can be sure it complies with the law and that all the terms and conditions have been checked. If the contract contains inaccuracies, it isn't worth the paper it's written on and you might have difficulty terminating the tenancy if it hasn't been properly established in the first place.

Remember that if you issue a new AST, you will need to re-protect any deposit you took at the start of the tenancy. If the tenancy becomes periodic, you must inform the deposit protection scheme, but you won't need to re-issue the prescribed information to the tenant.

Don't forget that regardless of whether you issue a new AST or allow the tenancy to become periodic, you'll also have to check that any tenants who have a time-limited right to live in the UK have up-to-date passports and visas.

James

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Celebrating a Property Pension

Richard Hutchins, Company Director

Property & Pension Investment

Richard Hutchins, 64, of Hayling Island near Portsmouth has made substantial gain by investing his pension in property since 2012. This month in YPN he tells us what he's done and how he did it.

Richard explained: "About 6 years ago I started working with Gareth Bertram of The Landlord's Pension, he's a property investment expert who works with property pensions. Rightmove were jointly promoting how to invest your pension in property with Gareth's company so I got in touch with him. Gareth explained to me how I could invest my old pension plan in property, something I didn't know was possible. After undertaking some due diligence and reviewing some options, I decided this was the right thing for me to do. I had always had an interest in property, but my pension was invested in stocks and shares that I did not understand so making the switch was an easy and obvious choice. It's been a wise decision because my pension value has nearly doubled since I first met Gareth."

Richard continued: "I started the process by moving my old pension plans into a single pension plan which at the time was a low-cost flexible option for me. The investment term was 5 years and during this time I had very little to do with the money. I had opted for a 'hands-off' property investment, meaning that I could benefit from investing in the property market without being involved in the day to day developments undertaken. This suited me perfectly because I have been running my own business as an Optician for many years – I certainly couldn't do both at the same time! There were options to invest for as little as just 1 year but I felt it was better to make the 5 year investment and let the money work for me."

"I had already taken my tax-free lump sum when I turned 55 but I am now planning to start drawing further income from the pension."

This is where things get exciting because although I am drawing income, my pension remains invested and continues to generate a return from the property market. The return is paid to my pension every 6 months which I can then draw out and use for any purpose. What is perhaps not immediately obvious is that the capital value of the pension does not reduce because I am simply drawing the income that the invested capital is producing. I can take more capital if I wish to in the future or I can leave it as an inheritance."

'My pension has nearly doubled in value'



Richard has a SSAS Property Pension which is exclusively available to company directors. This is a low-cost property pension that is afforded special status allowing him to invest in property. Richard's story is one of many that we have showcased on behalf of property pension experts, The Landlord's Pension. This article once again highlights the importance of not ignoring former employee pension plans because this is often the capital injection people may need to start investing in property.

It's important to note that although Richard was over the age of 55 when he started investing in property with his pension, he could have done so at any age because there are no age restrictions on using pension funds to invest in property. **Find out more by downloading the free guide below.**



Download your FREE exclusive Property SSAS Pension guide by visiting:

www.TheLandlordsPension.co.uk/ypndownload

0203 9078400

DSS DISCRIMINATION SHELTER'S CAMPAIGN

By **David Lawrenson**

"Shelter have started a campaign to end what they call 'DSS Discrimination,'" says David Lawrenson of www.LettingFocus.com.

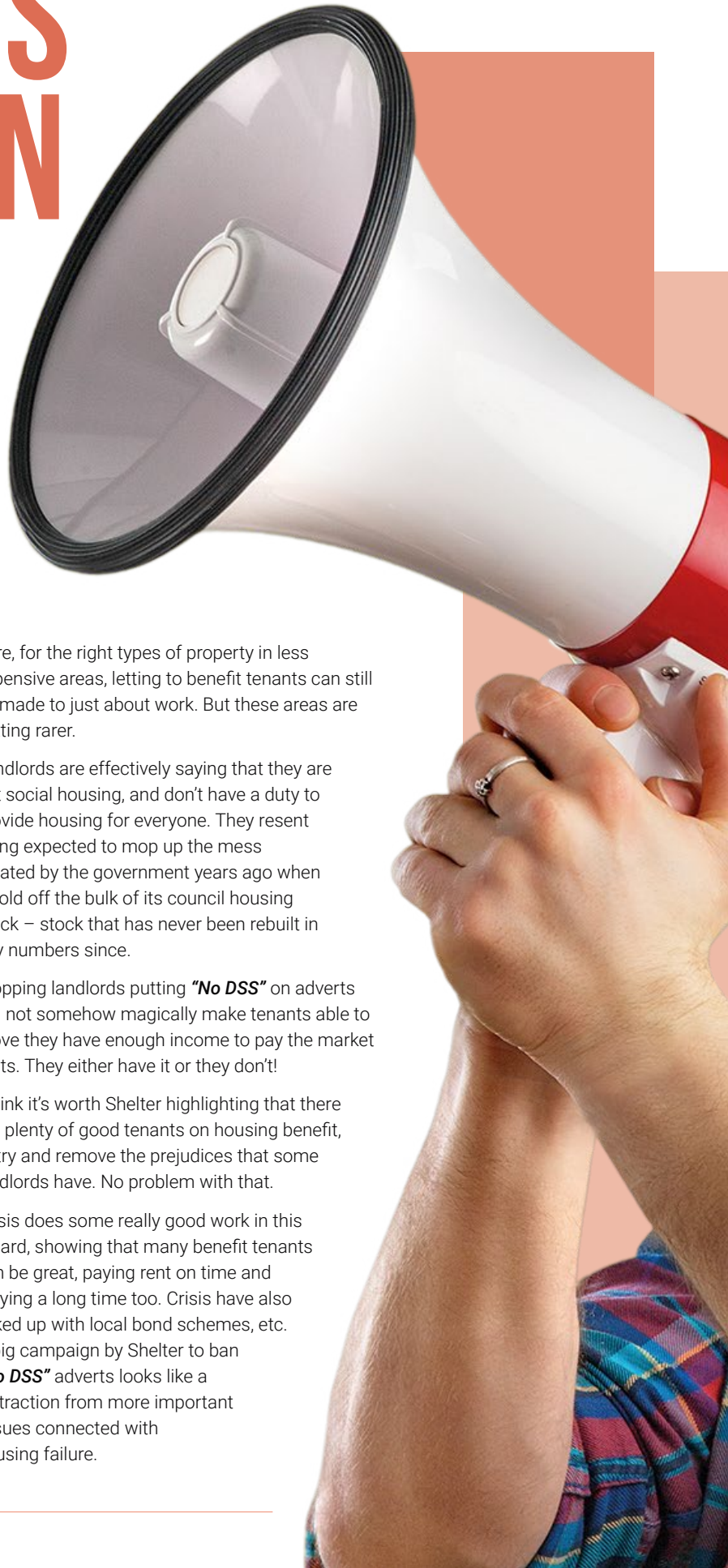
They say landlords and letting agents should not be allowed to state in adverts that they do not wish to take people who are dependent on housing benefit to pay rent as tenants. *(The "DSS" tag is shorthand for the old "Department for Social Security" who used to administer benefits, this has long since been renamed the Department for Work and Pensions or DWP)*

Of course, landlords and letting agents have been saying "No DSS" (or "No Housing Benefit" or "No Housing Allowance") for a long, long time. However, increasingly so in the last ten years since the government capped the total benefit that people could receive and have progressively decoupled the housing benefit element from median market rents.

With the level of housing benefit now far below market rents, especially in the bigger cities, landlords already know the figures don't stack up. Many feel it's easier to just say no at the outset, to save everyone from wasting their time.

They add that the constant tinkering with how housing benefits are administered – especially the crazy hokey-cokey of whether it should be paid direct to the landlord – has been a problem too. Most landlords prefer to be paid directly, as do many tenants, who would rather not have the temptation of spending housing benefit money on something other than the rent.

Issues with the new(ish) over-arching Universal Credit payment system are just more reasons why landlords put up the **"No Housing Benefit"** signs. Finally, some mortgage lenders' terms and conditions within their BTL loans, still expressly disallow lets to people on housing benefit. Some insurance premiums are higher too.



Sure, for the right types of property in less expensive areas, letting to benefit tenants can still be made to just about work. But these areas are getting rarer.

Landlords are effectively saying that they are not social housing, and don't have a duty to provide housing for everyone. They resent being expected to mop up the mess created by the government years ago when it sold off the bulk of its council housing stock – stock that has never been rebuilt in any numbers since.

Stopping landlords putting **"No DSS"** on adverts will not somehow magically make tenants able to prove they have enough income to pay the market rents. They either have it or they don't!

I think it's worth Shelter highlighting that there are plenty of good tenants on housing benefit, to try and remove the prejudices that some landlords have. No problem with that.

Crisis does some really good work in this regard, showing that many benefit tenants can be great, paying rent on time and staying a long time too. Crisis have also linked up with local bond schemes, etc. A big campaign by Shelter to ban **"No DSS"** adverts looks like a distraction from more important issues connected with housing failure.

Funnily enough, effectively saying no to housing benefit is also rife in social

housing adverts too. Not that Shelter have bothered to make an issue of this. In social housing, adverts are less explicit, referring to affordability checks instead. However, the effect is the same. Many folks dependent on housing benefit often find they are shut out of social housing too. See this excellent Joe Halewood blog for more on this: <https://speyejoe2.wordpress.com/2018/08/23/dear-polly/>

But as we are talking about discrimination, how about discrimination against landlords?

Did you know that the former Olympic Village Queen Elizabeth Park in Newham, which consists of flats built and managed by big institutional build-to-rent operators, was excluded from that borough's all-borough landlord licensing scheme?

Once again, it seems that there is one rule for the big players in the PRS and one rule for the small BTL landlords. We can see this rule duality quite clearly if we look at the increases in taxes targeted at small landlords in recent years, whereas the corporate players in their company structures get to pay much less tax.

who have been long-term members of professional landlord's associations like the NLA and RLA, cannot also be exempted from having to pay this local tax – sorry, licence fee? After all, they have joined a professional association and are professionals too.

It seems that it was the Secretary of State, James Brokenshire MP, who applied the exemption for the Queen Elizabeth Park, not Newham Council. Bless 'em, they wanted the license to apply to all properties in their borough.

Could it be that the service from the corporate landlords was so good it justified the exemption?

Well, not if you read an excellent piece in the Financial Times in April. The article by George Hammond was called "Should Tenants Fear the Rise of the Corporate Landlord?" This found the experience of tenants in shiny new corporate build-to-rent blocks was often poor.

Many occupants, possibly fearing retribution from their corporate landlord, would not even give their names.

But one, Ian Waterton, said:

"I won't rent from a large company again. Individual private landlords have been infinitely better and more accommodating."



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".





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DO YOU HAVE A WEBSITE?

By **Jacquie Edwards**

Whether you are working with investors to build your portfolio, sourcing deals, doing rent-to-rent, finding your own tenants ... whatever you are doing on the business side of property, you should have a web presence. And by that, I mean you should have a website.

In today's digital age, a website is how we know a business is serious and established. When I want to try out a new gym, restaurant or clothing store, I pop online to check their website. I read any reviews about them and make sure they look like a professional establishment, ie a pretty website with no major misspellings, errors, and no horrible reviews. Does your business have that?

How does a potential joint venture partner find out more about how you work and who you are? Do you trust that they can Google you to find out all sorts of amazing things, or are you taking the time to curate your online presence so that the investors see the best side of you – the side that you want them to see? They can see great images of your deals and results you've obtained for other investors and information about who you are and why they should trust you.

The same thing goes for a deal sourcer ... how many people would buy deals off a random person's Facebook post versus a Facebook post that refers to a website that lists potential deals, shows photos, shows results from previous deals and previous

happy customers? I know which sourcer I would rather get a deal from.

Or are you advertising on Sparreroom for your own tenants, and you've got multiple properties and multiple rooms. How great would it look to a tenant to have to decide between a landlord that has a simple website that explains all the T&Cs and referencing process and shows pretty photos of all their properties? Compare that to a landlord who just throws a couple of sentences on an advert with a few photos of an empty room, with no further information about deposits or referencing process or anything. If both rooms are the same price and in the same area, I'm pretty sure the tenant will choose the landlord with the simple website that keeps everything open and professional.

And those are just a few examples of why websites are important, and I think often overlooked, in this industry.

Most people and businesses don't need a fancy website with all the bells and whistles. Especially when you are just getting started. The main purpose of most websites is to increase your credibility. You want to explain more about yourself and your business to the world.

Many people spend hundreds or thousands of pounds having their website built by a professional, then after weeks or months waiting for it to be built, they're disappointed in the end results. A website is a very personal thing and everyone's taste and expectations are different. It can be very

difficult to portray the image and feel of your business to an outsider and rely on them to create your window to the world. Plus, it's just too expensive for most people that are just getting started. Which is why I recommend building your own website.

The following are a few of the tools I recommend to help you build your own website. These will take a bit of technical know-how and an eye for style – but I do believe this is in the capabilities of most people, using some of the tools I'll outline here.

1. **WordPress** (www.wordpress.org) is the norm for most people getting started with websites. There are many different themes and plugins available to allow your website to do absolutely everything. Basically, all the bells and whistles are here. The only downside is that it can be a bit complex for someone that's just getting started, as you do need to be technically savvy and know some coding.
2. **Weebly** (www.weebly.com) is my top pick for those of you that want quick, simple and professional. This is my favourite website building tool and I've been using it for over five years now. It meets all the needs of both my personal website and our property investing website (www.PropertyGoToGirl.co.uk and www.JADEPropertySolutions.co.uk). With Weebly, you simply pick a template from their beautiful designs and then you can easily add your own text and images without having to know any coding by using their easy drag-and-drop editing system.
3. **Wix** (<http://www.wix.com>) and **Squarespace** (www.squarespace.com) are very similar to Weebly. They all have easy-to-use editors that don't require you to know any coding in order to build beautiful websites.

It can take time and effort to build a website, so you have to weigh up the cost of your time versus the cost of having someone else do it. But whatever you do, spend the time putting together a website to start to showcase your business to the world!

Jacquie



Property Go-To Girl

Jacquie Edwards is the author of **"Rent to Rent: Your Questions Answered"**



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PROPERTY DEVELOPMENT

DISCOVER THE SECRETS TO BECOMING A PROPERTY DEVELOPER, FROM SCRATCH, USING NONE OF YOUR OWN MONEY

BY LLOYD GIRARDI

The strap line to the title of this book carries a bold claim. In this book, Lloyd takes the reader through the entire life cycle of property development, particularly new builds and the build-to-rent model. Lloyd and business partner Andi Cooke have been regular contributors to YPN, where readers can get further details.

The introductory chapter highlights the aims of the book and discusses who is best suited for property development. **Chapter 1** kicks off with a detailed account of their first deal at auction. Although they were outbid, they managed to secure the deal as the person who outbid them had bid on the wrong property.

In **Chapter 2** Lloyd describes his childhood and his desire from an early age to have his own business and he certainly tested some unique ideas.

Instead of going to university he decided to travel, while continuing to think of business ideas, though these didn't materialise due to self-doubt (and life).

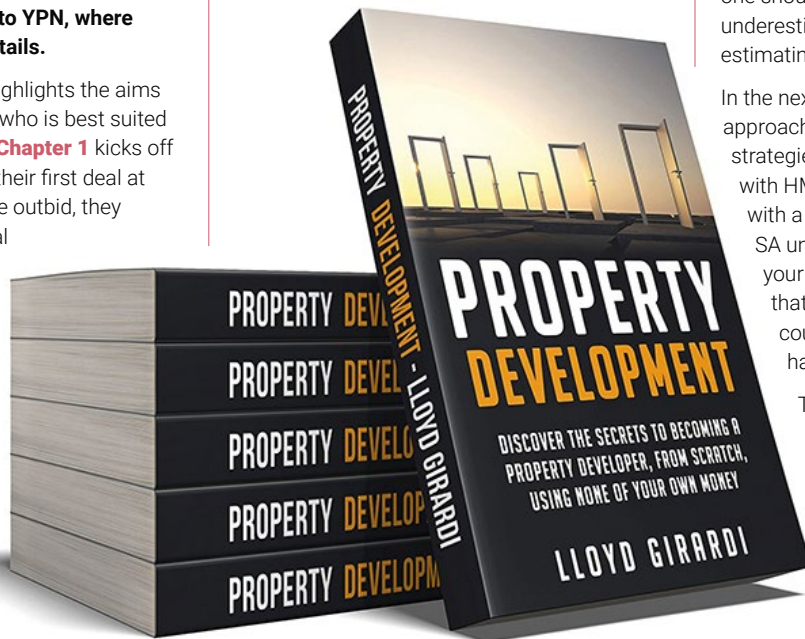
He worked in sales for a number of years, including some employers in the property sector, including Wimpey Homes, but was continually frustrated by his inability to take a business idea forward. Lloyd's would-be business partner Andi Cooke had been doing lots of paid DIY jobs, then moved up to extensions, and was learning as he went along. They were related and this led to them chatting about setting up a property business together.

Chapter 3 details their first deal, and how they just learnt on the job. They used other people's money to purchase the site and then secured 100% of the build costs via a development loan. Much of the chapter is dedicated to very clear explanations of the definition of property development, how trades operate and the construction methods used.

Lloyd also details the rationale of wanting to keep/rent out the properties they built (build-to-rent). The sections on valuing land, understanding the costs and GDV to derive the desired profit will be useful to readers.

Using case studies, the aim of **Chapter 4** is to highlight how to structure a property development business. Various scenarios are

illustrated, with the proviso that getting professional tax advice is imperative. In addition, one needs a power team for support and this is discussed in **Chapter 5**, in which Lloyd advises readers to tap into the expertise available.



Chapter 6 delves into overcoming obstacles and Lloyd notes that although these can be many – lack of time, money, knowledge, self-doubt, etc – they can all be overcome if you are persistent and determined. The end rewards are both monetary and personal achievement.

In **Chapter 7**, Lloyd describes the planning process and terminology, and strongly suggests that planning applications should align with the local policy. Lloyd discusses planning conditions (keys aspects to consider when applying for planning), site viability, the pre-application process, prior approval and the full planning process.

In **Chapter 8**, Lloyd lists nine ways of finding a development site including websites, auctions, the local council and describes each in detail. *(It would have been useful to include a case study of each sourcing strategy to add further proof of its usefulness.)*

Chapter 9 covers the multitude of ways that one can finance deals such as loans, bridging, crowd funding and vendor finance. Also included is development finance and how to secure it. If you're a new developer, then teaming up with someone who has experience for your first few projects might be a good approach. The next chapter is the nitty gritty of property development with a

particular focus on health and safety on site and how to ensure full compliance.

The key thing is to get the right team in place to guide you. Builders/contractors need to be given a clear and detailed specification, and having a project manager is highly recommended.

Chapter 11 explores the future of property development by first discussing the past and concludes, with evidence of government guidelines, that there is a shortage of housing. So there are plenty of opportunities ahead.

However, the author recommends that one should exercise caution by underestimating the GDV and overestimating the build costs – that's a great tip!

In the next chapter, Lloyd describes the dual approach they have taken by adopting second strategies to generate cash flow. This started with HMOs but has now evolved to a JV with a Cumbrian investor to develop 100 SA units. If property development is to be your second strategy, Lloyd recommends that you engage a project manager who could save you a lot of the costs and hassles involved in developments.

The final chapters discuss the overall process of getting started by first gaining the right knowledge, developing a plan for the next 12-24 months and developing the right mindset.

You can start by joining their Facebook group Property Developers Secrets. Lloyd and

Andi also provide development training, and some details of how they can help are covered with case studies of their students.

WHO IS THIS BOOK FOR?

This book takes the reader through the property journey that Lloyd (and Andi) have taken in the world of development. The book is well written, well researched and has a structure that's easy to read. It is suitable for anyone considering property developments, especially new builds or build-to-rent.

The secret tips at the end of each chapter are really useful. Readers will enjoy the combination of a personal story and the in-depth analysis of various processes involved in property development.

Book reviewed by:

Raj Beri

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Email: raj@rajberi.co.uk



Book Details:

Available from **Amazon** Date published: **2018**

REFERRAL AND AFFILIATE MARKETING FOR PEOPLE IN PROPERTY



By **Jason Hulott**

The lifeblood of any property business is leads. One thing we see little of in the property space is a systemised approach to receiving and rewarding people for referrals. You will hear this sometimes being called a 'referral scheme.' But I don't like the word 'scheme' ... it gives it a negative connotation.

That said ...

Without a system in place, referrals could get missed, wasted and more, so a potentially fantastic lead source could be lost because you weren't able to reward the referrer.

What's doubly worrying is that technology now allows us to make setting up a referral scheme easy and straightforward to scale. Simply put, all you need is a website, a lead generation process and a tracking system. In this way, you can create a number of ways to drive referrals. People talk about multiple sources of leads, and a referral system is a great way to grow your lead flow.

OK, SO WHAT ABOUT AN AFFILIATE PROGRAMME?

What's the difference between a referral programme and an affiliate scheme?

In essence, nothing. They are practically the same thing, but I want to give you a slight distinction which might help you understand what you should call it in your business.

A referral programme implies that the person being referred to is known to the person doing the referring, like a friend or possibly even a client.

With an affiliate programme, on the other hand, the person being referred may not have a relationship with either you or the affiliate. Instead, they might have found you through an advertisement on the affiliate's website which has led them to you.

A subtle difference I know, but one that can be a deciding factor in which way you decide to operate.

This article is for people in property for a reason. Every facet of property can benefit from running some kind of referral programme.

It could be used by:

- Investors
- Developers
- Land agents
- Letting agents
- Estate agents
- Contractors
- Legal services
- Finance businesses
- And more ...

In fact, any kind of business can benefit from running a referral programme.

But where do you start? Believe it or not, the best place to start is at the end. What kind of referrals are you looking for, and what are you prepared to pay for them?

Most things in property tend to take a bit of time and transactions are rarely completed online, so it can be challenging to track sales. This is why we suggest tracking and paying for leads. They're easy to track and are easy to remunerate with fast payouts for referral partners, which should motivate them to send you even more enquiries.

However, you want to make sure you are only paying out on valid enquiries – people who want to speak to you and are genuinely interested in your product or service.

What you pay per lead is up to you, but think of it this way – if you paid £50 for ten leads, and one was successful, that one sale cost you £500. In some niches, that can be perfectly acceptable and some will take that cost per sale all day.

Your lead cost needs to be set at the right level for **you**. It can't be set so high that it is unsustainable, and you end up either closing the programme or reducing lead costs.

Costs set too high can be a killer, so make

sure you know your numbers. Perhaps more importantly, you need to be realistic about your conversion rates.

And there you have your sustainable referral programme. Now all you need to do is build it ...

How to integrate a referral programme into your website

If you have a WordPress site, a form system and a way to track referrals, you are good to go.

WordPress has many plugins that can help. A form system that we recommend is Gravity Forms. It is a paid-for plugin, but it is fantastic as it feeds leads straight into your funnel or marketing systems.

To track the referrals themselves, there are several low-cost plugins available for WordPress. Alternatively, you can use a standalone cloud-based solution.

"Most things in property tend to take a bit of time and transactions are rarely completed online"



Here are a few options:

WORDPRESS PLUGINS

AffiliateWP www.affiliatewp.com
WordPress Affiliate Manager
www.wpaffiliatemanager.com

STANDALONE SYSTEMS

Affiliatly www.affiliatly.com
LeadDyno www.leaddyno.com
Tapiliate www.tapiliate.com

FORMS

The first thing to do is use Gravity Forms to build your lead enquiry forms. Gravity Forms allows you to store your records in the backend of WordPress, send autoresponders to the user and email the lead to you.

For every product enquiry, set up a different landing page and form. Doing this allows you to build specific question sets for each product, which will generate valuable leads. It will also help create valid leads, as simple forms with only names and email addresses can be hard to validate.

As a guide, and from our own experience, the more information you ask, the more you should pay for the lead. After all, it will be a high quality lead. There's a fine line between quality and quantity. We always suggest quality!

ADVERTISING YOUR PROGRAMME

Once you have this all up, running and tested, you simply need to go out and revisit your existing partners and set them up with their own referral links. Don't forget to mention or include your referral programme on all your marketing literature.

You will need to promote your programme and there are several options you can use to get the message out there. Here are some of our favourites:

TOOLS YOU WILL NEED:

- **A WordPress powered site**
- **Gravity Forms** the form builder we recommend and use on all our client sites
- **AffiliateWP** is the affiliate tracking solution we recommend for WordPress. We only work with WordPress sites so all of this is written around the WordPress content management system (CMS). There could be other options for other CMSs but this is purely written for WordPress users.

Here is a more detailed look at our preferred option of WordPress + Gravity Forms + AffiliateWP

If you are using WordPress to power your website, did you know you can use two plugins to effectively manage your own lead generation affiliate programme?

By combining Gravity Forms and AffiliateWP, you can easily create landing pages, forms and tracking to allow anyone to send you leads and pay them on a per-valid-lead basis.

TRACKING

Once your forms are set up and you have dedicated thank you pages – ie the page users land on once they have completed a form – we will be able to add the AffiliateWP tracking to ensure that leads coming from registered affiliates will show up correctly.



PR ACTIVITY

You might want to send out a press release to say your programme is live. You can use services such as Vuelio (Cision), 247 Press Release or PR Newswire.

REACH OUT TO YOUR CONTACTS AND EXISTING CLIENTS

Share an update with your contacts, post it on your social media channels, and add a blog post to your site.

REFERRAL PROGRAMME PAGE

Add a referral page to your website with details on your commission structure and how to apply to the programme. I would suggest not auto approving everyone who applies and to take your time selecting partners. Like I said, it is quality over quantity.

To get some ideas of what to include on your referral page – here are some various example pages:

- www.comparethemarket.com/affiliates
- www.affiliate.withairbnb.com/
- www.waterstones.com/help/affiliate-programme/45
- www.leadconnect.io/affiliates/
- www.ui.awin.com/merchant-profile/10029

RECRUITING AFFILIATES

You can also reach out to potential affiliates directly. Use Google to search your major product areas and see if there are affiliates in the rankings showing up. If there are, reach out to them to share your programme and invite them to join. Don't just use Google though, also use Bing and Yahoo – you will find slightly different results.

Keep on top of your programme and build it over time. You will find that you could have teething issues with quality leads, but keeping on top of it and removing affiliates who generate poor quality is the best way to ensure your programme becomes an asset to your business.

Once successful, you can consider how to improve or split your programme. It could be multi-tiered, add other lead types, or promote your top-performing referral partners to become a brand ambassador. There's also room to create a brand evangelist scheme, which could involve paying your affiliates more, helping them with marketing or offering them different rewards.

The beauty of this type of programme is that it will complement your existing business and will help diversify your lead sources. It allows you to free up your time to deal with the leads that come in, rather than trying to get people to refer to you.

The easier and more transparent you can make the process for your referral partners, the better it will work for you and your business.

SUMMARY

Hopefully you can see the benefits of adding some kind of digital-based referral platform to your business. It can be a fantastic way of scaling up your business in a low-risk and controlled way.

CONTACT

Jason Hulott is director of Speedie Consultants Limited. They provide digital marketing solutions to property, finance, and insurance businesses, and offer a range of bespoke training and consultancy packages for property investors to help grow their businesses via digital marketing.

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HOW TO FIND GOOD COMPANIES TO TRADE USING FUNDAMENTAL ANALYSIS - PART 2

By **Marcus de Maria**

Recently in YPN, we have been discussing when to enter a trade. Last month, we discussed the role of fundamental analysis when looking at stocks – how to find which company to invest in. This month, we continue by looking at an online stock screener that allows to us filter or screen over 7,000 stocks to find the ones we might be interested in.

Remember, we are not looking to play the same game as everyone else, which is to find a company that will go up 1,000% and make us millionaires overnight. While it sounds like a good thing to do, it isn't that easy to do.

Instead, we are going to find good companies and then use the strategies we have discussed in the past to enter the trade. If you need a reminder, you can download them at: www.investment-mastery.com/wwbook

The criteria we explained last month were:

1. PEG ratio of below 1
2. Earnings growth projection of 15-30%
3. Debt below 30%
4. Institutional ownership of over 30%
5. Price over \$10

7,000+ stocks are too many for us to look at ... although I did have a trader friend who used to spend five hours every week staring at a screen doing just that.

Nowadays stock screeners such as www.finviz.com automatically filter the companies according to our criteria, leaving us with a much more manageable number for us to look at each month. Aim to narrow down your search to around 25 companies.

If you want to try it at home, this is how it works* ...

- Putting in the price of above \$10 reduces the list down to just over 5,500 stocks.
- Putting in the EPS growth for over 25% in the next five years reduces it even further to 229.
- Adding in the debt percentage of less than 30% and it comes down to 100.
- Adding institutional ownership of over 30% narrows it down further to 78.
- Finally, the PEG ratio of under 1 gets us down to 18.

It looks like there are only 19 solid stocks with growth potential, out of a universe of over 7,000. *Correct at the time of writing.

This is a manageable number of stocks for us to look at.

This is what the final screen looks like:

If you want to get that number up, just loosen the criteria. For example, instead of EPS growth of 25%, try 20%. If you want to narrow it down even more, just tighten up the criteria.

Or you could just add more criteria. As you can see there's plenty to choose from. For example, you might want to find companies giving you an annual dividend for cash flow. Or change some of the values in the criteria we have already chosen. Obviously, the stricter the values, the less stocks will appear, and vice versa.

Let's take a look at some of the stocks. I like to start with the ones that have the lowest PEG ratio, ie the ones that are undervalued the most. **Please note that this does not mean it is the right time to buy the stock, in fact it rarely is.** It just means it is undervalued. It might continue to stay undervalued for a while, and no-one knows how long.

I don't want to get into a long-term buy-and-hold position, when all I am looking for is a short-term trade to gain anywhere between 5-10% within a few weeks and if necessary, months.

By clicking the 'Valuations' tab, I get a list of various criteria. I want to start with the lowest PEG ratios, and I can sort it by lowest to highest.



By placing the cursor on the stock symbol on the left, you can quickly look at each stock chart to see if there are any patterns you like. In this example, the one with the lowest PEG ratio, EVH, is giving us a good entry point. I would prefer it to show some support before getting in, but for our VCA strategy this is not a bad entry point.

If we want to know the highest Earnings per Share growth (EPS) in the next five years, you can do that too and list them in order (see right).



Although this stock, with an EPS growth of over 70% a year in the next five years, is not giving us an entry point right now, it doesn't matter. If it is a good stock now, then it will be even better at a cheaper price. Just wait for it to come down. When investing you just have to be patient, it is well worth the wait.

Go ahead and have some fun – try this out at home at www.finviz.com and find your list of companies with good fundamentals. Next, we need to discuss how to enter these trades. We will be covering that over the next few months.

Compared to the other ways of making money – stocks and shares trading takes just a few months to really master. And in times like these it is essential for you to learn more about what trading and investing in stocks, commodities and precious metals has to offer. We are having a series of one-day events where we go through the strategies so you can take control of your own finances. But first, why not go ahead and download your **FREE STRATEGY REPORT:** www.investment-mastery.com/ypnmagbook

Until next month

Marcus



LESSONS LEARNED FROM 24 YEARS IN PROPERTY

By **Simon Zutshi**

This month marks the 24th anniversary of my first property purchase, all the way back in August 1995. Back then, I really didn't know what I was doing.

At that time, there was no property training. There were no property network meetings, no webinars, no YouTube videos, no Facebook, and in fact, not much in the way of internet. I had to learn the hard way – on my own, through trial and terror.

I managed to stumble my way through and I've done pretty well from property, although I've made a huge number of mistakes along the way. The purpose of this article is to share with you some of the big lessons that I have learned over the past 24 years, so that you can avoid these mistakes too and become an even more successful investor.

NO 1. IMPORTANCE OF DILIGENCE

One of the mistakes I have made is buying property without doing sufficient due diligence to check the rental demand in the area. Very often, we make buying decisions based on our knowledge and experience at the time.

In 2006 and 2007, when I was buying properties all over the country (which at the time seemed like a good idea because they needed no money down), I made some purchases that, given a second time around and knowing what I know now, I probably wouldn't buy again.

One of the main problems was that although I was able to buy the property at a good price, it would be difficult to rent out to quality tenants over the long term.

This meant I could have had higher than average void periods, which seriously affects your cash flow. Also, as I was not local to the properties and did not know the area, I had to use local letting agents, some of whom were not great. If buying out of your area, work out who will look after the property and tenants for you.

I have also bought investment properties overseas where it's much harder to do thorough due diligence.

My conclusion is I only really want to buy

here in the UK, where it's very easy to do all of the necessary research. I can use the internet and speak to local estate and letting agents to make sure there's a good demand for the property that I want to purchase.

NO 2. VALUE YOUR TIME

There's a great saying by Robert Kiyosaki, author of Rich Dad, Poor Dad. He says: *"Poor people will spend their time to save money, whilst rich people will spend their money to save time."*

I completely agree with this. I see many investors who spend their time in order to save money, not realising that time is actually their most valuable asset. You can always earn more money, but you can never get your time back. A classic mistake I see many investors make – and indeed I made

it myself – is falling into what we call The Landlord Trap.

In my early investing years, I was self-managing my property portfolio. This was because I didn't want to pay a letting agent a fee to manage them – I needed all of the rental income as I was trying to replace my earned income. Secondly, I felt that I could probably do a better job and thirdly, I wanted to get to know my tenants. The novelty of the third one soon wore off.

The main problem was that as I bought more properties, I was having to spend increasing amounts of time managing my portfolio. This meant that I had less time to actually go and buy properties, because I was so busy managing the existing portfolio.

It's pretty easy to manage a few properties part time. But as your portfolio builds, it becomes more and more time consuming. Let's face it, you make more money by buying property than you can save by managing them yourself.

Really, you should invest your time to focus on buying.



I would suggest getting someone else to manage them for you. Finding a good agent can be a challenge, so ask around at your local property networking meeting and get some recommendations. That's probably the best way to find someone who's really going to look after your houses and your tenants.



The concept of working with other people to achieve more than you can do on your own can be a great idea. I've had some amazing joint ventures. But I've also had some that haven't worked out very well. There are one or two things you need to do to ensure the success of future joint ventures.

The first and the most important thing is that you must really get to know your potential joint venture partners. You need to make sure that your values are aligned and you can work together, no matter what happens. Because in property, sometimes things will go wrong. That's the real test to see if you have the right partners or not. Take your time to get to know people before you decide to work with them.

The next thing is that you must always have a written agreement in place, clearly stating who is doing what, when do they need to do it by, and what happens if they don't do it.

Too often, people decide to work together without a written agreement. Maybe they think they don't need one because they are friends. When there's no formal agreement, and something goes wrong, that's when the problems start. Do yourself a big favour and get an agreement in writing. Then everyone's clear what's going on.

Finally, your joint venture partners need to be fit for purpose. If they are supposed to be bringing certain skills to the table, you need to make sure that they actually have those skills, and that they have the capacity to deliver their side of the bargain.

If your partner is putting in the money, you need to make sure they have sufficient funds available when it's required, and know they're not going to run out. This might sound obvious, but I've seen this happen all too many times.

Joint ventures can be incredible, but please do be careful when you do them.

NO 4. INVEST IN YOURSELF

Most people think they can learn how to invest in property by working it out themselves, watching a few videos online and reading a few blog articles. Whilst this might be useful, it can take a huge amount of time.

The other problem about trying to learn for free online is that there is a lot of conflicting information out there. And some of it is just wrong. How do you work out what is right and who is wrong?

You can save yourself a huge amount of time by finding someone who has already achieved what you want to achieve and learning from them. There are lots of people who now run training courses, mentoring and coaching, which will help you get where you want to be much quicker.

And remember, time is your most valuable asset. It's worth investing in yourself to save yourself a huge amount of time and accelerate your results.

When you invest in yourself, you often get a psychological upgrade because it shows that you value yourself. It also makes you more investable, which is important if you want to attract joint venture partners and private investors. Why should they invest in you, if you are not prepared to invest in yourself?

Each year, I invest a huge amount of time and money in my ongoing personal development to make sure that I keep on getting better and better at what I do.

NO 6. SPEED OF IMPLEMENTATION

My final lesson is that when you learn something or come up with a great idea, the quicker you put it into practice, the more likely it's going to happen. Often, we have an idea or a good intention, and for some reason we put it off and delay implementation, and we end up talking ourselves out of doing things. I am sure you have done this, as have I.

The same is true in property investing. Let's say you see a property for sale close to where you live or invest. You make a mental note to call the estate agency, but you don't do it straight away. Life ends up getting in the way and you don't make the call. A few weeks later, a big red SOLD sign goes up and you realise that you missed the opportunity.

You need to strike while the iron is hot! When you find a good property deal, you need to move quickly. Of course, you need to have done your due diligence to check that it is as good as you think it is. Otherwise, you'll miss out on the deal to someone else who is quicker than you. You'll then be frustrated that you're not getting to where you want to be.

Always look to implement the knowledge you've gained as quickly as possible.



NO 5. KEEP UP TO DATE

The property market is constantly changing. It's important to make sure you understand what is happening in the market, so that you can adjust your strategy if need be.

You also need to understand and keep up to date the with changes in legislation to make sure you're conforming with all the new regulations. It's amazing how many landlords don't know about new HMO regulations, right to rent checks, or even Section 24, which is the most significant change to the property industry for many years.

One of the best ways to keep informed is attending your local property investors network meeting. Each month, you get an update from a mortgage broker as to what's happening in the mortgage world and a local letting agent. Of course, there's also the opportunity to connect and network with other investors in your area to learn from them and find out what they're doing.

Unfortunately, many landlords, particularly those who've been investing for a while, think they know everything and don't bother to update themselves, and therefore get into difficulties later on down the line.



I do hope these lessons that I have learned over the past 24 years of investing will help you to save time and effort on your property journey.

Invest with Knowledge, Invest with Skill,

Simon Zutshi

- Author of Property Magic
- Founder of property investors network



THE JARGON BUSTER

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

ACV	Asset of community value	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.	GDPR	General Data Protection Regulation
ADR	Alternative Dispute Resolution			GDV	Gross Development Value
AI	Artificial intelligence			GOI	Gross operating income
APHC	Association of Plumbing and Heating Contractors			HB	Housing benefit
ARLA	Association of Residential Letting Agents			HHSRS	Housing Health and Safety Rating System
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 planning permission. Check with your local planning authority.			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 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)
AST	Assured Shorthold Tenancy	CGT	Capital gains tax		
AT	Assured tenancy	CML	Council for Mortgage Lenders		
BCIS	Building Cost Information Service – a part of RICS, providing cost and price information for the UK construction industry.	CPD	Continuing Professional Development		
		CPT	Contractual periodic tenancy		
BCO	British Council for Offices	CRM	Customer relationship management (eg, CRM systems)		
BIM	Building information modelling	CTA	Call to Action	HP	Hire Purchase
BMV	Below market value	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.	HSE	Health and Safety Executive
BRR	Buy, refurbish, rent out			ICR	Interest Cover Ratio
BTL	Buy-to-let	DHCLG	Department of Housing, Communities and Local Government (formerly DCLG – Department for Communities and Local Government)	IFA	Independent financial advisor
BTR	Build-to-rent			IHT	Inheritance tax
BTS	Buy-to-sell			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)
CCA	Consumer Credit Act	DoT	Deed or Declaration of Trust		
CDM	Construction Design and Management	DPS	Deposit Protection Service	JV	Joint venture
		EHO	Environmental Health Officer	JVA	Joint venture agreement
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)	EIS	Enterprise Investment Scheme	KPIs	Key Performance Indicators
		EPC	Energy performance certificate	L8 ACOP	Approved Code of Practice L8 – Legionella Control and Guidance
		FCA	Financial Conduct Authority	LACORS	Local Authorities Coordinators of Regulatory Services
		FHL	Furnished holiday let		
		FLEEA cover	Insurance cover for Fire, Lightning, Explosion, Earthquake and Aircraft impact, but no other perils. Sometimes issued for a property that has been empty for some time	LHA	Local Housing Authority
				Libor	London Inter-Bank Offered Rate
		FPC	Financial Policy Committee	LLP	Limited Liability Partnership
		FRA	Fire risk assessment	LTV	Loan To Value
		FSCS	Financial Services Compensation Scheme	MCD	Mortgage Credit Directive (European framework of rules of conduct for mortgage firms)
		FTB	First time buyer		
		GCH	Gas central heating	MVP	Minimum viable product
		GDP	Gross domestic product	NALS	National Approved Letting Scheme

NICEIC	National Inspection Council for Electrical Installation Contracting	RSJ	Rolled-steel joist – steel beam	SA	Serviced Accommodation
NLA	National Landlords Association	RTO	Rent to Own	SAP (assessment)	Standard assessment procedure
OIEO	Offers in excess of	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)	SARB	Sale and Rent Back
OMV	Open market value			SDLT	Stamp Duty Land Tax
ONS	Office for National Statistics			SI	Sophisticated Investor (Source: FCA)
PBSA	Purpose-built student accommodation				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.
PCOL	Possession claim online	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.		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:
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.				(a) Member of a syndicate of business angels for at least six months;
PI insurance	Professional Indemnity insurance	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.		(b) More than one investment in an unlisted company within the previous two years;
PLO	Purchase lease option				(c) Working in professional capacity in private equity sector or provision of finance for SMEs;
PM	Project manager	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’.	SIP(s)	Structural integrated panels
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 1,500 banks, building societies, credit unions, insurers and major investment firms. (Source: Bank of England)	S106 or 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:	SME	Small and Medium-sized Enterprises
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)		1. Prescribe the nature of development 2. Compensate for loss or damage created by a development 3. Mitigate the impact of a development	SPT	Statutory periodic tenancy
PRS	Private Rented Sector			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.
R2R	Rent-to-rent			SSTC	Sold Subject To Contract
REIT	Real Estate Investment Trust			TPO	The Property Ombudsman
RGI	Rent guarantee insurance			UC	Universal credit
RICS	Royal Institute of Chartered Surveyors			UKALA	The UK Association of Letting Agents
RLA	Residential Landlords Association			USP	Unique selling point
RoCE	Return on Capital Employed			VOA	Valuation Office Agency
ROI	Return on Investment				
RP	Registered Proprietor, refer ring to the name on the title of a property Land Registry				

(Source: planningportal.co.uk)



NETWORKING EVENTS

ZONE 1

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

Westferry Circus London E14 4HD

Host: Samuel Ikhninwin
www.canarywharfpin.co.uk

Clapham pin

1st Tuesday of the month

Landor Space 70 Landor Road
Clapham London SW9 9PH

Host: Stuart Ross
www.claphampin.co.uk

Croydon pin

3rd Wednesday of the month

Jurys Inn Croydon Hotel Wellesley Road
Croydon CR0 9XY **Host:** Stuart Ross
www.croydonpin.co.uk

Kensington pin

2nd Wednesday of the month

The Rembrandt 11 Thurloe Place South
Kensington London SW7 2RS
Host: Marion Watts
www.kensingtonpin.co.uk

Regent's Park pin

3rd Tuesday of the month

Holiday Inn London Regents Park
Carburton Street London W1W 5EE
Host: Irene Anggard Agnell
www.regentsparkpin.co.uk

Sutton pin 2nd Thursday of the month

Holiday Inn London Sutton
Gibson Road Sutton Surrey SM1 2RF
Hosts: Johanna and Peter Lawrence
www.suttonpin.co.uk

PPN London St. Pancras 07/08/2019

WeWork Kings Place 90 York Way
London N1 9AG **Hosts:**
Jamie Madill & Steve Mitchell
progressivepropertynetwork.co.uk/stpancras

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 Lane
W1K 1BE **Founder:** Kam Dovedi
premierpropertyclub.co.uk/knightsbridge

Premier Property Club - Canary Wharf

Hilton Hotel Marsh Wall London
E14 9SH **Founder:** Kam Dovedi
premierpropertyclub.co.uk/canarywharf

Premier Property Club - Croydon

1st Tuesday of Each Month
Jurys Inn Croydon Wellesley Road
London CR0 9XY **Founder:** Kam Dovedi
premierpropertyclub.co.uk/croydon

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

Property Leverage Network - London

1st Monday of the month Pavillion End
23 Watling Street London EC4M 9BR

Host: Karun Chaudhary (07542210168)

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/CentralLondonPropertyNetwork

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

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

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/>

Property Leverage Network City of

London 4th Monday of every month

Dawson House 5 Jewry Street London
EC3N 2EX **Hosts:** Felix Cartwright
& Phil Ash (07856202658)
www.propertyleverage.co.uk

Property Leverage - Southbank

London 3rd Monday of the month

Mulberry Bush 89 Upper Ground
Southbank London SE1 9PP

Hosts: Felix Cartwright & Phil Ash
(07856202658)

www.propertyleverage.co.uk

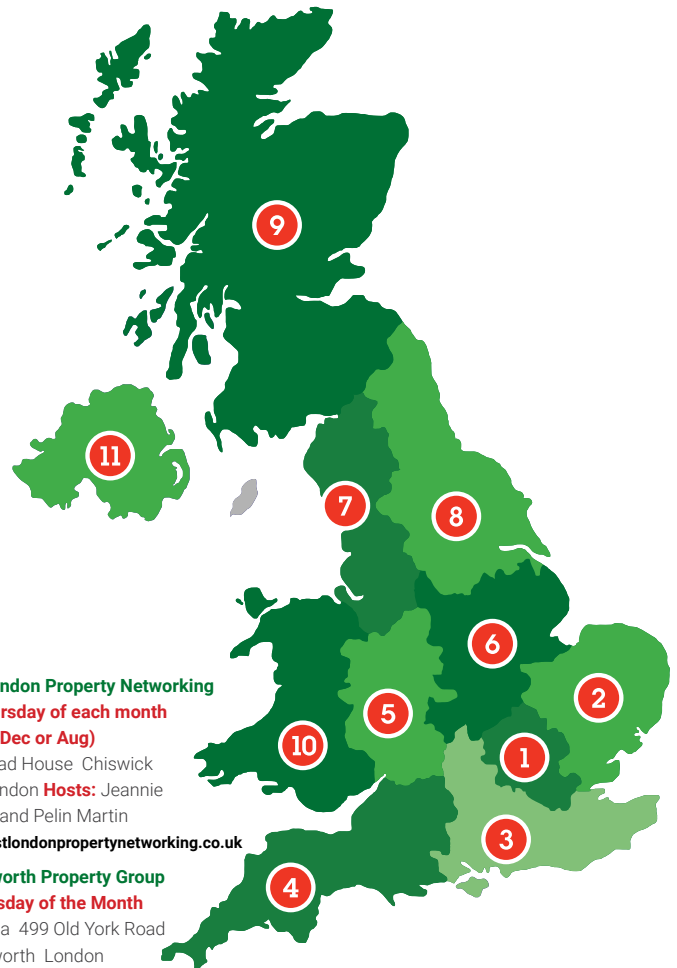
The London Real Estate Buying &

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

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/GICLondon **Please note** that
most speakers are presenting in Polish

Female Property Alliance

3rd Tuesday of every month

Doubletree Victoria Bridge Place
SW1V 1QA **Host:** Bindar Dosanjh
<http://femalepropertyalliance.co.uk>

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

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

Naorji Street London WC1X 0GB

ZONE 2

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

Norwich pin 2nd Tuesday of the month

Holiday Inn, Ipswich Road, Norwich,
Norfolk, NR4 6EP
Host: Nigel Garioch www.norwichpin.co.uk

PPN Ipswich 12/08/2019 Best Western

Ipswich Hotel Old London Road Copdock
Ipswich IP8 3JD **Host:** Halstead Ottley
progressivepropertynetwork.co.uk/ipswich

PPN Peterborough 19/08/2019

Holiday Inn Thorpe Wood Peterborough
PE3 6SG **Host:** Josh Shaw
progressivepropertynetwork.co.uk/peterborough

PPN Brentwood 06/08/2019

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

ZONE 3

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

Woodward www.wokingpin.co.uk

Oxford pin 1st Thursday of the month
Jurys Inn Godstow Rd Oxford OX2 8AL **Host:** Gillie Barlow
www.oxfordpin.co.uk

Reading pin 1st Tuesday of the month
Crowne Plaza Reading Caversham Bridge Richfield Avenue Reading RG1 8BD **Hosts:** Guy Brown and Rupal Patel www.readingpin.co.uk

Berkshire pin 3rd Monday of the month
Holiday Inn Maidenhead Manor Lane Maidenhead SL6 2RA **Hosts:** Andy Gaught & Jonathan Barnett
www.berkshirepin.co.uk

Southampton pin 1st Tuesday of the month
Chilworth Manor Hotel Southampton Hampshire SO16 7PT **Hosts:** Nigel Bugden & Jon Woodman
www.southamptonpin.co.uk

Brighton pin 3rd Thursday of every month
The Courtlands Hotel 19-27 The Drive Hove East Sussex BN3 3JE **Host:** Peter Fannon
www.brightonpin.co.uk

Basingstoke pin 4th Wednesday of the month
The Hampshire Court Hotel Centre Drive Great Binfield Road Chineham Basingstoke RG24 8FY **Hosts:** Seb and Aga Krupowicz
www.basingstokepin.co.uk

Kent pin 1st Thursday of the month
Village Hotel Club Maidstone Castle View Forstal Road Sandling ME14 3AQ **Hosts:** Martin and Sarah Rapley www.kentpin.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
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 Rd 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

Southampton Property Hub Meet Up 1st Thursday of every month
The Maritimo Lounge 1 Moresby Tower Admirals Quay Ocean Way Southampton SO14 3LG **Host:** Sarah Smith
<https://www.facebook.com/propertyhubsouthampton/?fref=ts>

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 Europa Hotel Balcombe Road Crawley RH10 7ZR **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

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 Launch Event (PEN) Monday 5th August 2019, 7.00pm – 10pm
Solent View Room at Pyramids, Clarence Esplanade, Portsmouth, PO5 3ST **Guest Speaker:** Andi Cooke and Lloyd Giradi of Whitebox
Topic of Discussion: Build to rent
<https://bit.ly/2ShrOk2>

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>

ZONE 4

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

Staverton Gloucestershire GL51 0ST **Hosts:** David and Beverley Lockett
www.cheltenhampin.co.uk

Devon pin 4th Thursday of the month
Buckerell Lodge Hotel Topsham Road Exeter EX2 4SQ **Hosts:** Kevin & Sally Cope www.exeterpin.co.uk

Bristol pin 2nd Wednesday of the Month
Holiday Inn Bristol Filton Filton Road Bristol Avon BS16 1QX **Host:** Nick Josling www.bristolpin.co.uk

Salisbury pin 3rd Wednesday of the month
Grasmere House Hotel, 70 Harnham Road, Salisbury, SP2 8JN **Hosts:** James and Malcolm White
www.salisburypin.co.uk

Swindon pin 4th Wednesday of the month
Village Hotel Swindon Shaw Ridge Leisure Park, Whitehill Way, Swindon SN5 7DW **Host:** Leo Santana
www.swindonpin.co.uk

PPN Bournemouth 20/08/2019
The Ocean Beach Hotel & Spa 32 East Overcliff Drive Bournemouth BH1 3AQ **Host:** Leigh Ashbee
progressivepropertynetwork.co.uk/bournemouth

PEN Wiltshire Last Tuesday of the Month
Stanton Manor Hotel Stanton St. Quintin Near Chippenham Wiltshire SN14 6DQ **Host:** Neil Stewart
www.penwiltshire.com

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

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

Torbay Free Property Meet 2nd Monday of the month from 7pm
Chelston Manor, Old Mill Rd, Torquay TQ2 6HW **Hosts:** Ed Akay and Mel Richards
www.facebook.com/torbayproperty

Exeter Free Property Meet First Thursday of the Month from 7pm
The Ley Arms, Kenn, Devon EX6 7UW **Hosts:** Ed Akay and Keith Sparkes
www.facebook.com/exeterpropertymeet

Plymouth Wealth Investing Network (WIN) 2nd Monday of the Month
The Boringdon Park Golf Club, Plympton, Plymouth. PL7 4QG **Host:** Carole Beggs
wealthinvestingnetwork.com/plymouth

ZONE 5

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

National Exhibition Centre Birmingham B40 1PS **Hosts:** Andy Gwynn and Mary Collin www.birminghampin.co.uk

Black Country pin 4th Wednesday of the month
Village Hotel Dudley Castlegate Drive Dudley West Midlands DY1 4TB **Host:** Phillip Hunnabell
www.blackcountrypin.co.uk

Coventry and Warwickshire pin 2nd Tuesday of the month
Citrus Hotel Coventry A45 London Rd Ryton on Dunsmore Warwickshire Coventry CV8 3DY **Host:** Sebastian Buhour
www.coventrypin.co.uk

Worcester pin 1st Wednesday of the month
The Pear Tree Inn & Country Hotel Smite Worcester WR3 8SY **Hosts:** Andy & Karen Haynes
www.worcesterpin.co.uk

Stoke-on-Trent pin 2nd Wednesday of the month
Premier Inn Trentham Gardens Stoke Stone Road Stoke-on-Trent ST4 8JG **Host:** Steve and Emma Barker-Hall
www.stokepin.co.uk

PPN Wolverhampton 06/08/2019
Molineux Stadium Waterloo Road Wolverhampton WV1 4QR **Hosts:** Joe Lane & Liam McCullough
progressivepropertynetwork.co.uk/wolverhampton

PPN Birmingham 14/08/2019
Members Club House Edgbaston Priory Club Sir Harry's Road Edgbaston Birmingham B15 2UZ **Host:** Kirsty Darkins
progressivepropertynetwork.co.uk/birmingham

PPN Leamington Spa 21/08/2019
The Saxon Mill Coventry Road Guys Cliffe Warwickshire Warwick CV34 5YN **Host:** Mark Potter
progressivepropertynetwork.co.uk/leamingtonspa

Great Property Meet Warwickshire 3rd Monday of the month
Dunchurch Park Hotel & Conference Centre Rugby Road Dunchurch Warwickshire CV22 6QW **Hosts:** Andrew Roberts and Peter Lazell
www.GreatPropertyMeet.co.uk

Saj Hussain's Peer Meetup for Property People 3rd Tuesday of the month, no meeting in August and December
Midlands Arts Centre, Cannon Hill Park, Birmingham, B12 9QH
<https://www.sajhussain.com/networking>

THE PROPERTY HUB

1st Thursday of the Month
<http://thepropertyhub.net/meetups> Birmingham The Lost and Found Birmingham 8 Bennetts Hill Birmingham B2 5RS

ZONE 6

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

www.miltonkeynespin.co.uk

Leicester pin 1st Thursday of the month
The Fieldhead Hotel Markfield Lane Markfield LE67 9PS **Host:** Jo and Gary Henly www.leicesterpin.com

Nottingham pin 3rd Tuesday of the month
Park Inn by Radisson Nottingham 296 Mansfield Road Nottingham NG5 2BT **Host:** Spike Reddington www.nottinghampin.co.uk

ZONE 7

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

Host: Julie Whitmore
www.manchesterpin.co.uk

Chester pin 2nd Thursday of the month
Mercure Chester (formerly known as Ramada) Whitchurch Road Christleton Chester CH3 5QL **Host:** Hannah Fargher www.chesterpin.co.uk

PPN South Manchester 22/08/2019
Best Western Plus Pinewood on Wilmslow Wilmslow Road Cheshire SK9 3LF **Host:** Mike Chadwick progressivepropertynetwork.co.uk/wilmslow

PPN Blackpool 19/08/2019
Ribby Hall Village Ribby Road Wrea Green Nr Blackpool PR4 2PR **Host:** Niki Torbett progressivepropertynetwork.co.uk/blackpool

PPN Liverpool 28/08/2019
Marriott Hotel One Queen Square Liverpool L1 1RH **Hosts:** Andrew Budden & Alison McIntyre progressivepropertynetwork.co.uk/liverpool

TPM Meeting Warrington 4th Monday of every month
The Park Royal Hotel Stretton Road Stretton Warrington WA4 4NS **Host:** Susan Alexander <http://thepropertymentor.eventbrite.com>

TPM Meeting Wigan & Worsley 4th Wednesday of the month
Holiday Inn Express Leigh Sports Village Sale Way Leigh WN7 4JY **Host:** Debra Long <http://thepropertymentor.eventbrite.com>

ZONE 9

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

Watford pin 2nd Thursday of the month
The Mercure A41 Watford Bypass Watford Hertfordshire WD25 8JH **Hosts:** Waseem Herwitker and Shack Baker www.watfordpin.co.uk

Northampton pin 1st Thursday of the month
Holiday Inn Express Northampton, Junction 15, M1, Loake Close, Grange Park, Northampton NN4 5EZ **Host:** Amelia Carter www.northamptonpin.co.uk

Lincoln pin 4th Thursday of every month
Holiday Inn Express Lincoln City Centre Ruston Way Brayford Park Lincoln LN6 7DB **Hosts:** Ankie Bell and Hannelie Ehlers www.lincolnpin.co.uk

PPN Derby 13/08/2019
Nelsons Solicitors Sterne House Lodge Lane Derby DE1 3WD **Hosts:** Mike Alder & Jamie Hayter progressivepropertynetwork.co.uk/derby

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

Property Leverage Network Manchester 1st Tuesday of every month
Chill Factore 7 Trafford Way Urmston M41 7JA **Hosts:** Andrew Wilcock & Gary Collins <http://propertyleverage.co.uk/manchester>

Warrington Property Investors' Meet Up Last 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

YPN Strongly recommend that you attend your local property networking events. However the events listed are not staged by Your Property Network Ltd. Please check venue and dates on the relevant website before travelling to the event.

PPN Glasgow 26/08/2019
The Corinthian Club 191 Ingram St Glasgow G1 1DA **Hosts:** Philip Howard & Aaron Percival progressivepropertynetwork.co.uk/glasgow

PPN Leicester 12/08/2019
Marriott Hotel Smith Way Grove Park LE19 1SW **Host:** Kal Kandola progressivepropertynetwork.co.uk/leicester

PPN Northampton 20/08/2019
Hilton Hotel 100 Watering Lane Collingtree Northampton NN4 0XW **Host:** Kim Hendle progressivepropertynetwork.co.uk/northampton

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 **Host:** Tracey Hutchinson www.meetup.com/UKPN-Leicester

ZONE 8

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

www.leedspin.co.uk

Harrogate pin 1st Wednesday of the month
Cedar Court Hotel Park Parade off Knaresborough Road Harrogate HG1 5AH **Host:** Paul Bellas www.harrogatepin.co.uk

York pin 3rd Wednesday of the month
York Pavilion Hotel, 45 Main Street, Fulford, York, YO10 4PJ **Hosts:** Mike Q Hainsworth and Olga Hainsworth www.yorkpin.co.uk

Sheffield pin 2nd Wednesday of the month
Mercure Sheffield Parkway Hotel (previously known as Aston Hotel) Britannia Way Sheffield South Yorkshire S9 1XU **Hosts:** Paul Hastings and Stuart Cooper www.sheffieldpin.co.uk

ZONE 10

Please note, that there are no pin meetings in August.

Regular dates will recommence in September.

www.swanseapin.co.uk

PPN Cardiff 08/08/2019
Celtic Manor Resort Newport NP18 1HQ **Hosts:** Sean Forsey & Phill Leslie progressivepropertynetwork.co.uk/cardiff

Property Leverage Network - Glasgow 4th Tuesday of every month
Glasgow Pond Hotel Great Western Rd G12 0XP Glasgow United Kingdom www.propertyleverage.co.uk

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

PPN Sheffield 27/08/2019
Mercure Hotel Britannia way Catcliffe Rotherham Yorkshire S60 5BD **Host:** Kevin McDonnell progressivepropertynetwork.co.uk/sheffield

Property Leverage - Leeds 3rd Monday of the month
The Stables Weetwood Hall Leeds LS16 5PS (Location subject to change) **Host:** Rob Hodgkiss (07398858256)

Property Leverage - Wakefield 1st Wednesday of the month
Kirklands Hotel Leeds Road Wakefield WF1 2LU **Host:** Dominic Woodward (07794223136)

Property Leverage Network - York 2nd Tuesday of every month
Beechwood Close Hotel 19 Shipton Road YO30 5RE York www.propertyleverage.co.uk

THE PROPERTY HUB 1st Thursday of the Month
<http://thepropertyhub.net/meetups>

Leeds Dakota Deluxe Hotel 8 Russell Street Leeds LS1 5RN



ZONE 11

Belfast pin 1st Tuesday of the month
Balmoral Hotel Blacks Road Belfast BT10 0NF **Host:** Ian www.belfastpin.co.uk

Belfast Property Meet 1st Thursday of the Month
The Mac Theatre St. Anne's Square Belfast **Host:** Chris Selwood www.belfastpropertymeet.com

Please note, that there are no pin meetings in August. Regular dates will recommence in September.

PROPERTY AUCTIONS

AUGUST 2019

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EAST MIDLANDS

SDL Auctions Graham Penny (Nottingham) 09/08/2019 11:30
Nottingham Racecourse, Colwick Road, Nottingham, NG2 4BE

Auction House Lincolnshire, North Notts & South Yorks 14/08/2019 18:30
Gainsborough Golf Club, The Belt Road, Gainsborough, DN21 1PZ

Auction Estates 15/08/2019 14:30
Nottingham Racecourse, Colwick Road, Nottingham, NG2 4BE

YORKSHIRE AND THE HUMBER

Boultons Harrisons Ltd 01/08/2019 19:00
John Smiths Stadium, Stadium Way, Huddersfield, HD1 6PG

Northern Lincolnshire Property Auction - IAM Sold 22/08/2019
Forest Pines Hotel, Ermine Street, Broughton, Brigg, DN20 0AQ

Boultons Harrisons Ltd 29/08/2019 19:00
John Smiths Stadium, Stadium Way, Huddersfield, HD1 6PG

Yorkshire Property Auction - IAM Sold 29/08/2019 19:00
Cedar Court Hotel, Denby Dale Road, Calder Grove, Wakefield, WF4 3QZ

LONDON

Harman Healy 08/08/2019 12:00
Kensington Town Hall, 195 Horton Street, London, W8 7NX

SOUTH WEST

Strakers 01/08/2019 19:00
Bath Racecourse, Lansdown, Bath, BA1 9BU

Symonds & Sampson LLP 02/08/2019 14:00
The Memorial Hall, Digby Road, Sherborne, DT9 3NL

Town & Country Property Auctions Dorset & Hampshire 28/08/2019 18:30
The Village Hotel, Deansleigh Road, Bournemouth, BH7 7DZ

NORTHERN IRELAND

BRG Gibson 13/08/2019 19:30
Stormont Hotel, 587 Upper Newtownards Road, Belfast, BT4 3LP

Wilsons (Northern Ireland) 29/08/2019 19:30
Mallusk Auction Complex, 22 Mallusk Road, Newtownabbey, BT36 4PP

NORTH WEST HOME COUNTIES

Auction House Robinson & Hall 07/08/2019 14:30
Venue 360, 20 Gipsy Lane, Luton, LU1 3JH

Auction House Robinson & Hall 8/8/2019 14:30
The MK Hotel, Timbold Drive, Kents Hill, Milton Keynes, MK7 6HL

WEST MIDLANDS

Auction House Birmingham & Black Country 15/08/2019 18:00
Walsall Football Club, Bescot Crescent, Walsall, WS1 4SA

Town & Country Property Auctions West Midlands 29/08/2019 19:00
Park Inn, Forgegate, Telford, TF3 4NA

SOUTH-EAST HOME COUNTIES

Fox & Sons (Southampton) 8/1/2019 13:00
Macdonald Botley Park Hotel, Winchester Road, Botley, Southampton, SO32 2UA

Town & Country Property Auctions South East 15/08/2019 13:00
Holiday-Inn London-Gatwick Airport, Povey Cross Road, Horley, RH6 0BA

Pearsons Auctions 28/08/2019 11:00
The Ageas Suite, Ageas Bowl, Botley Road, Southampton, SO30 3XH

NORTH EAST

Agents Property Auction 28/08/2019
Newcastle Marriott Hotel, High Gosforth Park, Newcastle upon Tyne, NE3 5HN

Pattinson Property Auctions 28/08/2019
Newcastle Falcons Rugby Football Club, Brunton Road, Newcastle upon Tyne, NE13 8AF

NORTH WEST

SDL Auctions North West 07/08/2019 14:30
AJ Bell Stadium, 1 Stadium Way, Manchester, M30 7EY

Town & Country Property Auctions Wrexham 22/08/2019 18:30
Grosvenor Pulford Hotel & Spa, Wrexham Road, Pulford, CH4 9DG

North West Property Auction - IAM Sold 28/08/2019
Village Urban Resort, Rochdale Road, Bury, BL9 7BQ

WALES

Paul Fosh Auctions 01/08/2019 17:00
The Cardiff North Hotel, Circle Way East, Llanedeyrn, Cardiff, CF23 9XF

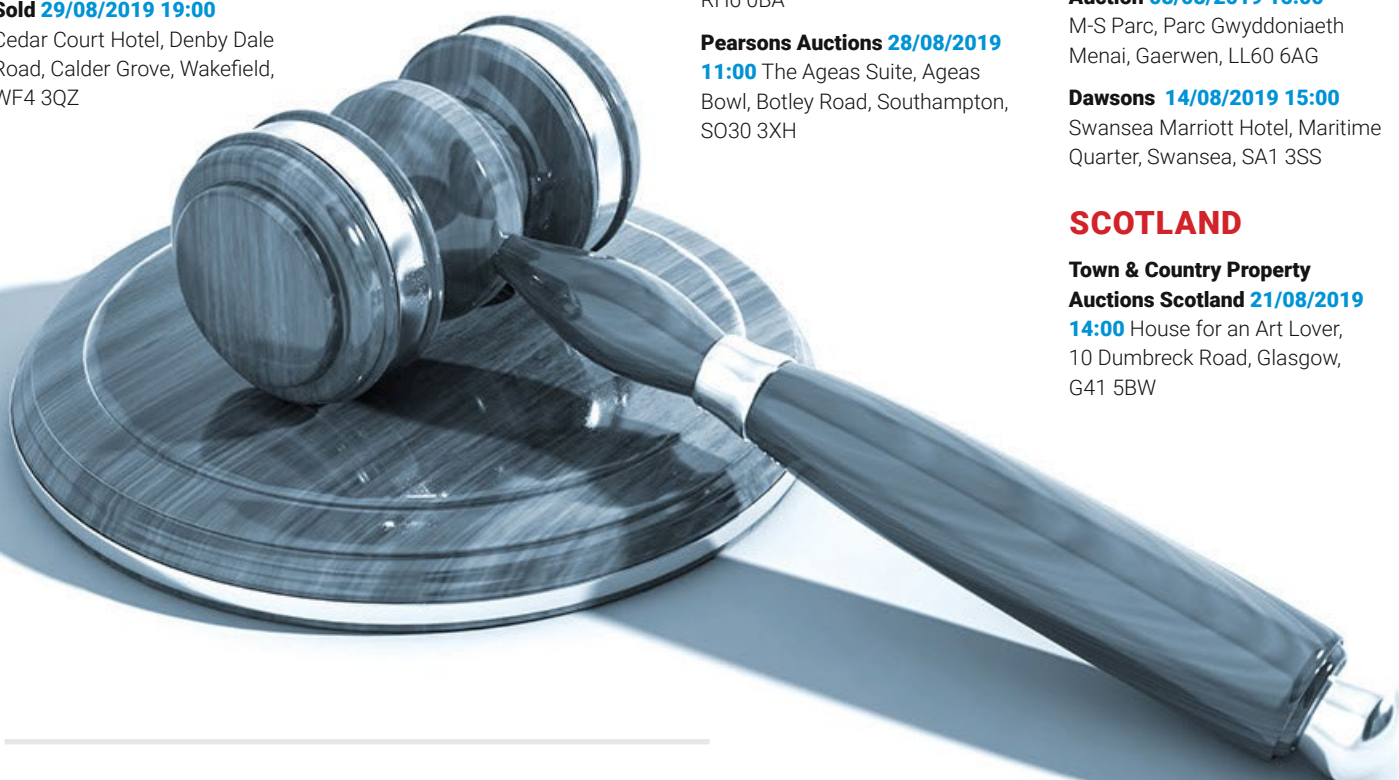
All Wales Auction - South Wales Auction 06/08/2019
The Village Hotel & Leisure Club, 29 Pendwyallt Road, Cardiff, CF14 7EF

All Wales Auction - North Wales Auction 08/08/2019 16:00
M-S Parc, Parc Gwyddoniaeth Menai, Gaerwen, LL60 6AG

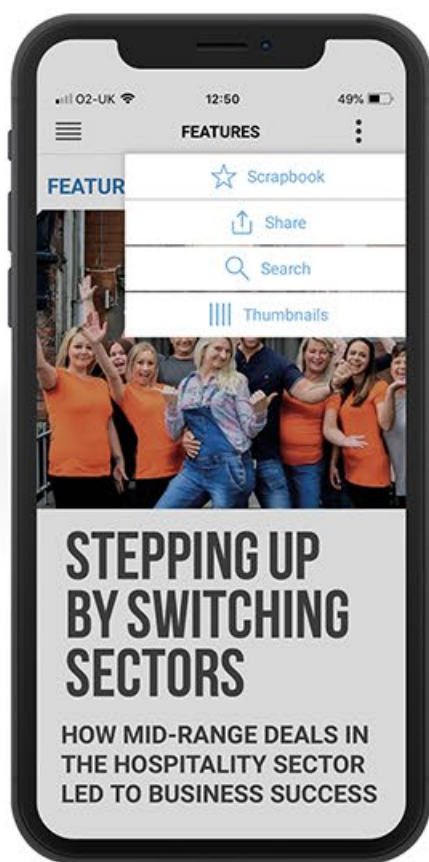
Dawsons 14/08/2019 15:00
Swansea Marriott Hotel, Maritime Quarter, Swansea, SA1 3SS

SCOTLAND

Town & Country Property Auctions Scotland 21/08/2019 14:00
House for an Art Lover, 10 Dumbreck Road, Glasgow, G41 5BW



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Simply download the app and login via the account tab in the top right hand corner.

Login to YPN subscriptions with your email as your username and postcode as your password.

Please note, your postcode must be in caps and have a space in the middle.



If you experience any issues with logging in, please contact michelle@yourpropertynetwork.co.uk with your full name and telephone number and she will respond within 24 working hours. Please note if this is a Friday, Michelle may not be in contact until the Monday.

Any other queries or questions, please direct them to appsupport@yourpropertynetwork.co.uk and someone will be in touch.



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STARTING OCTOBER 2019
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STARTING OCTOBER 2019
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