

Issue 143 May 2020

SUBSCRIPTION ONLY

YOUR

PROPERTY

www.yourpropertynetwork.co.uk

NETWORK

Together we are Stronger!

NOW AVAILABLE ONLINE



HMO MASTERCLASS

RECORDED LIVE

All you need to know to get your 1st HMO or more.

Just £97 + VAT

Go here to order: <https://bit.ly/HMO-online>



Property Master Academy
Your Future is Our Focus

t: 01252 730 040

e: info@propertymasteracademy.co.uk

propertymasteracademy.co.uk



Welcome to this special edition of Your Property Network

I sincerely hope that this issue finds you safe and well.

We have all seen the devastating impact that COVID-19 has wrought throughout our own and other nations. We at YPN offer our condolences to anyone who has been directly affected or who has suffered the loss of a loved one.

We are still in lockdown and at the time of writing, the next review is scheduled for around the end of the first week in May. As yet, there is no detail on how restrictions will be lifted.

As well as the impact on health, of increasing concern is the knock on effect on the economy, which will in turn have an impact on the property sector. We don't know what this will look like or how long it is going to last.

Publishing a magazine that deals with investment, finance and business in such extraordinary circumstances is challenging as these sectors are heavily affected. But we have done our utmost to rise to the challenge. The editorial team has spent a large part of the past month on their phones, talking to our network of property experts, investors and professionals to find out how they have been affected, what they are doing to survive the crisis and how they are planning to move forward afterwards.

In addition to articles published in the magazine, you, our subscribers, also have access to twice-

weekly "corona crisis" webinars which will continue throughout this period. Topics vary from strategy-specific Q&A sessions with long-established investors to expert briefings on the current situation relating to mortgages, finance and business support. These live webinars give you the chance to ask your questions and to get the latest information as it becomes available.

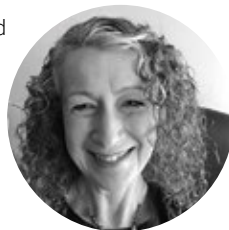
In this issue, you will find sections dedicated to supporting you through the pandemic, addressing the questions that you and we have been asking. Several of our regular writers have also written about their individual circumstances and how they have responded within their businesses.

We recognise there comes a point when you've been inundated by COVID-19 news and information and want to switch off. So you'll also find some regular articles about property investing, such as Andy Graham's insights into adding value through analysing HMO floor plans, and Heidi's new room breakdown feature.

I hope you find some information in this issue that will help you through this period. And if you're using the time to skill up and refresh your property knowledge, I hope you find some inspiration too.

We'll see you next month and in the meantime, stay safe and well!

Jayne



IMPORTANT INFO

As the COVID-19 outbreak situation is developing by the day, we want to keep you updated about our plans for continuing to get YPN to you.

We are speaking regularly to our printers and other suppliers to make sure that business can continue as usual. However, if there is significant disruption beyond our control, we will let you know by email.

All magazine content is also published on the YPN App each month, and a PDF version is uploaded to the subscriber website. This will continue even if we cannot produce the physical magazine so you won't lose out – you'll still be able to enjoy the latest content!

If you haven't already signed up for a digital version ...

To access the App, see the App info page later in this issue, or contact Michelle Williams:
michelle@yourpropertynetwork.co.uk.

To access the subscriber website, contact Heather Messenger:
heather@yourpropertynetwork.co.uk.

Thank you for your patience during these exceptional circumstances and we hope you continue to enjoy YPN during this time!

The YPN Team

Introducing THE YPN TEAM



Ant Lyons
Director and Co-Founder
ant@yourpropertynetwork.co.uk



Mike Kyte
Director and Co-Founder
mike@yourpropertynetwork.co.uk



Jayne Owen
Editor
jayne@yourpropertynetwork.co.uk



George Haines
IT Manager
george@yourpropertynetwork.co.uk



Simon Clements
Creative Manager
artwork@yourpropertynetwork.co.uk



Heather Messenger
Customer Care Manager
heather@yourpropertynetwork.co.uk



Heidi Moment
Senior Writer
heidi@yourpropertynetwork.co.uk



Raj Beri
Writer
raj@yourpropertynetwork.co.uk



Angharad Owen
Assistant Editor
angharad@yourpropertynetwork.co.uk



Danni Fisk
Advertising & Events Manager
danni@yourpropertynetwork.co.uk



Michelle Cairns
YPN Extra Presenter
michellecairns@yourpropertynetwork.co.uk

You can contact the YPN team using the email addresses above or on **07807 236725** or **0800 096 6088**.

[f](#) [t](#) [i](#) [@ypnmagazine](#)

Disclaimer: We advise you to do your own due diligence when it comes to making business decisions. Use caution and seek the advice of qualified professionals. Check with your accountant, lawyer or professional advisor before acting on any information. Articles, case studies and other materials in YPN do not constitute professional advice in any way. Consult with your own accountant, lawyer or professional advisor for any questions you may have. YPN assumes no responsibility for any losses or damages resulting from your use of any information or opportunity contained within the magazine or within any information disclosed by YPN in any form whatsoever.

IN THIS ISSUE ...

5 Coronavirus: the property impact

How is the pandemic going to affect your property business? We have spoken to a number of experts and regular columnists to get specialist advice to help you through.

What communication should we be having with our tenants and mortgage lenders?

- 7 • Regular landlord legislation columnist **Mary Latham** outlines the landlord/tenant legal position
- 8 • Specialist property tax accountant **Stephen Fay** considers the situation from the perspective of landlord finance
- 10 • Founder of Landlord Action and presenter of "Nightmare Tenants Slum Landlords" **Paul Shamplina** covers the broader angle for landlords
- 11 • Property consultant **Graham Kinnear** explains the implications of remote property management
- 12 • Broker and regular contributor **Stuart Yardley** answers questions that investors are asking mortgage brokers and lenders

What support is available for your property business?

- 14 • **Stephen Fay** and **Mary Latham** look at the support available for businesses while accountant **Sharron Fletcher** explains the situation specifically for company directors

Monitoring finance and tax updates during and after the pandemic

- 18 • **Stephen Fay** discusses tax, investment and liquidity options and implications

What next for the property market?

- 22 • **Richard Brown** looks back to see what we have learned from previous pandemics and how we can implement those lessons this time around
- 24 • Economist **Chris Worthington** considers the impact on the BTL market within the broader economic context
- 25 • Regular contributor and property investors network founder **Simon Zutshi** explores what we can do now and where demand might lie post-lockdown
- 27 • **Mark Homer** of Progressive Property summarises potential impacts and opportunities

- 28 • **David Lawrenson** of LettingFocus.com looks more specifically at house prices and the rental market
- 29 • Long-standing investor **Paul Merrick** reflects on how we can apply the lessons from the global financial crisis to the current situation

How can we keep our mental health in check?

- 30 • While **Paul Merrick** considers the nature of fear, **Simon Zutshi** reminds us how to keep a positive outlook and **Bill Mann** advocates building your own resilience, courage and self-awareness

Rant

- 35 • Editor **Jayne Owen** has something to say about the phenomenon of a quiet world

COVID-19: Portfolio risk and cash flow scenario analysis

- 37 • Investor and mathematician **Dr Mark Poole** explains how to analyse the risk to your rental portfolio

From panic to analysis to inspiration

- 42 • YPN co-founder **Ant Lyons** recounts his mini-journey about turning panic into inspiration within just a couple of days

REGULAR COLUMNISTS OUTLINE THEIR OWN CORONAVIRUS RESPONSES:

Inside rent-to-rent: Keeping your promises

- 44 • **Frances Dolley** reinforces the importance of maintaining strong relationships with both tenants and suppliers

How will your property business survive coronavirus?

- 46 • **Arsh Ellahi** explains how he has worked with tenants to avert any rent payment crises

Through change we evolve

- 49 • YPN's own **Raj Beri** explores the idea that many of us have experienced tough times before and have come out stronger, and shares his own experiences

My lockdown experiences so far

- 54 • **Rick Gannon** reveals his personal reactions to the crisis

A world with a difference

- 56 • **Mark Doyle** shares practical examples of properties that have been directly affected

DEVELOPMENT & REFURB



- 62 **Room Profile: Professional HMO, by Heidi Moment**
- 64 **Following a refurb project from beginning to end Part 2, with Jesse Taylor**
- 66 **Essential HMO Investor Series: Are your floor plans the best they can be? By Andy Graham**

LANDLORD



- 70 **Put tenants first to achieve 100% occupancy, Heidi Moment talks to Miles Pattison-Appleton**

EDUCATION



- 75 **Raj Beri's book review**
- 78 **Jargon buster**

And ...
Heidi Moment has The Last Word

Coronavirus: Support Webinars

Our articles this month have included content from our recently ran support webinars. To watch the whole webinars use the links below:

WEBINAR 1

<https://go.aws/3aduAOS>



WEBINAR 2

<https://go.aws/2KadDtT>



WEBINAR 3

<https://go.aws/2K6Z5vl>



WEBINAR 4

<https://go.aws/2VvC8ah>



Disclaimer: We advise you to do your own due diligence when it comes to making business decisions. Use caution and seek the advice of qualified professionals. Check with your accountant, lawyer or professional advisor before acting on any information. Articles, case studies and other materials in YPN do not constitute professional advice in any way. Consult with your own accountant, lawyer or professional advisor for any questions you may have. YPN assumes no responsibility for any losses or damages resulting from your use of any information or opportunity contained within the magazine or within any information disclosed by YPN in any form whatsoever.

Coronavirus: The Property Impact

As a nation, as a species, we are reeling from the new reality that we are living. At the time of writing (15th April) we are still in lockdown. Our primary concern naturally is for the health and safety of family, friends and loved ones. But our concerns are also very much for our livelihoods.

Virtually none of us will be untouched by the economic repercussions, and whilst unparalleled measures have been taken by the UK government to safeguard the majority of the UK population – at least in the short term – there are a number of us who slip through the net. If you are a full-time landlord whose income comes from rental properties, you are unlikely to qualify for much support. If you are a business owner and pay yourself predominantly in dividends, then similarly you will receive little support in the form of income protection. So if you are “in property” it’s likely that you may be harder hit than other people you know.

But just **HOW** will it affect **YOUR** property business? What practical measures can you implement now to protect your finances? And as and when we do start to come out of this, what opportunities will there be for savvy property investors in the new normal?

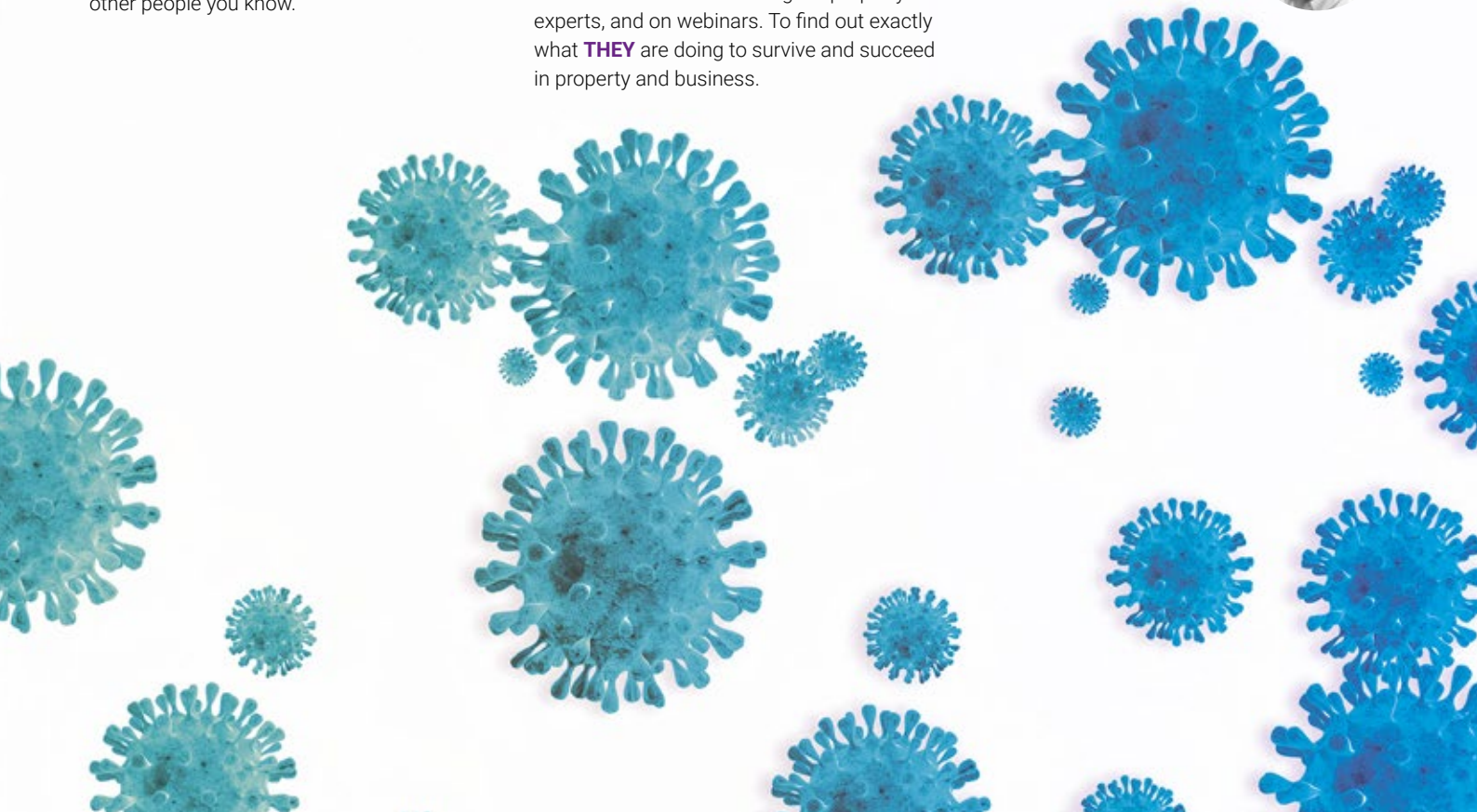
Here at YPN we have always been delighted to represent innovative, entrepreneurial property people. People who adapt to survive in any market and spot and seize opportunities that most would miss. For the past 12 years we have been honoured to tell their stories in the pages of YPN, through our audio interviews with leading UK property experts, and on webinars. To find out exactly what **THEY** are doing to survive and succeed in property and business.

This edition of YPN is without a doubt our most important one ever. We have a responsibility to **YOU** to give sound, practical advice on what to do **RIGHT NOW**. Not just opinion pieces from journalists, but the solutions that actual property people are undertaking **NOW**.

The old adage “we are all in this together” has never held more true. And together we will get through this, by sharing ideas, strategies and solutions and supporting each other.

For this special edition of YPN many of our regular contributors, leading experts in property investing, tax, finance and development have penned **THEIR** responses. Outlining what they are doing **NOW** and how they plan to position their businesses going forwards. Also, and this is important, what they believe the opportunities will be.

Ant



EXCLUSIVE ACCESS TO YPN SUBSCRIBER WEBINARS

Since the Coronavirus Crisis we have launched twice weekly subscriber webinars aimed at helping **YOU** in your property business. For example, you might be looking for Serviced Accommodation survival strategies or want to educate yourself **NOW** so you are well armed to take advantage of the opportunities that **WILL** be available as we come out of this.

These webinars are strictly for YPN subscribers ONLY – and they are **YOUR** chance to ask questions **LIVE** to UK property experts and investors.

HOW?

The webinar links are listed on the YPN app which as a YPN Subscriber you have access to. If you can't attend the webinar live they are also recorded and loaded to the app for you to replay when it's convenient for you to do so.

ACCESSING THE YPN APP

Attendee links to LIVE YPN webinars, recorded webinars plus recorded audio interviews **AND** a back catalogue of over 2 years' editions of YPN. All at your fingertips on the YPN APP and all included in your YPN Subscription.

If you have not yet accessed the app, it's simple.

- **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.**

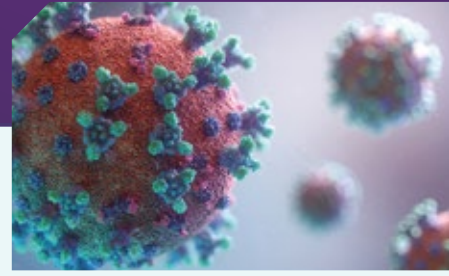
Please note, your postcode must be in caps and have a space in the middle.



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 with 24 working hours.

Any other queries or questions please email appsupport@yourpropertynetwork.co.uk

What Communications Should We be Having with Our Tenants and Mortgage Lenders?



As soon as coronavirus hit and the UK government announced that tenants could take a three-month "rent holiday" during this period, I, like most landlords, panicked. I immediately thought: "what if nobody pays their rent? What will this do to my business?" Then it was announced that those with BTL mortgages could take a "mortgage holiday" and this should not affect their credit file. Immediately I'm asking myself: "do I do this? What will happen to my relationship with that lender in the future if I want to apply for another mortgage with them or additional borrowing?"

So many questions, and very difficult to stop and think rationally.

Here at YPN we realised that **YOU** are likely to be facing many of the same questions – and struggling to answer them. So we have picked up our little black book of property contacts and asked some of the UK's leading experts for their thoughts on what best to do to ensure our businesses come through the coronavirus crisis intact.

Ant

First up: Mary Latham

Mary has been a landlord since 1972 and until July 2018, was a Regional Representative for the National Landlords Association. She's been writing about legislation, landlord law and tenants for over seven years in the pages of YPN, and is uniquely positioned to interpret what government actions mean for us in our property businesses.

Here, Mary talks through some of the measures that have been introduced and what they mean for us.

Moratorium on evictions

The CORONAVIRUS ACT 2020 received royal assent on 25th March 2020
<http://www.legislation.gov.uk/ukpga/2020/7/contents/enacted/data.htm>

There are some important changes to the Possession process to protect tenants during the crisis:

"Residential tenancies in England and Wales: protection from eviction

SCHEDULE 29 Section 3 RESIDENTIAL TENANCIES: PROTECTION FROM EVICTION

Beginning on 26th March 2020 and ending on 30th September 2020"

There is provision to amend/increase this period and it applies to England and Wales. In a nutshell:

- **The Notice period for possession under and most current legislation will now be three months minimum**
- **This includes Section 21 Notices**



- **There is provision for this notice period to be extended, by the relevant Minister, by up to six months**
- **Any Notice already served at the time the legislation comes into force will remain valid. We are already seeing reports that this is not happening; in one report, a landlord shared a notification that he had received from County Court Bailiffs referring to a case where he had already got a Possession Order:**

"County Court Bailiffs: Guidance from the government.

Due to the Covid-19 emergency, all bailiff activity, including all evictions, has been postponed until further notice."

Whatever our views on this, we must work towards protecting our businesses and, in particular, towards the time when the emergency measures are lifted and we need to return to normal, but deal with situations that are far from normal.

To begin with, the eviction moratorium is for three months and is due to end (at the time of writing) on 30th September. We need to keep good records and exercise caution so that delinquent tenants are not confused with those who have genuinely lost their income or some of it and are struggling to pay their rent.

TOP TIPS FOR COMMUNICATING WITH TENANTS REQUESTING A "RENT HOLIDAY"

- Ask for evidence of their change of circumstances.
- Some tenants appear to believe that landlords won't have to pay mortgage payments during this time and therefore they shouldn't have to pay their rent.
- We should explain that if landlords choose to take a payment holiday, the unpaid amount will be added to their mortgage including interest and must be paid in future.
- Some landlords will not take a mortgage holiday and some have no mortgages but there is no reason why we need to share our private financial affairs with our tenants. A simple statement is sufficient: *"A mortgage payment holiday is not an option for me and therefore my overheads remain the same."*
- Explain that you will be keeping them updated on their rent accounts so that you can agree a plan to catch up when things return to normal.
- Agree the date on which the last full rent payment will be or has been made.
- Agree the amount of the reduction if they can afford to make some contribution.
- Agree the new payment dates – if they are relying on benefits this may be different to their previous pay day.
- **Help them claim any benefits that are due to them without delay.**



Stephen Fay

Principal at Fylde Tax Accountants

Steve has been my own tax accountant for a number of years. He's also a landlord and I have always found our values are very much aligned as to our long-term plans in property. For these reasons he has been my first point of contact with regard to which way to steer my property portfolio for well over a decade.

Over to Steve.

Property is a people business

Real, live human beings live in rental properties! Many landlords have investment spreadsheets, calculators, grand plans ... but in many ways, property investment is more of a people business than an asset-management business. Now is the time for landlords to show their people skills.

Be flexible, but not TOO flexible ...

Most tenants are going to be affected by CV19, and a flexible approach to rent payments is likely to be needed in the next few months. That being said, a lot of tenants will just continue to pay the rent in full. Some landlords have started to panic, thinking that all of their tenants will completely stop paying the rent, all at the same time – this is highly unlikely. The challenge is to manage the cashflow position across the portfolio to prevent a critical lack of cash (while being realistic that almost all landlords will see some impact).

Some landlords will proactively contact tenants while others will wait to be contacted and then respond. There is certainly an argument that contacting a tenant could weaken the landlord's position ie the tenant may not even have realised that paying less

rent was an option! Many tenants will have savings, overdrafts, friends and family to help, so it's not a given that all tenants will need financial help from their landlord.

Start by trying to understand the tenant's situation to work out how much could be paid based on their lower income. Ensure that you point the tenant towards the available government support packages, and take any necessary action.

Golden rule – tenants have to pay SOMETHING, at least ...

The golden rule is not to let the tenant pay nothing at all. Try to negotiate a figure that is as high as possible, but still manageable for them. The outcome for the tenant shouldn't be too comfortable. After all, tenants are responsible for paying their rent, and landlords shouldn't be expected to simply

agree to anything a tenant asks for. A negotiation should involve give and take on both sides to reach a mutually acceptable solution.

And, if you do agree to a rent reduction or deferral, don't feel shy about asking for some evidence to prove the tenant's income has dropped significantly. This can help to deter tenants from taking advantage of CV19 to just pay less rent (perish the thought!).

Ultimately, the landlords who are most successful at managing these conversations in 2020 will likely suffer the least impact of CV19. However, the government has put in place a strong package of financial support available to tenants, who like everyone, should firstly avail themselves of this support.

The government has also released a new "Coronavirus (COVID-19) Guidance for Landlords and Tenants" briefing, which can be shared with tenants:

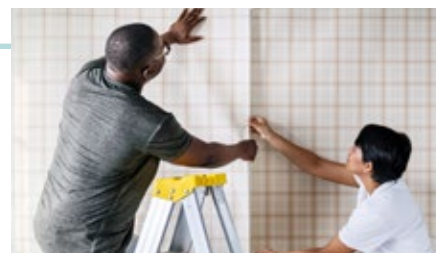
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/876500/Consolidated_Landlord_and_Tenant_Guidance_COVID_and_the_PRS_v4.2.pdf

Dealing with maintenance issues during the coronavirus crisis

Defer non-essential repairs.

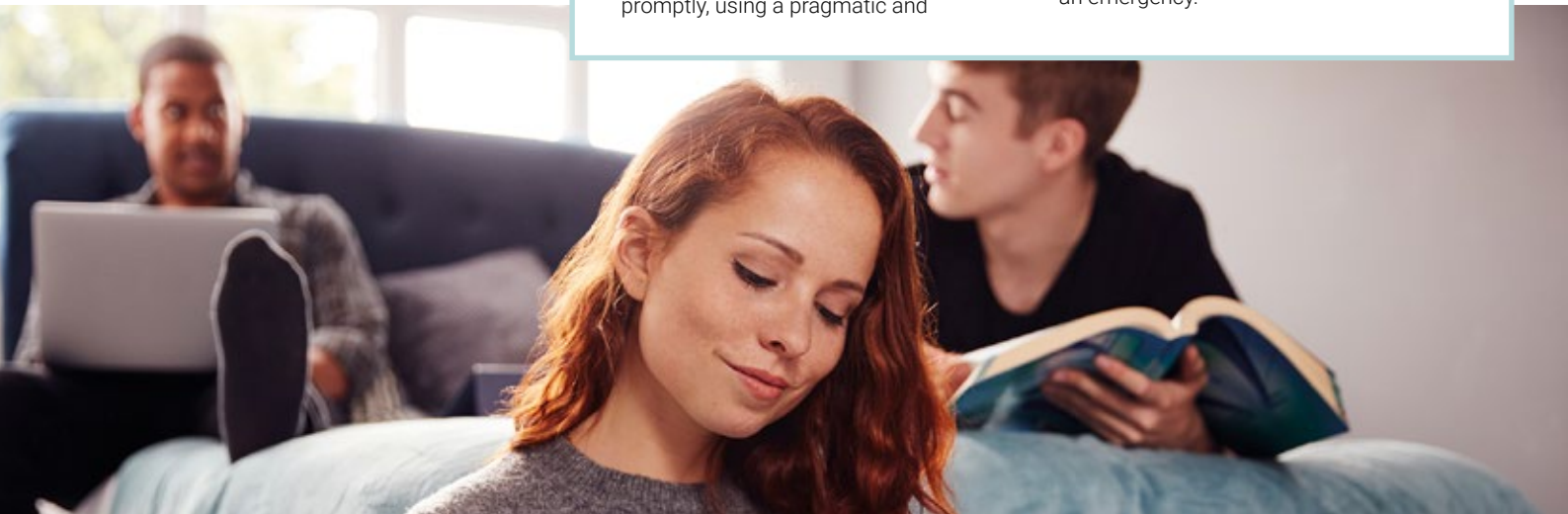
As most seasoned landlords know, there are essential repairs (fixing and replacing heating, windows, roof leaks ... basically anything involving heating and water!) and more discretionary repairs (general periodic upgrades and replacements of kitchens, bathrooms, floorings, decorating etc).

Clearly, now isn't the time to spend on discretionary repairs that can be done later – both because of the cost of repairs, and the likely reluctance of many tenants and tradespeople to have such work done. The priority for all landlords is to ensure that serious hazards are dealt with promptly, using a pragmatic and



common-sense approach. Local authorities are instructed not to unfairly penalise landlords who are unable to deal with minor and routine repairs issues as a result of CV19.

However, repair work carried out on rental properties by landlords and tradespeople can be done, provided that the person is well, has no CV19 symptoms and complies with the two-metre social distancing rules issued by Public Health England. No work should be carried out in households with isolating or shielding persons, unless it is an emergency.





The FCA have issued detailed guidance on payment holidays on their website, and this is worth reviewing: <https://www.fca.org.uk/consumers/mortgages-coronavirus-consumers>.

Consider applying for a mortgage payment holiday

The government has introduced a three-month option for landlords (and owner-occupiers, for that matter) to take a mortgage payment holiday. This is an agreement with a lender for payments not to be made for a set amount of time (initially for three months, though this may be extended).

The following should be noted about a mortgage payment holiday:

- A payment holiday can be requested if a borrower is experiencing payment difficulties, or can reasonably expect to experience payment difficulties because of CV19 if a borrower does not have to be currently experiencing financial difficulties to apply.
- The payments due are added to the loan balance, and interest is charged on these.
- The interest charged is incurred, so tax deductible just as if the payments had actually been made (albeit subject to Section 24 finance interest restrictions).
- A payment holiday is only such when agreed to by the lender. In other words, don't just cancel the direct debit, as otherwise this could mean a missed payment, and credit history damage.
- Assuming a payment holiday has been agreed with the lender, the FCA have issued clear guidance to lenders that taking a payment holiday should **NOT** negatively affect a person's credit history.

Note that some lenders are easier to deal with than others regarding taking a CV19 payment holiday. For example, TMW have an

online webpage requiring only the borrower's personal and account details to enable the full three-month payment holiday to be taken. Other lenders require borrowers to phone the call centre, provide specific details about the borrower's current financial position, and will only agree to a one-month-at-a-time payment holiday. So, landlords need to assess whether the hassle factor of applying for a payment holiday is worth it.

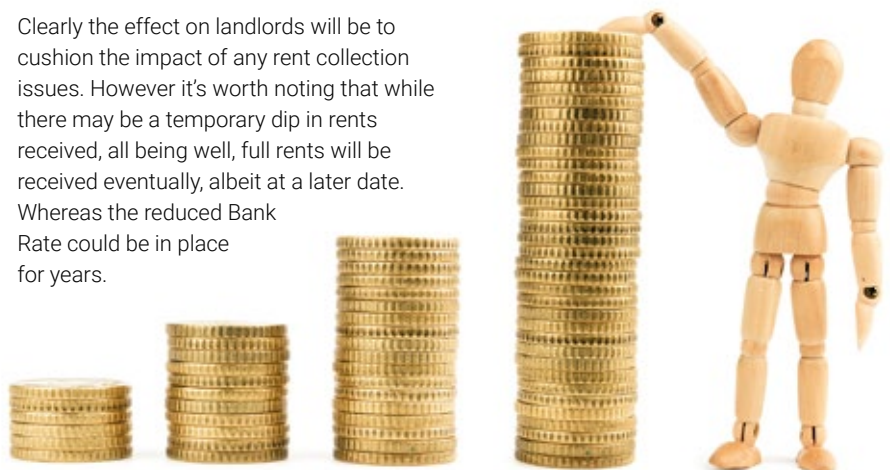
"The FCA have already stated that taking a payment holiday will not negatively affect borrower credit ratings, which, since the very powerful FCA have mandated it, can be relied upon".

Check the impact of the Bank Base Rate reduction on your mortgage payments

The Bank of England recently reduced the Bank Rate to 0.1%, so for landlords with Base Rate tracker mortgages (including LIBOR trackers which closely follow Bank Rate), there will be a significant reduction in mortgage interest payable for the foreseeable future, which is likely to take effect for most direct debits from 1st May 2020 onwards.

Payments on a £100,000 mortgage tracking Bank Rate would see repayments fall by 0.65%, which equals £54 per month. Many landlords have multiple Bank Rate tracker mortgages and will see a significant reduction in their mortgage payments. The unknown at the moment is whether this will offset any uncollected rent.

Clearly the effect on landlords will be to cushion the impact of any rent collection issues. However it's worth noting that while there may be a temporary dip in rents received, all being well, full rents will be received eventually, albeit at a later date. Whereas the reduced Bank Rate could be in place for years.



More info ...

Bank of England Base Rate:

<https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate>



Paul Shamplina

Founder of Landlord Action, Presenter of Nightmare Tenants, Slum Landlords

Arguably nobody in the UK (or indeed the world) knows more about what can happen when relationships between landlord and tenant go wrong than Paul. He has consulted on a number of government papers and is at the sharp end of dealing with things and picking up the pieces when property investing goes wrong.

In Paul's words ...

I have been inundated with phone calls from landlords worried that their tenants may not be able to pay the rent because of possible job losses, and my sympathy goes out to every tenant and landlord facing such uncertainty. What I cannot stress enough is the need to try and work together to come through the other side.

The government has brought in lots of new legislation and fiscal measures to try and help ease the burden of this virus, from the job retention scheme and non-repayable grants to increasing Universal Credit and deferring income tax and VAT payments. There is detailed guidance for the private rented sector to consolidate the various regulations that have changed and advice that has been given. These measures are in force until the end of September but can be extended if necessary.

- **Notice period extended.** Until September 2020, landlords must give tenants three months' clear notice for all Section 8 and Form 6a (Section 21) notices. This law may possibly be extended.
- **Evictions banned.** The Ministry of Housing, Communities and Local Government (MHCLG) has also halted all ongoing housing possession claims. Therefore, no new claims can be issued, any hearings will be adjourned and bailiff appointments will be vacated for this three-month period. This suspension of housing possessions action will initially last for 90 days, but this can be extended if needed. The government has made it clear no tenant should face eviction during the pandemic.
- **Tenants still liable.** However, guidance also states that tenants are still liable for their rent and should continue payment as usual, with support available to those who find themselves in financial hardship.
- **Mortgage holiday available.** The government has also introduced a mortgage holiday of up to three months for landlords whose rental income is affected. Landlords apply to their lender for this and must be able to prove that their tenants have been affected by COVID-19.

So what does this mean for us as landlords? Communication is key, now more than ever. I am urging landlords to work with their tenants. Pick up the phone, drop an email or send a text to reach out to see how they are affected by the crisis and similarly explain how it is affecting you.

You may want to contact your letting agent to see if they have spoken to the tenant, otherwise get in contact with the tenant yourself.

Support your tenants

Many landlords choose to evict tenants when they fall into arrears, but as we all know, these are unprecedented times. Landlords will find that previously punctual tenants may struggle to pay rent on time. That is why it is in the best interest of all tenants and landlords to work together, understand each other's limitations and establish a reasonable payment and review plan when the time is right.

The government is also looking to strengthen the pre-action protocol on possession proceedings to include private renters – meaning that private landlords looking to begin possession proceedings will have to engage with their tenants more extensively first. This will help landlords and tenants to agree reasonable repayment plans where rent arrears may have arisen as a result of the crisis.

If your tenants have been forced to reduce their earnings, what capacity do you have to mirror this in their rent? If you are struggling to keep up with mortgage payments, contact your lender as soon as possible to see if you can take a mortgage holiday. Ultimately, landlords want to retain good tenants and tenants want to remain in their homes, so my plea to you all is to take a long-term view and support each other.

www.landlordaction.co.uk
0333 321 9415

YPN Says

The one constant in all comments from our panel of experts is the importance of communication between tenants and landlords at this time.

We need to ensure that where possible our tenants receive a level of support from us when it is required but that we should endeavour to protect ourselves from those that might seek to take advantage. Good relations with our tenants have never been more important – and many landlords are now realising this for the first time.



Managing Properties during the Coronavirus Lockdown

Is remote property management possible... and if so, what does it look like?

With lockdown firmly in place and social distancing being practiced by those who are in the workplace, now is **NOT** the time to be undertaking routine inspections or sprucing up a property that looks a bit tired whilst your tenant is in situ. This week, a hands-on landlord friend of mine told me he had been to one of his HMOs to replace and plumb in a washing machine that wasn't working properly. Forgive my language but I told him I thought he was "bloody mental" and that this absolutely could have waited.

But what is the proper approach to property management during lockdown? What constitutes an "emergency repair" and should you be working to fill empty properties during this time?

YPN called on its very own lettings specialist **Graham Kinnear** to answer all your questions regarding remote property management

Ant

Graham Kinnear

When considering property management functions during this period, the ultimate objective must be to ensure the safety of yourselves and your tenants.



Accordingly, my view is that contact between people should be reduced to an absolute minimum. This view appears to be echoed by some of the landlord organisations, who are calling for an extension to gas and electrical safety certificates for a period of six months (to mirror what the government have done with MOTs) to reduce the necessary visits to your properties.

In furtherance of this, we have been advising landlords that if they have an expiring EPC, whilst they can book a survey in with their chosen provider, they should wait until the situation improves before seeking to undertake the inspection on occupied premises.

Whilst the law relating to these legislative requirements has not changed, local authorities are being asked to take a pragmatic view. My view is that public safety is of greater concern at this point in time.

In terms of routine property inspections, I believe that in-person inspections should be temporarily halted, however you may wish to arrange a more virtual inspection of the premises. If nothing else, the contact with your tenant may be appreciated during a period of general isolation. I know of landlords who are implementing this technology to assist their tenants' wellbeing during this period, with the property condition inspection being a secondary consideration.

It is also my view that only essential repairs should be undertaken during this period. General repair works can be reported to, and

logged by, the landlord. Indeed temporary workaround solutions could be suggested following a video inspection, however the remedial works by a third party contractor attending should not be undertaken.

Emergency works in my view relate to dangerous structures, gas and electrical safety issues, fire and escape of water. The dripping tap, leaking shed roof and the misted double-glazed unit will have to wait.



For those of you needing to undertake Right to Rent checks, the government have provided some temporary guidance that removes the need to meet the tenants to verify documents. Instead, landlords can ask the tenant to submit the documents electronically, and then these should be verified by a video call with the tenant where they are asked to hold up the documents in order that these can be checked with the ones provided to the landlord.

In respect of move ins, check outs and the like, where essential, the government's advice on social distancing should be adhered to. Where there is more than one tenant, the landlord should meet with a lead tenant rather than everyone in order to

comply with the government's request that no gatherings greater than two people take place.

I would also suggest that absolutely no meetings should be taking place in the event that your tenants are shielding or self isolating, and clearly no meetings should be undertaken where one of the parties is displaying any symptoms of the virus, regardless of how minor.

For those tenants who wish to delay a move in or leave premises early, as appears to be very much the case with student accommodation, I urge a sensible approach. Although agreements are still binding during this period, a negotiated settlement would appear to be potentially fairer in the circumstances. However, that said, you do have up to six years to recover any sums due.

In summation, these are unusual circumstances and we will be judged by our method of dealing with them. I urge you to show some kindness to your tenants as they may be facing illness from the virus or uncertainty regarding their employment status. Evictions have been effectively halted for 90 days, and so you really must see what negotiated solutions can be reached with your tenants. Remember, some of the lenders are offering mortgage payment holidays which will, in turn, allow you to give your tenants some flexibility.

Invest some time in addressing your systems and processes to establish what can be undertaken remotely. Such effort could result in a more efficient process even after the virus restrictions are lifted.

Do remember we are all in the same position.

By doing the right thing, taking extra care and pulling together, we will get through this.

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

Property Finance during the Coronavirus Crisis

Mortgage holidays, buy-to-let finance, re-mortgages, development loans and bridging finance ... what you NEED to know right NOW.

We have been asked the question "should I pay my buy-to-let mortgage?" more than any other. So at this point I thought I would hand over to YPN's very own resident broker **Stuart Yardley** of Trafalgar Square Financial Planning Consultants to answer this question and others relating to BTL mortgages, re-mortgages, bridging finance and development finance.

Stuart Yardley

Mortgage Market Review

Given this extraordinary period, I thought I would try and answer some of the questions we are regularly receiving from our clients and investors.



Should I pay my buy-to-let mortgages at the moment?

If you can, yes.

- Whether it's from your own cash resources or by taking advantage of the payment holidays that all lenders are offering.
- BTL lenders are considering payment holiday requests, so if you are having issues with tenants paying their rent, you are best to discuss this with your lender.
- Remember, only payment holidays that have been agreed will not affect your credit rating. If you just go ahead and cancel your direct debit, this **WILL** affect your credit rating.

I have cash flow issues – how and when should I contact my lenders?

- **Immediately.** Each lender has a different process, but you will find that on most lenders' websites. It's the main item on their homepages, as they know it is what everyone wants to know about.
- The good news is that lenders are under orders to be helpful!
- Some lenders have an online form, others want you to call to discuss your circumstances. Just follow the instructions, but be prepared for a wait if you decide to call as they are very busy.

YOU MUST BE AWARE THAT PAYMENTS WILL BE ADDED TO THE LOAN BALANCE, SO TAKE THAT INTO ACCOUNT WHEN MAKING YOUR DECISION.



I have a development loan on a project – at present, builders are on site but what is likely to happen to my next draw down?

This really depends on the development finance lender and the valuer involved. If the valuers feel they can go and visit the property and provide that latest update on progress to enable the next draw down, then you are good to go. Desktop valuations won't work in these cases due to the specific nature that is required of the inspection. Therefore, your next draw down could be delayed until a valuer can physically inspect. The advice is to speak to your development finance lender as soon as you can to see what they can do.

As you can imagine, short-term finance lenders are amongst the most nervous about the current situation, due to the short-term nature of their finance and the uncertainty about the future.

We've seen a number of bridging lenders pull out of the market immediately.

The good news is that much like the mortgage lenders and payment holidays, short-term lenders are being very accommodating when it comes to loan extensions and payments. I would recommend speaking to your lender and discussing your full situation.

Will not paying my BTL mortgages (the mortgage holiday) through this period affect my credit rating?

- **NO.** Agreed payment holidays will **NOT** affect your credit rating. **I REPEAT THOUGH: DON'T JUST CANCEL THE DIRECT DEBIT AS THIS WILL AFFECT THE CREDIT RATING.**
- **ALSO NOTE THAT ALL PAYMENTS MISSED UNDER THE PAYMENT HOLIDAY SCHEME WILL BE ADDED TO THE LOAN BALANCE.**

I have a bridging loan that comes to an end soon – it's likely to be difficult to re-mortgage off this. What will happen? Will they extend the loan?

If you have a bridging loan that is due to end, as I have already mentioned above, you can contact your bridging firm and discuss options to extend if required. If the property is ready to refinance though, you can look at potential options with lenders now offering electronic valuations. Try to start the process at least, so you can discuss this with your existing bridging lender, and understand the possible timescales.

And 2) Can I apply for a mortgage/re-mortgage at the moment?

This situation is changing daily as lenders are trying to bring in processes so existing applications can still progress and complete.

The main challenges remain around skeleton staff at the lenders, and valuers are unable to visit a property to value it. If you have already had a valuation completed pre-lockdown, then the process should continue as normal, but there might be some processing delays.

Lenders are starting to introduce, where they can, the use of electronic valuations (AVMs) to consider some new applications and keep the process moving. This will help on some new remortgages and purchase applications.

Other lenders are now considering new applications, with the plan to just get the application to a stage where the only outstanding requirement is the physical valuation. This will be completed when the valuers are able to resume work.

I would recommend that if you have a property you are looking to finance, speak to your broker as normal and you can review all the options available to you at that time.

As I am writing today (14th April 2020), I thought I would give you an overview of some of the lenders who are still open for business and their general terms.



Other lenders

Leeds Building Society are another one of the lenders considering applications with the use of desktop valuations up to 70% loan to value, so you can see there are still options for refinancing a BTL property.

There are other specialist lenders still considering applications up to 75%, such as **Aldermore** and **The Mortgage Lender**. These lenders have a range of products for limited company lending too.

As I write this, some of the other mainstream lenders have restricted loan to values and products available, but this will hopefully continue to improve over time.

If you would like any guidance, please feel free to contact me and I will be happy to assist in any way I can.

the mortgage works

TMW still currently have a range of products available for BTL purchases and refinances, including limited company lending.

Where possible, they are trying to use electronic valuations, which is positive but this isn't always possible. If not, they will underwrite the application and get to a stage where only the physical valuation of the property is outstanding. This allows the process to continue, especially for portfolio landlords as this part of the process can be completed.

As a reminder, here is an overview of their general criteria:

- **Minimum valuation – £50,000**
- **First-time landlords considered**
- **No minimum income**
- **Must own either a BTL property or a residential main residence**
- **Portfolio landlords considered – additional requirements including two years' lettings experience**
- **Rental stress test – 125% @ 5.5% for lower rate taxpayers and non-portfolio landlords for products less than 5-year fixed, or 125% @ 4.5% on 5-year fixed products**
- **Rental stress test for higher rate taxpayers or portfolio landlords is 145% @ either 5.5% or 4.5% for 5-year fixed products**



Skipton are another lender who are still offering a range of BTL products for purchases and refinances. Where possible, they are also trying to use electronic valuations and if this isn't possible, as a last resort, they will underwrite to the stage of a physical valuation being carried out.

Overview of general criteria:

- **75% of the purchase price or valuation**
- **£50,000 minimum valuation**
- **£20,000 minimum personal income required**
- **First-time landlords are acceptable, provided they have owned their own residential property in the UK and have at least six months' mortgage experience with evidence available where required. Applicants do not need to be owner-occupants**
- **Portfolio landlords considered – additional underwriting requirements**

TMW are an excellent BTL lender and it's great to have them as an option.

INTEREST RATES INCLUDE ...

75% loan to value:

- 1.64% – 2-year fixed until 31/5/2022 – 2% arrangement fee added and free valuation and free legal service for remortgages
- 1.99% – 2-year fixed until 31/5/2022 – £995 arrangement fee added and free valuation and free legal service for remortgages
- 2.04% – 5-year fixed until 31/5/2025 – 2% arrangement fee added and free valuation and free legal service for remortgages
- 2.19% – 5-year fixed until 31/5/2025 – £995 arrangement fee added and free valuation and free legal service for remortgages

These products are also available with the option of £250 cashback instead of the free legal service, and this can be used for purchases and refinances.

These are for borrowing in personal names, but they also have a range of products for limited company lending.



- **Up to four sharers on individual ASTs are accepted on standard BTL products for experienced landlords**
- **Lending available in personal names only – no limited company options**

INTEREST RATES INCLUDE ...

75% loan to value:

- 1.85% – 2-year fixed until 31/5/2022 – £995 arrangement fee added and free valuation and free legal service for remortgages
- 2.41% – 2-year fixed until 31/5/2022 – no arrangement fee added and free valuation and free legal service for remortgages
- 2.24% – 5-year fixed until 31/5/2025 – £995 arrangement fee added and free valuation and free legal service for remortgages
- 2.39% – 5-year fixed until 31/5/2025 – no arrangement fee added and free valuation and free legal service for remortgages

What Support is Available for Your Property Business?

Chancellor Rishi Sunak has introduced several measures of support for business but navigating your way through these can be confusing. Not all businesses will meet the criteria and others who continue to trade will not need to access support.

The status of landlords is doubly confusing. As Stephen Fay outlines later in this section, a landlord is classed as having investment income rather than a salary or income from a business. So landlords are not eligible for any form of business support.

If you have a property business, however, you may be eligible, and in this section

we turn to explore what options might be available to you depending on your business structure and circumstances.

Contributors

Stephen Fay. Property tax accountant and regular YPN columnist.

Sharron Fletcher. YPN writer Heidi Moment got together with her accountant Sharron at RAE Property and Business Accountants to specifically talk about the situation for company directors.

Mary Latham. Regular YPN columnist on landlord legislation.



The Coronavirus Job Retention Scheme

Mary Latham extracted this summary from the Chancellor's Statement on 20th March:

"Employers will be able to contact HMRC for a grant to cover 80% of the wages (up to a total of £2,500 per month) of employees who are not working but are 'furloughed' and kept on payroll, rather than being dismissed. The Scheme is available to any employer in the country – small or large, charitable or non-profit."

(Source: Chancellor's Statement, 20th March, [bit.ly/YPN143-ML2](https://www.gov.uk/government/speeches/chancellor-s-statement-20th-march))

Stephen Fay advises checking whether you qualify for the JRS (for furloughed members of staff) if you run a company **AND** have a PAYE scheme.

"The JRS covers 80% of the cost of the salary (not including dividends) received from a company."

Many property investors run a company, whether to buy property within or as a property management agent, and if there is a PAYE scheme in place, the JRS could provide some additional support.

For directors who receive a salary, the scheme will pay a grant to the company of 80% per month of the regular salary paid (there are some caveats – see the detailed guidance).

However, to be eligible for the scheme, a director must not undertake any work for

the company during the period. If the company is continuing to generate income or the director carries out significant administrative work, then the company is unlikely to be eligible for the scheme. (The purpose of the scheme is to enable the company to continue paying a salary to those who are unable to work due to being kept at home as a consequence of CV19.)

The scheme will be accessed via a new online portal, which is expected to be available by the end of April 2020. In the meantime, companies should continue to pay monthly salary and report to HMRC under PAYE 'Real Time Information' regime as normal."

More info ...

JRS and employee wages:

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

Many of the limited companies in the property sector are small, run by just one or two directors with no other employees, and **Sharron Fletcher** looks more closely at the situation for director/shareholders in her article at the end of this section.



The Self-Employed Income Support Scheme

It is unlikely that landlords will qualify for this scheme. **Stephen** explains why ...

"The new Self-Employment Income Support Scheme unfortunately does not cover landlords, as landlords are deemed by HMRC to be investors and so are not 'self-employed'. This often comes as a surprise to landlords, as it seems odd to neither be employed nor self-employed (or unemployed for that matter)! In consolation, at least rental profits are NOT subject to 9% Class 4 National Insurance, as self-employed profits are."

The scheme applies to individuals who have trading profits that make up more than half of their overall income. Even for the occasional landlord who has a small sole trade, this means it is unlikely to be more than half of their income, so they won't qualify."

More info ...

Self-employed income support scheme:

<https://www.businesssupport.gov.uk/self-employment-income-support-scheme/>

Statutory Sick Pay

For employees and self-employed people who are either suffering from COVID-19 or self-isolating because of it, **Mary** has sourced the following guidance from the government.

"Those who follow advice to stay at home will be eligible for statutory sick pay (SSP) from the first day of their absence from work."

- **You can get £94.25 per week Statutory Sick Pay (SSP) if you're too ill to work. It's paid by your employer for up to 28 weeks.**

- **If you're self-isolating because of coronavirus (COVID-19), you can get SSP if you're eligible. You should tell your employer as soon as possible.**
- **You'll be able to get SSP from the first day you're self-isolating and cannot work. This will begin from 13 March."**

(Source: Government Statutory Sick Pay Overview, bit.ly/YPN-ML3)

And: Government Guidance – Support for those affected by COVID-19, bit.ly/YPN143-ML4)

"Employees and self-employed people

To make sure people in work can take the necessary time off to stay at home if they are suffering from coronavirus or to prevent

its spread, changes have been made to Statutory Sick Pay and how Universal Credit supports self-employed claimants.

- **people who cannot work due to coronavirus and are eligible for Statutory Sick Pay will get it from day one, rather than from the fourth day of their illness – we intend to legislate so this measure applies retrospectively from 13 March 2020**
- **Statutory Sick Pay will be payable to people who are staying at home on government advice, not just those who are infected"**

(Source: Government press release – Coronavirus support for employees, benefits claimants and businesses, bit.ly/YPN143-ML6)

Cash grants

Business owners may be eligible for cash grants, depending on whether they occupy premises and pay business rates (or are eligible for small business rates relief). **Stephen** gives us an outline:

"Cash grants of £10,000 will be paid to all businesses occupying commercial property, and who either pay business rates or receive Small Business Rates Relief. As most landlords run their property business from their own home, this won't apply. However, landlords who operate from commercial premises will qualify – grants are payable automatically by local authorities, so no application is needed. Grants are based on a property's rateable value (so, NOT the actual amount of business rates paid)."

More info ...

Grant funding schemes:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875348/small-business-grant-fund-and-retail-guidance-v2.pdf



Further links to guidance and sources of help

COVID-19: guidance for businesses:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

COVID-19: guidance for employees:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-guidance-for-employees>

Council tax: COVID-19 hardship fund 2020 to 2021 – guidance:

<https://www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance>

Contact details

To get in contact with Steve and for copies of all of his YPN articles visit www.fyldetaxaccountants.co.uk

You can follow Mary on Twitter [@landlordtweets](#) or she can be found on facebook 'Mary Latham Landlord'

YPN Says

The government has introduced generous measures to support business through the pandemic period, and getting the economy back up and running will be one of the top priorities once the crisis is over.

We hear mixed reports of ease of access to the support though. Some say they have received a grant very quickly, while others are finding it more challenging to work out exactly what they are eligible for when continuing to trade or operate is no longer feasible in these circumstances.

The government websites listed in these pages are the first port of call, but also talk to your local business agencies and councils. There are regional variations in what help councils are providing.

FINANCIAL SUPPORT FOR COMPANY DIRECTORS EXPLAINED

A quick guide to what's available for company directors, thanks to my amazing accountant, **Sharron Fletcher** at RAE Property and Business Accountants.

Company directors

Many small companies are run by just one or two directors and have no other employees. What government financial support is available to director/shareholders of such companies during the coronavirus crisis?

A director is an employee for PAYE purposes, so cannot claim under the COVID-19 grant for the self-employed. However, HMRC have confirmed that it is possible for a company to furlough a director, even a sole director, under the COVID-19 Job Retention Scheme (JRS).

To claim under JRS, the director needed to be on the payroll and engaged under an existing or verbal employment contract on or before 19th March 2020. The JRS scheme will initially run from 1st March 2020, for three months.

At the time of writing, the HMRC are still to release details on how the online portal scheme will operate, but it is clear that a director that is furloughed will be able to claim 80% of their monthly salary, capped at £2,500. Alas, this does mean for those directors operating the directors 'salary/dividend' planning, the claim is limited to 80% of £719 (2019/20).

What does furlough mean for a director?

Directors owe duties to their company, as set out in the Companies Act 2006. Where a company (acting through its board of directors) considers that it is in compliance with the statutory duties of one or more of its individual salaried directors, the board can decide that such directors should be furloughed. Where one or more individual directors' furlough is decided by the board, this should be formally adopted as a decision of the company, noted in the company records and communicated in writing to the director(s) concerned.

Where furloughed directors need to carry out particular duties to fulfill the statutory obligations they owe to their company, they may do so provided they do no more than would reasonably be judged necessary for that purpose. For instance, they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provide services to or on behalf of their company. This also applies to sole directors.

What are the statutory obligations that directors owe to their company?

The two key duties for directors to bear in mind in the current situation are firstly the duty to promote the success of the company and, secondly, their duty to exercise reasonable care, skill and diligence.

It should also be noted that the government has suspended the wrongful trading in insolvency rules in order to allow companies to have the breathing space during the COVID-19 crisis.

This means furloughed directors can still carry out, but not limited to, these tasks whilst on furlough:

- Make use of all applicable financial emergency schemes introduced during because of COVID-19 to help keep the business solvent
- Keep engaged with employees,



creditors and other key stakeholders in your business

- On-going administration such as post, bookkeeping, filing statutory accounts, tax returns and banking
- Medium to longer term business and financial planning – directors should be using their time on furlough to put their businesses in the best shape possible to take advantage of opportunities once this pandemic is over and the economy gets back up and running (including the housing market).

Any other financial help for directors of small companies?

There is other financial help available, some of which may apply to you and your business:

- Three-month mortgage holidays on both your residential mortgage and BTL/HMO mortgages
- Grant funding – if you have a business premise and a qualifying business
- Small business rate relief grant – if you have a business premises
- VAT payment deferral
- Emergency bank loans, including the government backed business interruption loan scheme

- HMRC have scaled up their 'Time to Pay' offer
- You can defer your second self-assessment tax instalment due on 31st July 2020, to 31st January 2021,
- A Universal Credit claim may be possible
- Consider taking an employed job whilst furloughed – but make sure that you continue with your statutory obligations to your own company.

If your business has been hit by the COVID-19 crisis, you can access all of the available support that you qualify for – but you also need to use your judgment as well. Apart from the grant funding, most of the other financial support is of the 'deferral' type, and therefore it is recommended that you do some cashflow planning before applying as you will eventually need to pay back the money.

For more information about the financial support available due to the coronavirus Crisis visit HMRC website – <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses> or contact Sharron directly at sfletcher@raeyorkshire.co.uk.

PROPERTY PENSION EXPERTS

ACCESS THE CASH IN YOUR PENSION INVEST IN PROPERTY



**DOWNLOAD YOUR
FREE GUIDE**



WWW.THELANDLORDSPENSION.CO.UK/YPN

100% 5 STAR REVIEWS



COVID-19: Monitoring Finance and Tax Updates During and After the Pandemic



Health is at the top of people's priority lists at the moment and rightly so. Almost all of us are concerned with the safety and wellbeing of our families and loved ones and our own health.

However, the next priority for a huge proportion of the population is money and personal finance. For landlords and many property people, this subject extends into investment and business, so there are plenty of questions being raised.

Stephen Fay has had input into several important topics in this month's issue, and here once again he takes up the baton to address issues relating to tax and finance for property investors ...



Keep Calm and Carry On Running Your Property Business

The coronavirus pandemic is a major worry for many property investors. This article looks at surviving during this turbulent period, and the following are the key aspects to focus on to mitigate the disruption caused by the COVID-19 outbreak.

Note: 31st July 2020 income tax payments on account to be deferred until 31st January 2021

The government has announced that the second payment on account for the 2020 tax year – due on 31st July 2020 – is to be deferred to 31st January 2021. This applies to all payments on account and is automatic (no claim is required). No interest or penalty will be charged as a result of the payment being made by 31st January 2021 rather than by 31st July 2020.

This concession at least allows an extra six months to pay the 2020 personal income tax bill, and it's worth noting that the next round of payments on account (for tax year 2021) can be reduced if a landlord thinks that 2021 tax year rental profits will be reduced – which is likely.

More details here:

<https://www.businesssupport.gov.uk/deferral-of-self-assessment-payment/>

Think about raising personal loan and credit card finance as a contingency fund

Personal loan rates are at an all-time low, and the Consumer Credit Act allows up to £40,000 on a single personal loan. Lenders such as Tesco and Sainsbury's offer rates as low as 2.9%, on repayment terms of up to seven years with no arrangement fees, and via an online application requiring no supporting paperwork (unlike mortgage lenders), meaning rapid lender decisions and loan advance.

Many lenders offer up to the maximum £40,000 as a loan maximum, but increase the rate significantly for loans of more than £25,000 or for long repayment periods. For example:

- **Sainsbury's will lend £25,000 at a fixed rate of 2.9% over five years. However, if the repayment term is between five-seven years the interest rate increases to 3.9%:**
https://www.sainsburysbank.co.uk/borrowing/bor_borrowing_zone
- **Tesco will lend £25,000 at a fixed rate of 3.0 % over five years. However, if the amount borrowed is more than £25,000, the interest rate increases to 6.6%:**
<https://www.tescobank.com/loan-calculator/>

It's worth having a play with the loan calculators that are found on most personal

loan lenders' websites, to see how each lender changes their loan criteria depending on the loan amount and repayment period.

Given the current restrictions on mortgage finance, in terms of both the practicality of obtaining any mortgage (surveyors not visiting properties, lenders withdrawing products and lowering LTVs etc), it may be that now is a good time to bolster cash reserves by taking a personal loan.

Once the COVID-19 crisis is over, the loan itself could just be repaid prior to a new mortgage application, so that mortgage lenders' sensitivity to excessive unsecured borrowings isn't an issue.

In a crisis scenario, there is a case to be made for drawing a personal loan, even if it is just left on deposit for (say) a year, with the monthly repayment direct debit taken from the bank account – at 2.9% per annum, the interest cost of the extra liquidity is really very minimal.

And, consider using 0% credit cards where possible. Many will allow up to £10,000 for 24 months, with just a 1% direct debit required, ie £100 per month repayment on £10,000 of interest-free borrowing – which sounds like rather a good deal.

As always, however, care needs to be taken to not over-borrow and to strike a balance between having sufficient cash reserves and not having unnecessary funds on hand which aren't cost-free to hold.



Think carefully about other investment priorities

The new 2021 tax year began on 6th April 2020, allowing money to be invested into ISAs and pensions:

ISAs

Money invested into an ISA (up to £20,000 per year) can be drawn back out within the same tax year if required, and then re-invested before tax year-end. This is a useful feature as it means the benefit of ISA-investing isn't lost if the current year contribution needs to be drawn back out – as long as the funds are re-invested by tax year-end.

However, many investors will take the view that now isn't the time to be contributing to an ISA, given that this can be done by 5th April 2021.

Pensions

A major drawback of pension investing is the lack of access to invested funds once a pension contribution is made. Although pension investing provides tax relief, and investing into the current depressed stock market could result in extra future profits, it's worth thinking carefully about whether having liquid cash on hand is more important.

Don't forget that the 2021 tax year pension contribution could be made any time up to 5th April 2021, and even if it is missed, there is still the option to use the pension 'carry-back' rules in tax year 2022 and beyond to mop up any unused pension contributions from three previous tax years.

Note the VAT deferral for March to June 2020

VAT payments from 20th March 2020 to 30th June 2020 are deferred until 31st March 2021. This means that one quarterly VAT payment between these dates can be deferred until 31st March 2021. This will apply to property companies and individuals who are VAT-registered, ie have commercial and service accommodation property (so, no impact for residential investors).

No application is required, VAT returns are still to be filed on time in the usual way, and businesses need to cancel their direct debit via their bank (and re-instate the direct debit for the next VAT payment to be collected).

More details here: <https://www.businesssupport.gov.uk/vat-deferral/>

Gather together any spare cash or amounts owed to add to your cash pot

It's important for landlords to understand how much cash they have on hand, to gauge their own cash reserves and so whether there is a need to request a payment holiday, how much leeway they may have with tenant rent negotiations and so on.

- **Check all bank accounts and gather together any spare funds into a main bank account.**
- **Draw down on any further advance mortgage offers, check on funds offset to ensure the bank transfer option is functional, so cash can be drawn at short notice.**
- **Consider taking the 25% tax-free lump sum that can be taken from most pensions at pension age (currently 55, but could be 60 for some final-salary schemes) – bearing in mind it's possible to receive just the tax-free lump sum and leave the remainder within the pension, to be drawn down in the future.**
- **Collect any monies owed by other investors, any loans that are ongoing but that could be collected, sell any non-core assets (old shares, antiques, trinkets, anything that could be sold on Ebay etc)**
- **Consider requesting overdraft facilities on business and personal bank accounts – many banks will offer a small amount (eg, HSBC £3,000) without a formal application and personal guarantee, so it seems a shame not to take up the option.**

In other words, do a 'cash audit' of your life to ensure that the cash position is known. Any easy wins should be taken to boost the cash position before getting to a future cash crisis point where time may be of the essence.

DISCOVER THE **SECRETS** TO BECOMING A PROPERTY DEVELOPER

THE MOST TALKED ABOUT PROPERTY DEVELOPERS TRAINING IN THE UK.

DELIVERED BY DEVELOPERS FOR
FUTURE DEVELOPERS.

DISCOVER TO:

- BUILD TO SELL
- BUILD TO RENT
- COMMERCIAL CONVERSIONS

THE #WHITEBOXWAY

01933 426400

INFO@WHITEBOXPS.COM

WWW.WHITEBOXPS.COM/PDS



Property Developers
SECRETS



**REGISTER FOR YOUR
FREE ACCOUNT TODAY**

WWW.MYPDA.CO.UK

**ALL NEW PROPERTY DEVELOPING
WEB/APP SOFTWARE PLATFORM**

- WORK SMARTER, SAVE TIME AND MAKE MORE MONEY
- FIND, ANALYSE AND MANAGE ALL YOUR PROJECTS
- BUILD YOUR PIPELINE & KEEP TRACK OF YOUR PROGRESS



MyPDA



What Next for the Property Market?



Without doubt, the knock-on economic effect after the pandemic will have a corresponding impact on the property market. As yet though, we don't know how that will manifest.

I hesitate to write some of this as it may come across as crass and mercenary. But I hope you agree that the future of the economic and financial health of our nation is going to depend a lot on people like you and me – working professionals, business owners and entrepreneurs.

Property investors, landlords, developers, entrepreneurs and professionals will have a huge part to play. As Richard Brown points out in his article: "It might seem heartless or inappropriate to suggest that there could be opportunities going forward. However, consider this ... without people working and running successful businesses, providing homes for people to live in and paying taxes to help fund the cost of the enormous debts being accumulated, we will have no future."

With that thought in mind, this section explores the current status of the property market, and what the potential opportunities might be as "normal" life resumes – whatever "normal" will look like after lockdown ends.

Although no one has a crystal ball and can know exactly what will happen, several of our regular contributors and friends have drawn on their years of experience to present their own theories on what might happen to help you plan your own lockdown exit strategy for your property holdings and businesses. All coming from different backgrounds with different skills and perspectives, you might see some differences of opinion in their views ... but also some areas of agreement!

Use any spare time you have now well, and reflect upon how you can plan to play your part in boosting the economy and making the world – even if it's just your corner of it – a better place again.

Contributors

Richard Brown reflects on what we have learned from past pandemics, and how we can prepare ourselves for moving forward. A regular YPN contributor, Richard has years of property experience in several sectors spanning BTL, development, holiday lets, HMOs and more. He is an international investor with property holdings in the UK, Europe and the US. He is also the host of the popular Property Voice podcast.

Chris Worthington, economist and YPN's regular contributor on the property market, considers the impact of COVID-19 on the wider economy as well as on housing and rental markets.

Simon Zutshi is founder of property investor network and pin education programmes, investor, entrepreneur, and regular YPN columnist. Here, he offers advice on what we can do now and analyses strategies for you to consider as you plan your way forward.

Mark Homer is co-founder of Progressive Property along with Rob Moore. As an investor, entrepreneur and property business owner, Mark shares his thoughts and predictions about the impact on the market.

David Lawrenson is an active landlord, investor, consultant, commentator and author of best-selling books about property investing and tenant management. A regular contributor, he outlines his analysis in his inimitable down-to-earth style.

Paul Merrick is a prolific investor who has submitted many articles to YPN over the years. With many years' experience spanning most property investment sectors, including commercial, in this section he compares the coronavirus pandemic to the global financial crisis of 2007 and 2008, sharing his learnings from the last recession and also reviewing the prospects as we come out of lockdown.

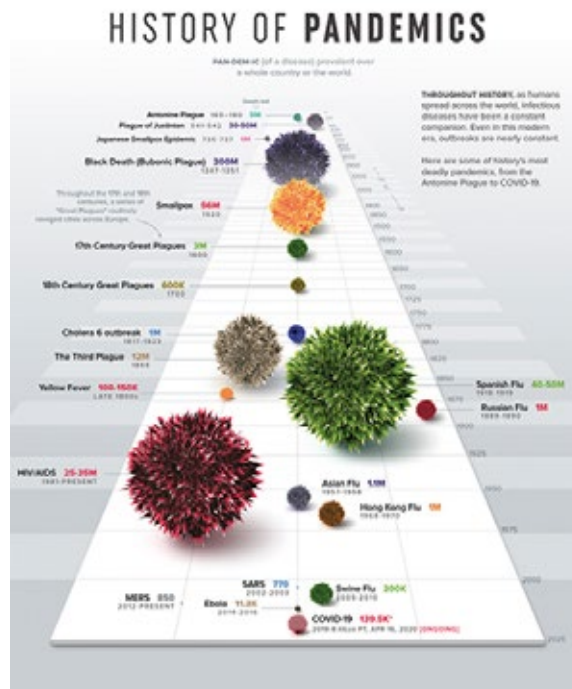
Coronavirus:

Looking Back & Looking Ahead

First and foremost, this whole coronavirus pandemic can be devastating to some, with many people becoming infected and sadly quite a number dying. My thoughts and condolences go out to anyone that has been affected by this nasty virus.

Equally, there is no escaping it, we are in the middle of a health crisis, that is increasingly becoming an economic crisis and could lead to a social crisis if we are not too careful.

However, what I wanted to do today was to look back in history to see what it tells us, then look ahead, remembering that we are primarily property investors and developers here, so that's the focus.



Source: <https://www.visualcapitalist.com/history-of-pandemics-deadliest/>

The Spanish Flu

If we take the Spanish Flu as a case in point, this shared many similarities to coronavirus/COVID-19, notably the infection rate, along with some differences too. The people most likely to die from The Spanish Flu were often of productive working age. In the case of coronavirus, those most likely to die are often much older. In speaking to an Italian contact of mine, she said it's like wiping out a generation.

When looking from an economic point of view, this will have a different bearing on the economy when comparing coronavirus to the Spanish Flu. Inter-generational wealth transfer might be more prevalent than reduced labour capacity for example. The significance of this is that more capital might be released into the economy this time rather than reduced productivity following the Spanish Flu.

In both cases, the spread is rapid and the death toll significant, which is sobering in

Looking back

Coronavirus was apparently the Black Swan that nobody saw coming and was then largely disregarded or downplayed when it was literally coming. With a brief look back into history, we have clear evidence of such repeating 100-year events that we can reference. These include the Spanish Flu exactly 100 years ago, claiming 40m plus lives, The Third Plague from the mid-19th Century (12m lives), along with plagues from

the 18th Century (600,000 lives) and 17th Century (3m lives).

The pattern continues to repeat as we look back in history.

Over the last 70 years, we have seen recent epidemics that did not become global pandemics thankfully. However, they might have given many a false sense of protection by the fact they were relatively localised in their reach to western nations, if not in their loss of life in Asia and Africa in particular. Ebola, SARS, MERS, Swine Flu, Hong Kong Flu and Asian Flu, although these epidemics also claimed over 4m lives between them, sadly.

Besides being highly predictable, if less frequent an occurrence, it was predictable. Indeed some, notably Bill Gates, have been predicting a coronavirus outbreak for some time now ... we did not hear him. So, what can we learn from this when looking at things as property investors and developers rather than scientists, health professionals or politicians?



itself. We had lockdowns as we do now. In fact, there is evidence to suggest that those that locked down the earliest came out of the other side the fastest too. Technological and medical advancement might allow us to recover faster this time, although we shall have to wait and see on that front. However, in terms of economic impact, pandemics tend to be felt as short, sharp shocks rather than the long, deep compression of a recession.

Source: <https://www.zillow.com/research/pandemic-literature-review-26643>

Based on my reading of The Spanish Flu, manufacturing fell sharply as a result of the significant health issues and enforced lockdown. However, over the next couple of years this was largely recovered by economic growth. Given that with coronavirus affecting a different age group, coupled with the enormous economic stimulus packages of western governments, my best guess is that we will see a big dip in GDP over the short term followed by a steady recovery over the next couple of years or so.

A lot depends on how the virus, its containment and crucially the availability of a vaccine plays out. In other words, nobody knows for sure, although I remain cautiously optimistic that we will recover faster than after the Global Financial Crisis for example.

OK, so what can we do now? This brings me to what I call the 4 Principles of dealing with this crisis.

Looking ahead

The 4 Principles

1 First Principle: Look after ourselves and others. As we are advised on the safety briefing on a plane, we need to put on our own oxygen mask before we can help others with theirs. This means looking after our own physical, mental and emotional well being. We can support on a community level by washing our hands, heeding advice to stay home and such like. We can also support our friends, family and networks in many ways too. Whilst tempting to stay current, there is a lot of evidence suggesting that depression is significantly contributed to by a constant stream of doom and gloom from the mainstream media and the false projection of reality or downright misleading fake news in social media. So, just as we should watch what we eat, we should also watch what we watch and listen to as well! Reach out to people, some will be suffering with the effects of isolation too.

2 Second Principle: Control that which we can control. None of us can control how this virus plays out, who it affects and what the response will be. We can each do our bit to support; however, we can only focus time and energy on what we can directly control, or at least influence.

In property, cashflow, tenants and properties/projects are the top three. Right now, having sufficient cash on hand is the number one thing that will get us through this. Collect funds owed, reduce outgoings and seek additional funding lines are the best things to do first.

Next, look outwards to our tenants. Be proactive with tenants to understand their situation. We can help but we have responsibilities to pay our bills too.

As for properties and projects, do we need to 'pivot' in any way? For example, switching short-term letting to long-term or repurposing towards key workers. If you have developments under way, plan for up to 12 weeks of direct disruption and possibly more indirectly after that. Secure funding lines, defer or delay payments, enable on-site working safely and source materials where possible, and explore alternative exits. There is potential government support available in the form of grants, supported loans, staff retention payments and tax deferrals ... get familiar with these and take up those that make the most sense.

3 Third Principle: Use this time wisely. Make plans, study to improve ourselves, formulate alternative strategies and income streams and look at ways to diversify our risk. These are all possible when working from home. Now is a good time to clear our heads, reflect and improve with deliberate business and personal development plans and actions.

4 Fourth Principle: Prepare for opportunities ahead. There will be winners and losers falling out of this crisis; some simply won't make it through, sadly. It might seem heartless or inappropriate to suggest that there could be opportunities going forward. However, consider this ... without people working and running successful businesses, providing homes for people to live in and paying taxes to help fund the cost of the enormous debts being accumulated, we will have no future.

We all need to apply ourselves, roll our sleeves up and dig in. Yes, there will be a short-term drop in asset prices. However, markets will recover and with property having an intrinsic value, I am optimistic that it will also recover. We need to push through and recognise that there will also be buying opportunities arising in the months ahead. Be brave, be bold, be wise and we will be rewarded.

I do believe that we will get through this from a health and economic point of view. Some things we cannot control, whilst of those that we can, we can surely press through to not only survive but potentially thrive through this crisis. Many a great business and businessperson was born out of recession and hardship. We can take positive steps to limit the downside, manage the current situation and then be ready for the opportunities that will surely follow. Stay safe, stay strong and be ready.

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



The Buy-to-Let Market Overview

The Economic Context and COVID-19

The housing market and the BTL market are set in the context of the wider UK economy. The impact of the COVID-19 crisis on the economy will therefore be the starting point for this month's market overview, before moving on to the housing market and the BTL market.

Economists are united in the view that the UK economy is heading for a recession, but the key questions are the depth and duration of the recession. According to Savills estate agents, the central scenario is a sharp, short economic contraction in the second quarter of 2020 followed by a rebound in late 2020 or early 2021. For example, Oxford Economics has forecast a fall in GDP in the UK of -2.5% in the second quarter of 2020 and rebound to +1.8% in the fourth quarter.

However some other forecasts are more pessimistic. Capital Economics estimates that output in the UK will shrink by up to 5% in the second quarter of 2020.

The Centre for Economics and Business Research (CEBR) say that the recession will be u-shaped; a steep decline followed by a period of bumping along the bottom. There will be a recovery but it will take some time. Other commentators are more optimistic and predict a v-shaped recession and a quicker recovery.

The COVID-19 crisis has transformed the fiscal landscape. Britain was on course for a budget deficit of £55billion in the fiscal year starting April. Now, according to the Institute for Fiscal Studies, borrowing could be as much as £200billion to pay for the government's economic aid package, and the economic downturn will reduce tax revenue and drive up spending on welfare.

The senior UK economist at business and financial information company Bloomberg commented: "Some lasting economic damage will be created by the pandemic. The support has come too late for some while the difficulty in getting money to the right people and companies means that some bankruptcies and job losses are inevitable. But if the economic aid package prevents a recession becoming a depression it will be money well spent."



House prices and COVID-19

The CEBR forecast is that house prices will fall by 13% in the year to the end of March 2021. However Savills estate agents are more optimistic. They expect the pandemic to have a more limited and shorter-lived impact on house prices than either the early 1990s recession or the global financial crisis. Short-term price falls could be in the order of -5% to -10%.

A report from estate agents Knight Frank found that the political certainty provided by last December's general election boosted housing market confidence during January and February. This positive trend was expected to continue through 2020, but the arrival of COVID-19 has put this recovery on hold. Knight Frank forecast that house prices will fall by 3% in 2020, but once the current crisis passes and activity begins to resume, house prices will start to increase in 2021.

The rental market and COVID-19

According to a report from property management company Apropos, rental prices will be affected by landlords switching from holiday lets back to conventional assured shorthold tenancies because of the sharp decline in the holiday

market. This will increase the supply of longer term rented property, placing a downward pressure on rents. The supply of rented property on the market is also being increased by landlords renting out HMOs vacated by students because the universities are closed.

Apropos conclude that many tenants will want to remain in their existing properties because of self-isolation and financial insecurity.

Savills expect less movement in the rental market in the next three months because of the restrictions on viewings and moving house. There may be modest

falls in average private rents paid as some landlords act to help tenants who are in financial distress. However for the majority of households, rental payments will continue as normal with no significant impact on rental values in the short term. The arrival of COVID-19 is likely to result in slower rental growth over 2021 because of the impact of the economic downturn on average incomes.

The mortgage market and COVID-19

A report from mortgage broker Mortgages for Business presents a fairly optimistic picture of the mortgage market. The company has robust business continuity plans, as do mortgage lenders. Currently they expect the main impact to the service will be from difficulties with the valuation of properties because of restrictions on access due to social distancing requirements. To deal with this, some lenders are increasing the scope of desktop valuations. Investors continue to benefit from record low interest rates and the reduction in the Bank of England base rate from 0.75% to 0.1%. Some lenders are offering repayment holidays for BTL investors affected by COVID-19.

Conclusions

It is certain that the housing market and the BTL market will be affected by the coming recession, but to what extent and over what timescale are key questions for property investors. At the present time there are different views on both of these questions.

General uncertainty will weigh on investor sentiment but the residential property market is more resilient than most other sectors of the economy.

With the housing market largely on hold, evidence of the pricing impact of COVID-19 will remain limited in the near term. This will be addressed in a future edition of the market overview as more information becomes available.

Based on the findings for rents in this month's market overview it seems likely that at least in the short term BTL investors should not expect the relatively high

annual increases in rents that have been prevalent in recent years.



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

Working Now Will Prepare You for What's to Come

Answers to your coronavirus property FAQs

By Simon Zutshi



What is going to happen to UK property prices?

I think most people are expecting property prices to fall this year and maybe into 2021, but no one knows by how much this might be. I have a very strong feeling it might be similar to what happened in 2008 and 2009. Areas that have seen the biggest growth over the past 12 years are probably the ones that might experience the biggest falls, particularly city-centre flats.

I believe we will see many landlords, who have been unhappy with increasing legislation, the introduction of Section 24 and now tenants wanting rental holidays, deciding to sell their properties and retiring early. I predict that there will be an oversupply of property on the market, but not so many buyers, which means that property prices will fall. Not a good time to be selling ... but a great time to be buying.

What can we do right now if we can't actually buy any property?

I am sure that many investors will be tempted with taking a few months off, because they think that buying property is impossible at the moment. However, I believe there is still plenty to do and it is important to use this time wisely to get ready for when the lockdown is lifted.

Here are some of the things I'm advising my clients to do at the moment:

- **Build your knowledge and acquire new skills**
- **Go through those home study programmes you have not yet completed**
- **Put systems in place**
- **Build relationships with estate agents who, currently, have very little to do**
- **Follow up on leads from sellers you have spoken to in the past**
- **Reach out to other landlords to see if they want to rent or sell their property**
- **Make sure you are ready for when we can buy again, because most investors who have taken this time off will need some time to get their momentum back. Active investors will have a head start and a competitive advantage as soon as the lockdown is lifted.**
- **Make sure you are ready for what many believe will be the buying opportunity of the decade!**



What are the best strategies for the next six months?

The hardest hit strategy has to be **serviced accommodation**. This is where you let a property out on a very short-term basis to holidaymakers or corporate clients for (usually) a few days at a time for a much higher rent than normal. Now that everyone is staying at home, demand has really dried up. However, many of my clients have repurposed their SA units to rent to local councils or as isolation units for frontline NHS staff.

Whilst now is not the right time start SA, I believe that when the lockdown ends, many people will want to get out of their homes. There could be a mini boom in demand for SA units, with less competition in the market due to many amateurs deciding to exist the industry. One to watch for the future.

If we do go into recession in the UK and times are hard, then many people will look to reduce their monthly expenditure. If someone is living on their own in an apartment, where they pay the rent and all the bills, they may wish to move back home to live with their parents, if possible. Alternatively, they might move into a shared house where they only need to pay rent because all bills are included.

For this reason, I think there will be an increase in demand for rooms in **HMOs**. Whilst I acknowledge that there is an oversupply of HMOs in many areas, I would argue that most are very average. If you have an HMO in a good location with a better-than-average standard of décor and furniture, you should easily be able to fill your rooms.

This leads nicely into the final strategy that I think will be perfect for the next six months, and that is **purchase lease options** (PLOs). It's one of the most powerful and yet misunderstood strategies. I meet lots of people who have heard of PLOs, but not actually used the strategy. This suggests to me that they don't really know them, otherwise they would have done at least one.

If there are problems with mortgage lenders not providing finance, PLOs might be a great way for people to move on from properties they don't want, such as tired landlords for whom this crisis has been the final straw.

Invest with knowledge, invest with skill.

Best wishes,

Simon Zutshi

Author of Property Magic

Founder, property investors network

Keep up to date Friday 8th May

YPN, in conjunction with property investors network, are running a completely free one-day virtual property exhibition on Friday 8th May. This all-day online event will feature some of the UK's leading experts to share with you the latest on what is happening in the market and the information you need to know.

Look out for the email from pin and YPN or register here now:

www.OnlinePropertySummit.co.uk

THE CATCH 22 OF SERVICED APARTMENTS

Kevin Wright

Creator of the Ninja Investor Programme

www.ninjinvestorprogramme.co.uk

Serviced apartments provide short term lets for people who are travelling either for pleasure or for business. Sites like airbnb and Booking.com demonstrate how popular this form of accommodation is.

In fact, I use them myself sometimes – when I'm visiting London to deliver the Ninja Investor Programme I'm usually 'in town' for at least three nights and it's nice to have the privacy and independence a one-bedroom apartment gives me.

As there is now a significant demand for this type of property, savvy investors are looking at the opportunity with interest. They may have a successful track record with HMOs and this is a logical next step.

Then they hit the barrier when they apply for a mortgage. As far as a lender is concerned it's not the same; with an HMO you can show the AST agreements proving the rental income you get from the property and this is very important to commercial lenders. They need to get comfortable that you will be able to maintain your mortgage payments before they will agree to lend to you. Easy with a tenanted HMO but not so easy with a serviced apartment as it's a much chancier investment; you don't have that security of income – you could be fully booked one week and empty for the rest of month.

It's not that mortgages are not available; commercial lenders have been lending on short term lets for decades in the form of hotels, guest houses, B&Bs, holiday lets, even kennels and catteries (they may have different clientele, but the principle is the same!) The problem is that if there's no track record – either of the apartment(s) you're planning to purchase or of your experience as a serviced apartments landlord how can the lender be confident that you'll be able to pay your mortgage every month, without running into difficulties?

Commercial lenders need reassurance. Your ability to provide that reassurance depends on a number of factors.

- If you currently own and rent out other short-term lets successfully you could offer the historical occupancy rates of your existing properties as evidence of your competency as a landlord using this model.
- If, for example, you're buying a going concern that has achieved 86% occupancy in previous 12 months a lender would be inclined to expect a similar result in coming period.

The problem appears to be insurmountable if you want a mortgage on a newly acquired property you intend to let as serviced apartments – and you have no experience as a landlord of this kind of short-term let. Your lack of historical occupancy and/or experience will result in a 'vote of no confidence'!

However, there are ways around the problem:

- You could joint venture with someone who does have the experience and will satisfy the lender that there's someone in the equation who knows what they're doing.
- You could use cash (yours, if you have it, or someone else's) and dispense with the need for a mortgage, until you build that track record, then apply for a mortgage.
- You could get bridging finance, run the project short term to build a track record over 12 months, then apply for commercial mortgage.
- You could use the few mortgage lenders who allow short-term letting without experience on an entire property, not room by room, until you build up the experience to be accepted by more lenders.

There is, as they say, more than one way to skin a cat!

To learn how to become a knowledgeable Ninja Investor and level up your property investment strategy. Join Kevin inside his Ninja Investor Online Programme today.



The Ninja Investor Online Programme Will Reveal:

-  **The Fast Funding Formula™**
-  **The Negotiation Transformer™**
-  **The JV Pro-Fit Reatiner™**
-  **The Rapid Cash Recycler™**
-  **and Ninja Investor Strategies™**

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

How Might COVID-19 Affect the Property Market?

By Mark Homer

Mark Homer of Progressive Property shares his thoughts and predictions for the impact of coronavirus disease on the property sector.



As COVID-19 has hit our shores and sent our lives, investments and businesses reeling, many property investors will feel nervous about what the future holds for their portfolio. Some landlords have been asking what to do if their tenants don't continue to pay during the self-isolation period, and what opportunities this period presents for the future.

Rob (Moore) and I were very active through the last recession in 2008, and whilst sentiment was very negative, there were also many silver linings. This crisis is different, and so a different cake needs to be baked with different ingredients.

Banks and finance ...

My first thought is that the banks should – and appear to – be going into this in a better place this time, with stress-tested balance sheets. So whilst some may get into bother and need to raise more capital, I anticipate there will be less issue with them compared to 2008. A bigger concern is that of potential longer-term effects on the economy.

The property market ...

The deals available during the 2008/2009 credit crunch and recession were once-in-a-lifetime opportunities that could set us up for the next ten years. I think it seems likely that such opportunities will present themselves this time round too. Initially, the market will likely gum up and I expect that transaction volumes will reduce significantly because vendors will be unwilling to accept their property has fallen in value. If this happens, these people will need a dose of time with their property on the market for the reality to sink in, and then many will just hold their stock.

As is always the case, the most interesting sales will be repossessions and auction properties being sold by institutions or councils.

These organisations aren't emotionally connected to the sale price because the properties must sell. This is where we'll see what they are really worth and some deals will likely appear through these routes.

Few vendors will be willing to cut tens or hundreds of thousands of pounds off the price of their property unless they need to sell. Many will see this as a short-term issue, which could be possible. However, it is possible that we're already at the beginning of a recession, which would create higher rates of unemployment regardless of government interventions. The reality is that as of yet, none of us know exactly how this will pan out. But if that is the case, it could lead to a window of opportunity opening up for cheaper purchases.

Landlords and tenants ...

During this time, it's imperative that any non-payment of rent is followed up quickly. Some tenants may be in financial difficulty due to the lack of work, and the government has announced that, in genuine cases, landlords can obtain a three-month payment holiday from their BTL lender because applications for possession to the courts won't be allowed for a three-month period.

A small number of tenants have been calling our letting agency under the impression that every tenant is allowed a payment holiday regardless of circumstances, which is not true. Evidence of hardship should always be provided in order to qualify. It's important to remind them that tenants still owe the money that they didn't pay over the three-month rent holiday – this could lead to some of them having large arrears to clear, potentially creating a bigger problem further down the line.

Hotels and serviced accommodation ...

This applies to the hotel market too. I'm hearing stories daily of hotels being completely empty. In my view, this is unlikely to change much until the

autumn, so investors and landlords who have a higher leverage against these assets with no income will be in a difficult situation. Some will need to sell quickly, if they don't get repossessed, so there may be opportunities for conversion-to-residential deals, or, for those who have enough cash to wait the time out, to continue running the hotels.

After the initial (estimated) three-month social distancing period, I suspect it may take a while for people's confidence to recover, and there may even be possible resurgences of the infection rates. Clearly, once there is a vaccine for COVID-19, which we hope to see within 12-18 months, this uncertainty ends for good. For investors and businesses, it's just about having the cashflow to get that far.

Landlords who are using apartments or houses for nightly rental or short-term lets are likely to be able to switch to long-term rentals for tenants on ASTs relatively easily within the C3 use class without planning consent. After an initial period of reduced income, they should be back on track soon. Hotel owners who have buildings operating under C1 use won't be so lucky. Tourism and hospitality is a hard-hit sector and signs of distress are already appearing in some businesses.

Hotel and Airbnb unit operators who have business use class – not residential properties – will likely be eligible for a business rates holiday and/or grant of up to £25,000 to cover some of their costs during this time. Both reliefs will be provided by the council, so it's a good idea to get in touch with them.



The Impact on House Prices and Rents

By **David Lawrenson**

The cost of all this will be truly staggering and the impact felt for years.

My rough guess is that house prices will fall as much as 10% to 15% below their value in January 2020, even if the so called "lockdown" were to stop by the end of April. Should house prices be sticky downwards (sellers take a long time to accept their house is worth less), this process may take as much as a year to work through.

I think rents in the private rented sector will fall far faster – new rentals rates could drop by the same amount, but in a matter of weeks as landlords and letting agents will find demand and tenants' incomes have plummeted.

In the very short term, viewings are supposedly not happening. Still, desperate landlords left with empty properties will offer some juicy discounts and both they and willing applicants might defy the ban to strike great deals (great for the tenants). Rents on existing contracts will take longer to fall, but might drop by the same level at their renewal dates or possibly sooner, if pressure from tenants who may struggle to pay rent is strong enough and when it becomes clear that market rents have fallen anyway.

The serviced accommodation sector is flat for the immediate future as holiday traffic and business traffic alike has been killed stone dead by coronavirus. Where they can, some owners will be considering moving their properties back into traditional buy-to-lets. This extra supply of units could also act to depress rents in traditional long stay buy-to-lets.

But there are silver linings. As house prices fall back over the next two years, there will be great deals to be had, especially for the cash buyer, because mortgages will be harder to come by.

In terms of the overall economy, much depends on how much longer the lockdown will continue. With little sign of mass testing in sight, the lock down looks here to stay for now, inflicting more long term damage to the economy.

With demand absolutely hammered and taxes at some point raised to pay back what will be an enormous government debt, inflationary pressures from consumers will be weak. But with many companies having gone to the wall too, supply may be weaker still. If so, this excess of demand over

supply could lead to inflation coming roaring back in 18 months' time.

The future is uncertain and definitely unedifying.

Apart from the economic effects and impact on jobs, there could be consequences if the sometimes over-zealous policing and restricted rights of movement are not applied with care and common sense.

Internationally, this might also prove the death knell of the EU. Hungary has effectively declared a state of near martial law – to the annoyance of the rest of the EU. And Spain and Italy are upset about the lack of help from Germany, Holland and Finland, who in turn blame these countries for lack of action in the first place. Damage to the EU as a trade body could have a knock-on impact on the UK.

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"*.



Learnings from the Global Financial Crisis

By Paul Merrick



Before you make any major decisions in your property business or career, here are three questions I'd like you to consider:

- 1 Do you think the property market will see a downturn as a result of coronavirus?**
- 2 Will the property market be irreparably changed by the fallout?**
- 3 Do you believe that in the fullness of time, the property market will return?**

I cannot claim to know or predict the outcome of life after coronavirus, however I have learned over my 25 years in property investing that there are always opportunities. We just need to see them.

But before we go on to consider opportunities, let's have a look at the potential obstacles arising from the current situation.

The obstacles

Obstacles are going to be difficult to overcome in many property sectors, including SA, BTL and commercial property letting. There is little doubt that there is going to be a slowdown in the UK economy that will have an impact on every part of the letting/leasing market as a result of Britain shutting down.

Many factors will dictate who will survive this meltdown in the property letting market, not least the amount of debt people are carrying, and the overheads of people's business models.

Focusing on the BTL market, some people are running a property business model that depends on regular rental income to pay down mortgages and loans. It is possible that rental payment will be less reliable over the next few weeks and months, as tenants' incomes are reliant on their ability to work. With more tenants off sick and some businesses shut down, albeit temporarily, tenants' incomes may become more sporadic.



We can only hope that the banks and lenders are willing to show flexibility towards these landlords.

The opportunities

So what are the opportunities that we might see post-lockdown as the country gets up and running again?

As was the case in 2007/2008, these may lie in the property development sector. Downturns in the property market tend to lead to two things:

- 1 Seeing off the would-be developers who think it's easy after watching one too many episodes of Homes Under the Hammer**
- 2 The costs of building come down**

As we saw in 2008 when there were less developers in the market, there was less work for the trades and the cost of labour decreased. The benefit was also passed on to buying materials, as the merchants and manufacturers chased the few developers left in the market. During this time, we saw some building costs drop by as much as 50%.

One of the opportunities arising from this crisis may be the timing. Unlike the crash of 2007, it is likely to only be several months (as opposed to years) before we see a return in the property sales market.

Given that new-builds or large conversion projects will take several months to complete during lockdown and self-isolation, the timing for these projects could work well. Also, given that a saving on build costs could be attainable, the end sale price will not need to be that high to make a good profit.

YPN Says

The next few months as the pandemic eases and we see the full extent of the financial impact will certainly be interesting from an investment perspective.

Use any spare time that you have now to adjust your business plan so that you are ready to respond to the inevitable fallout. Not knowing what is going to happen makes that challenging so making sure you have strategic flexibility to respond to market changes will be a key factor in your plans going forward.

How can we keep our mental health in check?

M

ental health is equally as important as physical health. I don't need to say that these are strange or unprecedented times, because we all know this already. Some of you may be directly affected by COVID-19, others indirectly through tenants or loved ones being affected. It's totally normal to feel lost, frightened, anxious, worried or stressed, and there is no right or wrong way of dealing with the large cloud of unknown hovering over our heads.

In this section, YPN contributors and friends offer up some of their perspectives and advice on how to remain calm and stay positive. While **Paul Merrick** reminds us that fear is our biggest enemy, **Simon Zutshi** gives some practical advice of activities we can do in the house to cut out as much negativity as possible. Finally, **Bill Mann** reminds us that the biggest factor in your success is you.

Paul Merrick: Fear – the Main Enemy

Fear is the main enemy, and the entire human race can be paralysed with it. The fear of loss, the fear of illness and even the fear of death.

We face fears in business, too. The biggest ones are: not being enough, losing face and being wrong. The reason that most of us don't succeed in challenging times, is not our lack of ability or opportunity, it's the lack of self-belief and an underlying fear of failure. I know that feeling very well, particularly because I'm a dyslexic slow learner (and that's a cleaned-up version of some of the many names I was called during my school years!).



As time passed, I learned that there was another way to live. I lost the fear of failure, and it was the biggest step I ever took towards success and fulfilling my dreams. It's not mumbo-jumbo or psycho-babble, but a fact. Fear is what is holding us back from what we want in life.

One of my mentors, Walter Stirling, summed it up for me when I was in my teens: *"it will be a bugger, but it will be all right."* Later in life as I read more, I realised that Dale Carnegie also summed it up well: *"Inaction breeds doubt and fear. Action breeds confidence and courage. If you want to conquer fear, do not sit at home and think about it. Go out and get busy."*

Although going out may not be an option at the moment, there are still things we can do to understand our fears.

But what exactly is fear? For most of us in business, it's thinking that we're not good enough, we don't know enough and we don't have enough. In other words, someone else is more experienced, someone else knows more than we do or we don't have the time/money/facilities/premises/backing/help to see it through. While these are all seemingly logical reasons why we can't do something, it's usually a more honest reason – fear.

Fear is a constant, and it will always be with us. Even more so in times of uncertainty. But do we control our fear or does it control us? The answer to that question is the real deciding factor in success in both business and life. The decisions we make now are likely to impact our businesses and lives for many years to come.

Every one of us is more than we think we are. We have all out-performed our belief in who we are at some point in life. When the chips are down and we need to deliver, more often than not we succeed.

We have an urban legend here in Scotland:

A man was in his field with his young son on a hot summer's day, trying to move a large stone that had been there for many years. The stone had always prevented the field from being ploughed properly and caused a large fallow patch of ground to form around it. The farmer had tried to move the stone alone many times and failed.





"Attitude is not something. It's **EVERYTHING**"

However, this day his strapping young son was with him, and they were going to give it their best shot. As they both put their hands under one side of the stone and began to push, the stone started to move. It rolled forward three or four inches but then began to roll back. The weight of the stone was more than they could control, and the stone landed back where it began.

The son did not move as fast as his dad when the stone began to roll back, and his hand was trapped under the edge of the stone. Screaming, he shouted to his dad, "lift it off my hand, Dad, it's crushing my fingers!" Without thinking, and with one mighty lift, his dad freed his son's hand.

Some days later, when the son was recovering at home, the dad was back in the field and thought he would try to lift the stone again. He knew now that he had lifted it before and held it clear of the ground so his son could get his hand free. But the stone was stubborn, and his drive was less powerful because now, he only wanted to see if he could move it. He was only trying – it was no longer essential for him to succeed, so the stone won the day.

A big question we must all ask ourselves now is whether we're in a place of reacting or responding. Learning to respond rather than react to any given situation can be the key to success.

What is the difference between a response and a reaction?

Reactions are driven by fear, stress and a lack of control. In this situation we face all three and we could all be forgiven for having a knee-jerk reaction to this crisis.

There is a saying: **"Attitude is not something. It's EVERYTHING."**

Attitude, or what some might call your mindset, is one of the factors that will affect who makes it through these troubling times.

In terms of business, it will be our attitude that makes the difference between seeing this situation as an obstacle rather than an opportunity. Our ability to make rational and logical responses rather than quick reactions based on fears will dictate the outcome for our businesses or careers.

As a property business who not only survived, but thrived through the 2007 crash, we know a little bit about how to make the best of a bad situation. Make your decisions wisely, but most importantly, stay safe and well.

Get in touch:

Facebook group: [Property Development Live](#)

YouTube: [Property Development Live](#)

Simon Zutshi: How can we stay positive?



With everything going on, it is easy to be swept up by all the fear and uncertainty.

These are pretty scary times and so it is even more important than ever to keep a positive mindset. My advice would be to try and cut out negative influences. Don't watch or listen to the news and don't spend too much time on social media.

Choose what you put into your head; read and listen to autobiographies of successful people to build your belief of what is possible and realise that all successful people have also been through adversity; listen to podcasts to build your investing knowledge; plug into groups of other like-minded people.

Have you tried the virtual online property investors network (pin) meetings yet? If not, you really should. It is a way of keeping up to date with what is happening and the opportunity to connect with property people from all over the UK. Details are at www.pinmeeting.co.uk

The BIGGEST Factor in YOUR Success ... ?

By Bill Mann

... Is you.

A **adopting the right investment strategy that will work for you is essential, as is getting the right level of property education, due diligence, building a power team, etc, etc. The complexities of property investment are many and varied – strategic, legal, financial, planning, marketing, competition, and so on.**

And the goal posts are always moving, such as changes to legal, tax, planning laws etc. Things do not stand still – new challenges arise all the time. All of these things are critical ingredients that you have to get right. But they all come back to one thing: you, your mindset, and how you approach these challenges and decisions.

The biggest factor in your success, or even getting started on your property journey, is you.

Now that the coronavirus crisis is upon us, our mental health and mental strength are being tested like never before. The uncertainty alone is stressful, not to mention the financial impacts, delays to projects and health risks. Maintaining a healthy mindset will be a determining factor in successfully riding the storm.

"Attitude is a little thing that makes a big difference"

WINSTON CHURCHILL

Wherever you are in your property journey, or indeed whatever you are doing today, your mindset and attitude towards the challenge or decision at hand will have a determining effect on the outcome.

Here are a few examples:

Resilience

any existing investor will identify with this. The problems and challenges can come thick and fast, and often do. Keeping them in perspective, adopting the right approach to finding solutions and getting support is critical. When emotions start to rise or relationships start to fray, these are the warning signs that the wrong decisions or the wrong actions could be about to be taken in the heat of the moment – if it is not too late! Or worse still, no decision is taken. Resilience is something every investor requires and can be consciously developed just as any other trait or behaviour.

Courage

Or as I like to think of it, being bold. Whether you are looking at your first investment or are a seasoned investor about to do the biggest deal of your life, it takes confidence, belief and courage to take the final step of commitment. This is even when you have done all your due diligence, taken advice and reached a rational decision that you know is right. And it still takes a leap of faith. If you are avoiding it, is it because of a rational objective reason, eg an unmitigated risk that is giving you a poor gut feeling, or is it because of a self-limiting belief and self-doubt that is holding you back? Understanding your emotions and your thinking at this critical moment could make all the difference.

"Whether you think you can, or think you can't, you are probably right"

HENRY FORD

Calmness

Which could also be described as clarity or peace of mind. Many of my clients cannot see the wood for the trees after they have done months (if not years) of research, reading, investigation, analysis and deliberation. It is not surprising. With all this information, there is inevitably conflicting data and advice, not to mention opinions, particularly at the moment. By removing the fog and coming back to personal goals and objectives, it is always possible to see things more clearly. And if you can see things more clearly you can move forward with confidence, and a sense of calm.



Relationships

Property is a people business, as many will tell you. A good relationship can make or break a deal or understanding with your client/tenant/supplier, and usually will at a critical moment. But what does having a good relationship mean and how do you know if you have one? People will use terms like trust, honesty, respect, and so on. How do you build these things and how do you know if you are successful? Relationships do not happen by default, at least not the best ones. They take personal investment to nurture.

Change

Nobody could have missed the significant changes to hit property investors in recent years – Section 24, licensing, ever increasing lending regulation, to name but a few. There will be more to come, because no market or business ever stands still. The political fallout domestically, Brexit consequences, recovery from COVID-19, potential rent controls, local and national market

Let me leave you with a few tips on where to start in understanding your mindset and how you can influence it. These may help you deal with the emotional rollercoaster ride of the pandemic, but hold equally true for other issues:

- **Self-awareness is key.** Whatever the situation you are dealing with, right here right now, become aware of not just how you are feeling, but also the way you are thinking. Once you become tuned in to this, you can start to ask yourself why you're feeling/thinking like this? And change it if need be. For example, by following bad news, it's easy to be all doom and gloom and think that the project or business is dead (catastrophising – negative thinking style). But change the way you look at it and change the way you think about it, and other options will emerge.

dynamics, and so on. The changes have often been described as an "attack on the PRS" or an "onslaught on landlords". It is understandable that some people have become disillusioned or overwhelmed by all these changes. But change is constant, and with the right approach, not only can you be prepared to weather the changes, but you can also learn to look for the opportunities and be ready to take advantage of them.

"In life, change is inevitable, in business, change is vital"

WARREN G. BENNIS

There are many other areas I could suggest, such as sustaining personal motivation, the role of values, goals, compassion, empathy and so on. In the articles to follow in subsequent issues, I will pick one of these topics and explore them in more detail and link them to real life examples of how mindset has influenced the outcome.

If attitude and mindset are so critical, it is imperative you invest as much time and effort on your own development, as you do on your portfolio.

- **It is the primitive part of our brain (amygdala) that deals with new sensory feeds (data) first.** This is where our fight or flight response comes from and why we are biased towards spotting the negatives and reacting accordingly with high emotions. With the self-awareness of what's going on, you can pause and give your rational brain (frontal cortex) a chance to get a word in before you take action. Just take a moment to pause, breathe, and reflect. Let the emotions subside and your 'adult brain' take over.
- **This sequence is often referred to as the 'think-feel-do' process,** as you can see in the diagram below. By controlling your thoughts, ie how you interpret information, you can influence your emotions and make sure the actions you take are based on balanced emotions and rational thinking. More on this later.



If there is anything I can help you with, or indeed if there is an area where you feel your mindset is holding you back or leading to problems, then do please get in touch.

Strengths come in many forms and that includes the personality and character traits that define who we are. You probably know people who are incredibly creative blue-sky thinkers yet struggle to finish a sandwich. Others love nothing more than to delve into the detail or crunch the numbers but have no idea on interior design. We all have areas where we know we need to push ourselves to develop. Many people love property investment because of the new skills they learn and the new experiences they gain. Apply this also to your own mindset, attitude and emotional intelligence, and you have a winning formula.

"If you change the way you look at things, the things you look at change"

WAYNE DYER



Bill Mann has been investing in residential property for several years. He has a portfolio of HMO and single-let properties in the South East and provides management services for other landlords.

A qualified executive coach, Bill helps individuals and business leaders remove any self-doubts or limiting beliefs and achieve their full potential, based on what is right for them and their values.

In 2005, he was directly caught up in the London terrorist bomb attacks on 7/7. Shortly after this, he lost his wife to cancer. This was one of the reasons he changed direction and began his property journey. His coaching is deeply rooted in his experiences of dealing with psychological challenges, the personal motivation of his clients, and finding the right solutions for each of them.

Bill is The Keep Calm Guy. Read more about his story in [How to Keep Calm and Carry On](#).

NOW LISTEN TO THE FULL INTERVIEW

CONTACT

Email: Bill@thekeepcalmguy.co.uk
LinkedIn: [billmannuk](#)
Website: www.thekeepcalmguy.co.uk

Do you have a pension that isn't performing?

- Do you want to earn far better returns on your SSAS or personal pension?
- Learn how to invest in property to grow your pension
- We work with different SSAS providers to help you reach your goal
- Minimum £25,000
- We welcome enquiries from professional advisers

"If you would like to find out more, give me a call on 01892 288 123 and I will talk you through the initial phases."

Tracy Lauth

Investor Relations Co-ordinator



Why partner with JVIP?

The priorities when selecting a joint venture partner should always be reliability and experience.

We have completed more than 250 projects with our partners since 2002 which means we have a proven track record.

All of our potential deals are carefully scrutinised by our sales & acquisitions team and experienced quantity surveyors who hand pick the best projects that are overseen by our project management & delivery team, so that you can enjoy the greatest possible returns. We create inspirational and intelligently designed homes in a sustainable way and work to the highest standard. This enables us to achieve the highest prices and share the best returns with you, our partners.

We offer an above average rate of return, payable on a regular basis to suit your needs.

Dick Dabner our Director of Investor Relations and his experienced team offer continuous support and ongoing project updates.

The first step is to visit us at our offices in Tunbridge Wells. See for yourself how we are able to offer our partners high returns through our proven strategy of always adding value to property.

Want to earn in property and learn from the experts?

- Learn how we successfully develop property whilst you earn a good return with us
- Gain experience and add credibility to your CV
- Develop an understanding of how to budget and forecast figures
- Choose from a variety of different developments
- Learn, earn and join the JVIP team
- Contract and projects ready to go

Different development opportunities available

- New Builds
- Commercial to residential
- Refurbs and extensions
- HMOs and serviced accommodation

Dick Dabner

Director of Investor Relations



Call now and get started 01892 288 123

Find out more at www.jvip.co.uk

IT'S A QUIET, QUIET, QUIET, QUIET WORLD

I'm being bombarded at the moment with a stack of memes and funnies about coronavirus. Now believe me, I'm taking the pandemic situation as seriously as the next person but it does us all good to smile or have a chuckle in the quest to keep our spirits up.

One that caused me much mirth will resonate with about 25% of you. It went something like this ... "Introverts, put your book down. Your extrovert friends need you right now. They are not ok." Alright, so it doesn't take much to make me laugh, but I was chortling for days after seeing that – being well in the introvert camp, I got it.

If you Google the stats on this subject, the percentage of introverts vs extroverts in the population varies from one website to another, with plenty saying that no one is really one or the other but somewhere on the scale in between. They're referred to as ambiverts. Then there are the omniverts who can be either one or the other depending on the situation. But that's getting far too complicated. So let's set aside introvert/extrovert theory in favour of absolutely unverified opinion and complete bias on my part ...

From what I can gather, the introvert proportion figure is round about 25% or so. As there is a scale, lots of people will exhibit traits of both loving a good party as well as enjoying curling up with a good book and the cat. The 25% probably lean more towards the book and the cat, with a small percentage of them going to great lengths to shun any parties at all.

That leaves about 75% who revel in spending all their time with people and are happy in a crazy, raucous world. 75% who have suddenly found themselves in a scary world where 25% of us are perfectly comfortable.

Extroverts – welcome to **OUR** world! I can appreciate that you feel a bit uncomfortable ... because it's how us lot feel in **YOUR** world! The amount of noise, chaos, running around, balancing demands of work / kids / dogs / cats / family and other animals / property / friends / neighbours / parents / social diary / life in general and goodness knows what else we throw in to top up a pot already in danger of overflowing is something that I have seen my extrovert friends handle with zest and an admirable efficiency. Meanwhile, my introvert friends (and me) wilt, limp to a halt and have to take time out under the duvet to recover after a trip to the supermarket.



But as this is a property magazine, what, you might reasonably ask, does this have to do with property?

Well, as an almost-off-the-scale introvert, it seems to me that the property investment sector seems to be quite a lot like a big noisy party – where the extroverts among you are having a ball and thriving and running round taking massive action ... and the remaining 25% of us are shrinking like the proverbial violets into the shadows, wishing we had our noise-cancelling headphones to hand.

But now, in a world where we can revel in working from home, introverts are moving out from the shadows. We can network online to our hearts' content, attend events without moving from the sofa, harness our inner geek to explore technologies for working remotely ... all without even a modicum of anxiety, or guilt that we're not out there, having to be seen to be doing stuff. We're busy taking lots of action while our extrovert extrovert friends are climbing the walls!

So I'm going to end this with a plea to the 75%. When the world starts to go out and about again, remember how uncomfortable

you might have felt during this period. When you're reaching out to people, particularly with marketing messages and events, bear in mind that there's a portion of the population who might be giving you a wide berth – so could you be eliminating 25% of your audience before you start?

Remember that we introverts like our space and **really** don't like that space being invaded. Don't be upset or threatened if we suddenly withdraw – we simply have to retreat to our solitary corners to recharge our batteries, and do so quite often at that.

But right now, we're here for you to help you navigate your way through this quiet world we're in! If you want to know how to survive (what you might think is) incarceration and boredom, go look for the friend who's quietly reading a book. They'll be delighted to help – as long as you approach them one at a time!

RANT OVER

Jayne



Sourced – Funded – Sold

From Builder to Developer

(Photos: Headshot of James Hatton and a CGI of his recently funded project, Wellhouse Lane)



Having worked in the construction industry for many years, James has helped many people to turn their property dreams into reality, very often allowing them to generate a healthy profit margin in the process. Just like many other experienced builders, James wanted to start developing for himself.

James had all the knowledge and skills on how to convert, build, refurbish, alter and so on, but he needed funding to get started. He started researching his options and he came across Sourced, which offered exactly what he needed.

Soon after completing his initial franchise training and learning how to structure and package property deals effectively, James began the hunt for his new project.

In no time, he discovered an ideal conversion opportunity: a detached bungalow that could be converted into a 4 bedroom house, satisfying the demand for larger properties in the area.

Sourced Franchisees get access to funding via Sourced's very own peer to peer lending platform.

Unlike traditional funding options, the loans

are based on the GDV (gross development value) of the projects, allowing Franchisees to borrow up to 100% of the purchase and build costs!

The funding allowed James to borrow the funds he needed to complete the project and generate a profit margin of 21% on sale of the converted property.

James has now sold the property off-plan, on the same day it was put on the market and he is looking to complete the works on schedule.

Sourced Franchisees can get up to 100% funding for their projects



1. Sourced

James discovered the opportunity and passed it to Sourced HQ for review. He knew straight away that rather than trading the deal on to an investor in exchange for a sourcing fee, he wanted to carry out the conversion himself and benefit from the profit margin, while gaining development experience.



2. Funded

With the help of the Sourced Capital Team, James did his due diligence, crunched all the numbers and packaged the deal as a loan investment opportunity – allowing him to obtain funding via the peer to peer platform. The project was fully funded in just 5 minutes after launch.



3. Sold

2 weeks after funding the project, James put it on the market, hoping to sell it off-plan. The project once again proved to be a success, and the house sold off-plan on the same day it was put on the market, despite difficult market conditions caused by the coronavirus outbreak. What a success!

What is Sourced Capital?

Sourced Capital is a UK leading property Peer to Peer Lending Platform.

Investors can invest instantly online from £250 and get a return of up to 12% pa. All loans are secured by the registered first legal charge against UK property. Investors can choose to invest with their cash, ISA or pension, picking which projects suit their financial goals. Visit sourcedcapital.co for more info.

Capital at risk. Regulated by the FCA. Investments are not covered by the FSCS.



Learn More About the Sourced Franchise Opportunity

Visit us

sourcedfranchise.co

Email us

franchise@sourced.co

Call us

0333 123 1330

Follow us



COVID-19: Portfolio Risk and Cash Flow Scenario Analysis

By Mark Poole

Well, only a week ago I didn't expect to be writing this article! I'm writing this at the end of March, and we are currently in the middle of a global pandemic with unprecedented government intervention that changes on a daily basis.

Obviously, the priority is to remain safe and well. But, it would be remiss of us not to think about the impact on our property investments, especially if this turns into a protracted time of shutdowns and financial impacts.

During this crisis, it is already clear that cashflow is king. An old saying, but the truth of that statement is becoming obvious, as you can't spend the equity in your property investments.

So what does the risk look like across your portfolio? Under what scenarios could your cashflow be impacted and what would that look like?

In short, how robust is your portfolio? What can you do to mitigate the impact? This article will give you the tools to answer these questions.

The ultimate aim here is to build a model based on working assumptions that forecasts the impact to your cashflow in instances where tenants can no longer pay their rent.

Please note: although it is important you understand the process of building a risk model so that you can tailor it to your needs, a free spreadsheet calculator is available through the link at the end of the article.

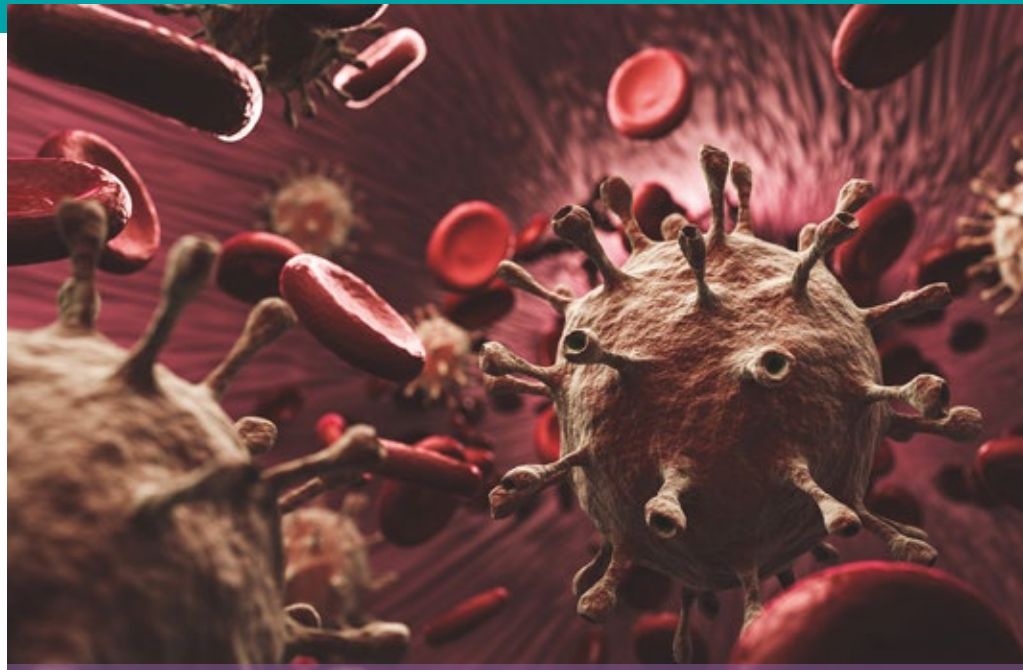
For now, let's break down how you build such a model step by step.

STEP 1: MODELLING ASSUMPTIONS

For the purposes of this article, I am going to assume the following remains true following recent government announcements:

Across all property types:

- No evictions possible for the next three months. This basically means we have to accept any non-payment of rent, for whatever reason.



- BTL lenders to allow a three-month mortgage payment holiday (although details are sketchy. Do you have to prove your tenant is impacted by COVID-19, for example?).
- Workers in the retail, and particularly, the hospitality industries are at high risk of financial difficulty. This group will be on low wages and may lack savings to cope.
- The self-employed, freelance and zero-hour contract workers are also at high risk of financial difficulty, given that many such workers will be on relatively low incomes with little in the way of savings.
- Employed professionals with high incomes, but paying high rents are at medium risk of financial difficulty, given that the proposed support for employees is 80% of their income, but up to a maximum of £2,500 per month. However, such tenants will probably have considerable savings and other investments they could liquidate, lowering the risk profile somewhat.

Specifically for HMOs:

- You will still be liable for all fixed costs such as utilities, broadband and so on.

Specifically for rent-to-rent:

- You will still be liable to pay the guaranteed

rent to the landlord, along with any fixed costs (if HMO or serviced accommodation, which are the usual models for rent-to-rent).

Note this situation may have changed by the time you have read this. It is a good idea to bookmark <https://www.gov.uk/coronavirus> for the latest updates and check regularly.

Feel free to make your own judgements and add categories depending on your tenant profile, property portfolio and the latest government interventions.

STEP 2: DEFINE JOB SECTOR TYPES

Different sectors of the economy are going to be impacted in different ways. Clearly, key workers will continue to work and get paid. At the other end of the scale, zero-hour contract workers are likely to get laid off with no pay.

I would suggest the following job sector types as a minimum. This is my assumption of decreasing order of rent payment risk:

- **Non-essential retail** (eg pubs and restaurants).
- **Self-employed** (eg plumbers and electricians. **No employment contract**).
- **Essential retail** (eg supermarkets).
- **Other** (anything else, including key workers).

Risk

STEP 3: DEFINE SALARY BANDS

It helps to define some salary bands. Why? Those on lower salaries, due to working in at-risk sectors and/or a lack of personal savings, are likely to be at the higher risk of not being able to make rent payments.

I would use the following as an example:

- **Low wage: up to £15,000**
- **Medium wage: up to £30,000**
- **High wage: more than £30,000**

Again, use salary bands that you think are appropriate.

STEP 4: DEFINE RISK FACTORS MATRIX

The next step is to define the associated level of risk for each job sector and salary band.

As an example, a tenant working in a bar (non-essential retail job sector) on £12,000 per annum (low wage salary band) would be at a high risk of rent default.

Equally, an NHS doctor (key worker covered by the "other" job sector category) on £80,000 (high wage salary band) would be at a low risk of rent default.

I suggest creating a risk factors matrix, and use the categories of **low**, **medium** and **high risk** to define it.

For example:

	Non-essential Retail	Self-Employed	Non-essential Retail	Other
Low Wage	HIGH	HIGH	MEDIUM	LOW
Medium Wage	MEDIUM	MEDIUM	MEDIUM	LOW
High Wage	MEDIUM	MEDIUM	LOW	LOW

Again, feel free to amend with your own interpretations and definitions.

STEP 5: DEFINE FINANCIAL IMPACT ON RENT

You will need to make some educated assumptions based on what your risk factors matrix means for your tenant's ability to pay rent. I would suggest being conservative, but you can also change it to assess the impact on your cashflow at different levels of payment.

For the purposes of this exercise, I am going to assume:

- **Risk factor HIGH:** rent is unpaid.
- **Risk factor MEDIUM:** 50% of the current rent is able to be paid.
- **Risk factor LOW:** rent in full remains paid.

STEP 6: CASH FLOW SCENARIO ANALYSIS

To make use of the above, you need to understand your portfolio's tenant profile. Gather your mortgage information and tenant referencing information, and make a list of each property and note down:

- **Mortgage payment**
- **Any fixed costs (eg management, utilities, rent payment to landlord)**
- **Rental payment from tenant(s)**
- **Job sector (referencing your definitions in Step 2)**
- **Tenant salary**

From this data, you can calculate the following:

- 1 The tenant's **salary band** defined in Step 3, based on their income.

- 2 Your **current cash flow**, defined as the current rent minus mortgage payment minus any fixed costs. (*I am ignoring voids and maintenance for this exercise. This is sensible, as tenants can't view other properties to move into and all non-essential maintenance should be deferred. The main risk of voids are non-UK nationals disappearing back home.*)

- 3 Your **forecast rent**, based on the risk factors matrix built in Step 4. For example, a tenant with a medium risk factor would assume that future rent payments would be at 50% of the current levels (from Step 5). Therefore, your forecast rent would be 50% of the current rent received.

- 4 The big one: You can now calculate the **forecast cash flow**, defined as the forecast rent minus mortgage payment minus any fixed costs.

RISK MITIGATION

So, armed with the output from your **cash flow scenario analysis**, what can you do to mitigate the risk?

Prioritise tenants in the order of impact to cash flow. This doesn't necessarily mean the tenants with a risk factor of high, as you may have properties with small mortgages and relatively high rents. Since cash is king, you want to understand which properties and tenancies will have the largest cash flow impact in absolute terms.

Be proactive. Contact them. Explain that you understand the financial strain they may be under and you are willing to work with them. You need to open communication lines and a chance to show that you're an understanding landlord in the current climate. It's better to come up with a payment plan of some kind than wait for a rental payment not to show up one day. But use your knowledge of your tenant base. You do not want to open up the invite of a payment holiday if they are capable of paying the rent, especially if you are a full-time landlord depending on the rental profits for your own financial wellbeing!

Make sure they are aware of the current government interventions and what they may be entitled to, in the way of financial help.

Keep records of when you contacted them and what you discussed. You may need this to show your BTL mortgage provider your tenant has been impacted by COVID-19 and you are seeking a payment holiday.

Consider your own circumstances: You can apply for a three-month payment holiday from your BTL mortgage lender, although details are not clear on exactly how this would work. I personally would not apply until I had to, in case it isn't extended right at the point you might need it most!

Preserve cash flow. Explain to tenants that any non-essential maintenance will be postponed until further notice. This is sensible from a social distancing perspective in any case.

What financial reserves have you got? Under each scenario analysis, how long would your savings last, if you had to use them to finance your portfolio?

5 The impact on cash flow, which is the difference between what you are getting now (current cash flow) and what you might expect to receive during the COVID-19 pandemic (forecast cash flow).

By summing up all your **impact on cash flow** values, you can see the overall impact on your property portfolio.

So, by undertaking this exercise, you can answer questions such as:

- How are individual tenancies impacted?
- What is the impact on your portfolio as a whole?

You can also experiment with the inputs to the **risk factors matrix** and the **financial impact on rent** values to see what the outcomes will be, and assess the financial impact per tenancy and across the portfolio.

For example, you could model a worse-case scenario and assume all tenants are high risk and all rents are unpaid – what impact would that have?

If you are a homeowner, then you can also apply for a three-month mortgage holiday on your own home, to ease your cashflow somewhat.

For those with R2R properties: Be proactive with the landlord. Perhaps they will accept a reduced rent for a period, with a payment plan to make up the difference when this is over. Remember, they should also be able to get a three-month mortgage payment holiday on the property to assist. This is where I hope you have ensured the landlord had a compliant mortgage product as it is likely he will need to provide proof you have been impacted by the virus.



SUPPORT

I realise the above is a lot to take in and understand. As ever, these things are easier with a spreadsheet in front of you to see how it all fits together. If you head over to:

<http://www.smarterpropertyinvestment.com/ypn-covid19>

Then you can download a free **Cash Flow Risk Analysis Calculator**, which includes everything I mention above. It allows you to:

- Define your own **job sector** list (up to four)
- Define your own **salary bands** (up to three)
- Design your own **financial impact** on the rent values
- Build your own **risk factors matrix**
- Perform your own **cash flow scenario analysis** on your current and forecast cashflow per tenancy and on your overall portfolio
- It will work whether you have a single BTL or many
- It can include any currently empty properties
- It can be used for single lets, HMOs and rent-to-rent properties.
- Allows you to plan the positive impact of taking BTL mortgage holidays, if you need to go down that route.

The spreadsheet can be adapted to include more than four **job sectors** and more than three **salary bands**, if your Excel skills are up to it!

In addition, I am happy to provide help to anyone who needs to understand the impact on their finances. Simply contact me at mark@smarterpropertyinvestment.com to set up a call. This is completely free and I won't try and sell you anything!

At this time, we need to all work together.

Stay safe!



GET IN TOUCH

Graduating with a PhD in mathematics, Mark has been a landlord since 2003 and full-time in property since 2013. As well as managing his own property business, he now helps working professionals build security and wealth through property.

www.smarterpropertyinvestment.com

Protecting What We Already Have

By Rupal Patel

How much has changed in one short month, dear readers. When I first sat down to plan this article, coronavirus was still very much a problem facing other countries and we were leading blissfully normal lives here in the UK. But now ...

So, this month I thought I'd share a rule-to-live-by that is often forgotten in the best of times, and needs to be front of mind now more than ever:

protecting what we already have.

Protecting what we have in our businesses

"We're spending how much on utilities? And what is that expense for?..."

That was me, screaming at my P&L statement years ago. We had finally hired a bookkeeper and I was geekily excited to start interrogating the numbers that underpinned our business. I have always loved math and numbers and order and neatness, and squealed with delight when I got the first P&L statement in my inbox ... Until I was slapped in the face by reality.

It seemed that some of our costs were far greater than I had realised and far greater than we had wanted them to be. From utilities to maintenance to small admin fees for various products and subscriptions, our tight little ship suddenly seemed to have dozens of little holes of various sizes that were all pouring out sweet, sweet cash. We weren't exactly the Titanic, but my stomach definitely sank when I saw how much of our hard-earned money was going in the wrong direction.



Now, as business owners and property investors, we all know that it takes money to make money. There's no escaping that. But there is a difference between **spending** money (throwing it at something new for new-ness's sake, paying too much, failing to negotiate) and **investing** money (protecting what you already have, increasing efficiency, paying for growth-generating activity). The trouble is, far too many of us confuse the former with the latter.

And let's be honest, too many of us also fail to look each month at where the money comes from and where it goes.

Too many of us fail to eliminate the unnecessary or negotiate the price of the essential. Too many of us fail to regularly review our rents or our fees. And too many of us use busy-ness as an excuse for why we don't have time to do these things. (Reality check: if Oprah can keep meticulous track of her businesses – and she famously does – then we can too.)

I get it. Some business activities are harder to do now than they were before. But the reality is that as business owners there is **always** too much to do, it is **always** "too hard", and this will **always** be the case: before COVID-19, during it, and after it. But no matter what the pulls on our time and attention and energy, we have to pay attention to the assets we already have instead of neglecting them.

Neglect wants us to think it's okay not to review our financial statements because that's what our accountant or bookkeeper is paid to do. Neglect wants us to think new customers are sexy and seductive unlike our boring old customers at home. Neglect whispers oh-so-sweetly in our ears about expansion and growth and new-ness and opportunity that our bodies tingle at the thought. But what Neglect fails to confide while slowly courting our business brains is how potentially deflating and expensive and fruitless all of his sugary words can be.

Instead of giving Neglect a second glance, why not invest time in regularly reviewing P&Ls, keeping existing clients and tenants happy, treating suppliers and tradespeople like equals and partners, and in doing so, force Neglect to hit the road? No one invited Neglect to sit on our Board of Advisors anyway, and most of the time, protecting what we already have – before we go looking for more, bigger, shinier – is the best and smartest thing we can do.



Protecting what we have in our lives

I'm going to take a slightly philosophical detour now and talk about protecting what we have in our non-business lives, too. During these strange and difficult days of lockdown, I think we can't all help but become pseudo-philosophers to some extent. And one of the things I have been thinking a lot about is that double human affliction of not appreciating what we've got until it's gone – carefree movement, in-person events, eating in restaurants, travelling on trains, going to the park, anything – and not taking enough time to be grateful for what we **still** have.

As humans with drive and vision, we can sometimes be the worst at this. We want to build and grow and change the world and be our own boss, and through all that achieving and goal-orienting, we can lose daily sight of what is important forever, and what we have right now. We can forget to enjoy our snippets of free time while we work hard to buy back our time. We can squander precious opportunities to be present with loved ones in our pursuit to build a legacy for them. We can forget who we are doing all this for – or why we are doing it – while they, or it, are right in front of us. And we can sometimes, maybe often times, neglect ourselves and our health along the way.

But what coronavirus has shown us in blinding clarity is that success is no substitute for health, and achievement is no substitute for love.

Because let's face it, before now, some (maybe all) of us were probably hiding behind some degree of busy work to keep from addressing the knottiest aspects of our lives. Some (maybe all) of us were probably neglecting our health or relationships to some extent because there was too much to do. Some (maybe all) of us were probably spending too freely, ordering take away too often, not minding our cashflow enough, or doing any manner of self-destructive or wealth-destructive behaviour just because we could. But now we can't be so mindless or careless. Now everything counts. Now we have to count everything. And now we have to appreciate everything: what we once had, what we will have, and what we still have.

I think one of the best things to come of coronavirus is that with the volume of the world turned way, way down, we can all now finally, fully, listen to ourselves, our loved ones, our bodies and our businesses in ways that we couldn't or didn't before. If we truly

tune in, and take time to act on what we hear, then I think that gain alone might be the biggest one we can make during this time of challenge and hardship. And that gain alone can teach us all we need to know about how to protect and cherish everything we have in ways we never did before.

Closing reflections

As the Patel-family version of the classic saying goes: *"A penny saved is **two** pennies earned."* (Translation: Protecting what you already have is twice as good as getting something new.) So with all of the assets we have – property, relationships, good health, freedom, knowledge, money, humour, stamp collections, internet connection, ample food, toilet paper! – whatever they are, however large, however modest, however simple, now more than ever is a great opportunity to take stock and take time to treasure, appreciate, and protect **everything** we have, and make protecting it the main focus before we ever go looking for more



If you'd like to chat about property (or philosophy or life!), or are interested in learning about my Mentoring Circle, please get in touch. You can reach me at rupal@blueinfinityproperty.com or book a call with me through our website at www.blueinfinityproperty.com. And for more tips on investing, business, and personal leadership please subscribe to our YouTube channel at www.youtube.com/blueinfinityproperty

From Panic to Analysis to Inspiration

By **Ant Lyons**, co-founder of YPN

Like most landlords I went through the initial terror of what the current situation might mean for my buy-to-let portfolio. I'm sure most of us have conducted very similar exercises over the past few weeks, but it's always good to share ideas. So I thought I would outline the steps that I have put into place and the questions I have asked of myself and others to try and assess the impact over the coming weeks, and of my "likelihood of survival".

1 How long can I make the mortgage payments if nobody pays the rent?

This was on the face of it an easy calculation: How much cash do I have in the bank at the moment, so that if nobody pays, how long can I keep paying the mortgages?

That sounds simple but in reality there were other things to factor in. *Will my other sources of income stay the same? Can I access equity in the portfolio and use this if needs be to cover mortgage payments? Should I be asking for mortgage holidays now and banking the cash in case I need it later?*

Aaargh! What started out as a simple calculation now has a massive number of variables.

So I decided to keep things simple – assuming other sources of income stay the same and I don't need to draw on capital reserves for living expenses etc, then I could weather this storm for three to six months if it turned into the worst case scenario and nobody paid. If I can make this last closer to six than three months, I feel reasonably comfortable. But when we are out the other side of this situation, I will be looking to extend that to say sufficient capital for one year.

2 What government help and support is available to me?

Well, like many of you, the answer to this is: not a lot. I've never relied on government help before and I can't start now – so it's down to me to fix this. Some of you may be in different situations, and if you can get financial support now and need it then take it.

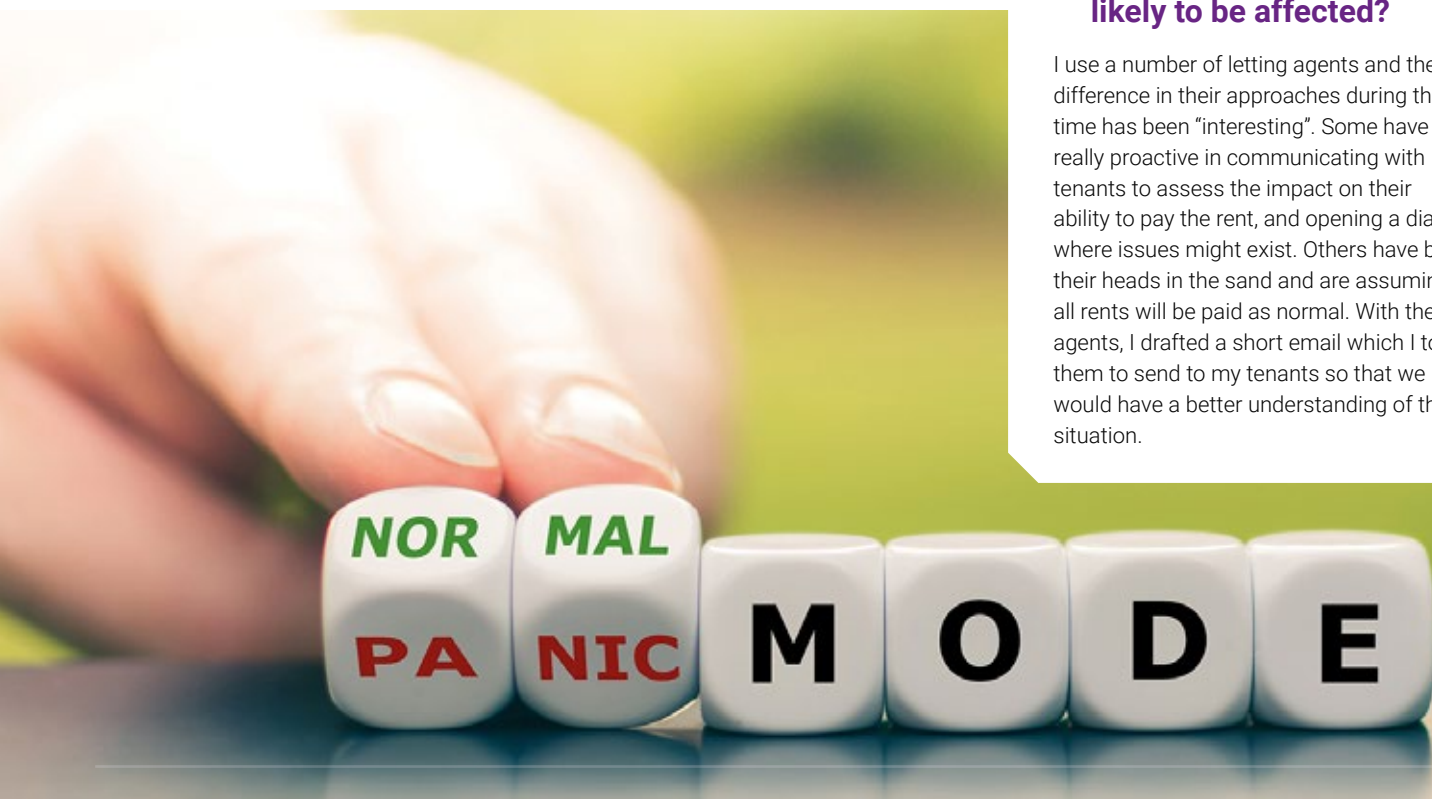
3 What percentage of my tenants need to pay for me to be able to cover mortgage payments?

This was an interesting one as it really made me take a look at my portfolio.

Most of my properties are relatively low value – sub £100k and consequently reasonably high yield. Where my rent received (after agents' fees) is around £500, my mortgage would typically be around £225. I worked out that after all running costs like insurance, utility bills, council tax on HMOs and some maintenance costs I would need around 45%-50% of tenants to pay in order to cover the bills. At the time of writing (mid-April), everybody who **SHOULD** have paid their rent by now, has in fact done so.

4 Which of my tenants is likely to be affected?

I use a number of letting agents and the difference in their approaches during this time has been "interesting". Some have been really proactive in communicating with tenants to assess the impact on their ability to pay the rent, and opening a dialogue where issues might exist. Others have buried their heads in the sand and are assuming all rents will be paid as normal. With these agents, I drafted a short email which I told them to send to my tenants so that we would have a better understanding of their situation.



5 Sort my own personal finances

Like most of us I was tempted to cull the non-essential direct debits in a knee jerk reaction to what has not **YET** had an impact on me. Then when I started to look at where I spent money each month I realised that a lot of my monthly outgoings were going to reduce without me doing anything.

After school clubs and activities stopped, the kids' weekly swimming lessons, trampolining and various extra-curricular activities all ceased. The saving- came to an eye watering £500 per month when I added them up.

Meals out, trips to the cinema and bowling etc – the usual weekend expenditure – has completely stopped. That's another £700 per month saving.

Fuel – I'm not driving anywhere any more other than essential trips to get food (and where possible we are getting this delivered) – that's another £450 per month saved. I could have stopped my gym membership and a few other direct debits to stuff that isn't happening anymore, but I decided with the savings I'm making elsewhere I really wanted to continue to support small local businesses.

Similarly I'm a member of a couple of paid for property services and education groups. I've kept these going and have found I'm soaking up more information than ever. At times like this, it's crucially important to learn from others.

Also, my daughter and I are continuing our trumpet lessons, albeit online, as it's really useful to focus on learning something new during this period when many of us have a little more time!



6 The importance of staying positive

Anyone who knows me knows I'm not a huge "mindset" guy. I tend to focus on practical stuff rather than the fluffy personal development side of things (I leave that to Jayne Owen!). But now it's very, very easy to get caught in a spiral of despair. Listening to and reading awful things on the news.

We are also seeing some amazing inspirational stories of human kindness and it's important and uplifting to see these messages.

I'm also learning that in a world that is largely out of control, I should focus my efforts on the things I can control and give a lot less headspace to the things I can't. I've actually found this has made me a lot more productive.

As we come out of this, we **WILL** see opportunities for investors who are positioned to take advantage of them. These will be discussed in much greater depth elsewhere in this magazine and in detail on some of the recordings on the YPN App. It's incredibly important to look forward to what we will be doing as things return to "normal" and I have found it very helpful to my own state of mind to focus on future plans.

7 Helping others

I'm fortunate that over the past 15 years I've built up a massive network of investors, developers and property professionals. So over the past five weeks I have "sprung into action" and launched a number of services for YPN subscribers and the wider property community.

- We are now running webinars twice a week for YPN subscribers to answer their questions during these difficult times.
- I've organised and produced Facebook video discussions with other landlords so we can share ideas with the property community.
- We are loading up masses of content onto the YPN App to help property investors at this time.
- And our podcast episodes are getting more listens than ever before.

I've found it extremely helpful to me mentally over this time to try to use my own resources and the ones I have access to, to help others. So my final words here are: If you want to help yourself then start by helping others.

Stay safe and well.

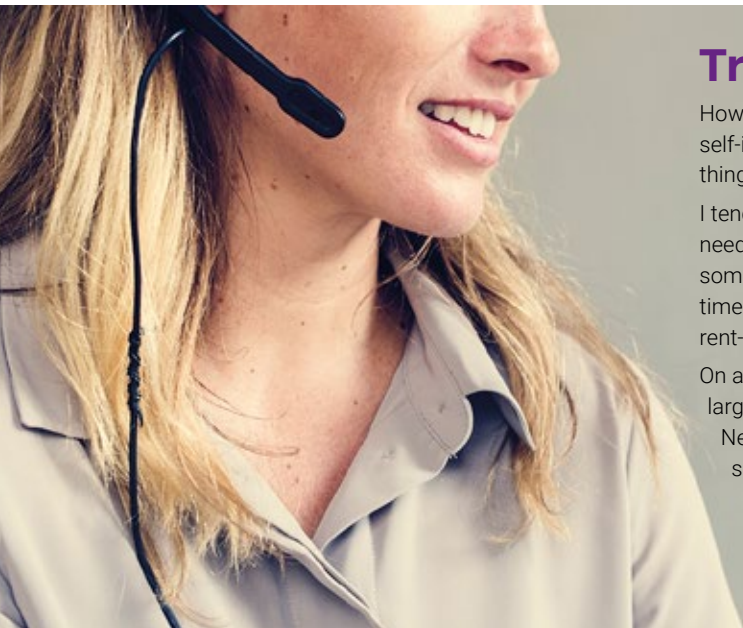
Ant Lyons



Inside Rent 2 Rent

Keeping Your Promises

Francis & Emily Dolley



Trimmed to the bone

How are you coping in this extraordinary phase we're living through? Are you self-isolating? Or just staying home and honing your Monopoly skills for when things get back to normal?

I tend to look for the positives in every situation, and knew that to survive this, we'd need to quickly trim our outgoings right down to the absolute bone. This is something we've wanted to do for a while but told ourselves we never had the time ... well, there are now no excuses! Below is what we've been doing in our rent-to-rent business to navigate these stormy seas.

On a personal level, I've just re-mortgaged my own property (soon to launch as a large holiday let) and this alone has reduced my outgoings by almost £400pcm.

Next, I secured better insurance deals in just about every area, plus I paused the services and insurances we won't be needing until the lockdown is over. I also contacted other service providers and explained that, due to reduced income, I'd like them to provide a minimum service and bill me accordingly until the lockdown is over. Everyone was helpful and totally understanding.

135 People

Our rent-to-rent properties in Bristol are home to around 135 people, and people being people, they've responded to COVID-19 in many different ways. Several packed their bags and disappeared off home without saying a word, ten more gave notice in the normal way and have since left or are planning on leaving, but in the main, our lovely customers have been really calm, totally understanding and have stayed put. Eight tenants made a part payment and we instantly responded by helping them to work out a payment plan to catch up as soon as possible. Only one tenant is being completely unresponsive.

We have, to date, filled two rooms with essential workers and we did this with the full approval of the existing housemates. At the start of April, we had three rooms making us no money, and by the end of May we'll have 14 empty rooms. These are the first voids we have ever had in over six years of trading!

Before the lockdown we made some short videos of the house to use when conducting viewings and these have served us well to date.

Guaranteeing the rent

We've been trying as much as possible to keep to business as usual, and are adapting to news and restrictions as they arrive daily. The number one rule in times like these is to ensure you have good communication at all times with tenants, landlords and agents.

The backbone of rent-to-rent is that we've guaranteed we'll pay our landlords a fixed rent throughout the term of the contract. In the first month of lockdown, we've seen other rent-to-rent trainers suggesting people contact their landlords to ask for a reduction. This would imply that they've been running their business with zero cash reserves and are already panicking. Or maybe they perceive this as an opportunity to boost their bank accounts ...

As a business, we aim to continue honouring our promise and legal obligation to pay all rents until such a time as it either becomes unworkable or if it would take the business far too long to recover to make it a viable option. Every business has a cut-off point.

We have heard of some cases where the landlord has flatly refused to accept lower payments or to give the rent-to-renter a payment holiday. That, of course, is the landlord's prerogative. But if the landlord is confident that the rent-to-renter has explored every possible avenue to keep their promise to pay the rent, but is still severely struggling and likely will have to cease trading, we feel there should be a little give and take on all sides.

These are exceptional circumstances and as our revered leaders have pointed out: *"we're all in this together and must help one another."* Try and work out a solution, and there's always a solution.





Mortgage holidays

If you're finding it insurmountable to continue paying your guaranteed rent, it might be possible for your landlord to apply for a three-month mortgage holiday from their lender, and pass some of these savings on to you. These three months will still have to be paid, whether it's via additional payments to catch-up or an additional three months added onto the end of the term.

Bear in mind that your landlord may be depending on the rental payments to pay their own bills and that they too might be struggling. Whatever you do, remain professional and do your utmost to stay in business and honour your promise. The payment holiday is for sole trader landlords only, and does not apply to limited companies. Once again, always maintain good communication with your landlords.

I've heard rumour of a tenant rent holiday but there's nothing official as far as we can see, so perhaps it's just that – a rumour. We had a few tenants asking for a three-month rent holiday as soon as the landlords' option for a mortgage holiday was announced, and we've written to these tenants to remind them of their legal obligations to keep their promise to us. If a tenant insists they can't pay, ask for evidence such as a letter from employer showing reduced hours/layoff, sign-off note from the doctor (obtainable via 111), wage slips showing a decrease in income, bank statements for comparison showing the same decrease in income, letter from an accountant confirming a reduction of income or a copy of any benefits claim. We've set up an overdraft facility, so why can't they? Talk to them daily and get a payment plan in action ASAP.

Maintenance and repairs

Of course, we've had to postpone any interim inspections and delay any unnecessary maintenance and repairs jobs we had planned, which was actually pretty much all of them. Gas certificate inspections can still be carried out with the approval of the gas engineers and housemates. Government guidelines suggest all tenants should stay in their rooms and the engineers must take all possible precautions. If the tenants are worried and refuse entry, which is within their rights to do, the rent-to-renter and the engineers need to record the details of the visit in a logbook.

Evictions

You won't be able to take any non-paying tenant to court for rent arrears during the coronavirus crisis, and thereafter they must be given time to clear any rent arrears. The Section 21 term has changed from two months to three months' notice.

Cleaning

We've asked our cleaner to stop cleaning for the time being and in turn asked the housemates to work out an internal rota and step-up their own cleaning and hygiene. Our cleaner has been loyal to us and so we've agreed to pay 80% of her wage, which we hope to be able to reclaim.

To date only one house has asked for the cleaning fee to be removed from their rent, which we think is a bit petty as it's only circa £4.50 pm each and is hardly entering into the spirit of the times. We asked each house what additional cleaning products they needed and arranged delivery in person, as online services have long delays.

Utilities

For the past few years, we've been reducing the utility bills on some of our houses to just £5 pcm, via a company called Bulb. If we need to, we may take advantage of their facility to pay £5 pcm on all our houses and catch up at a later date.

We are very aware that going into debt in this way could take a long time to catch up and clear, the same way that using a business loan to get through this may also take a long time to pay back. Some people have mentioned they will delay council tax payments for up to three months, but once again we see this as a debt, and are reluctant to put the business into too much debt at this moment in time.

Furloughing

The government has set up a Coronavirus Job Retention Scheme, available to UK businesses to support employers. (See more details about this in the *What support is available for your property business?* article.)

With the assistance of our accountant, under this scheme we have now furloughed our property manager and a director ... moi! This means neither of us can do any money-making activities within the business, and we will still get paid a normal salary, of which HMRC then reimburse 80%, up to a cap of £2,500 per month. This cap will include employer pension contributions and national insurance contributions.

As an alternative, you could reduce working days of remaining workers to, say, a three-day week.

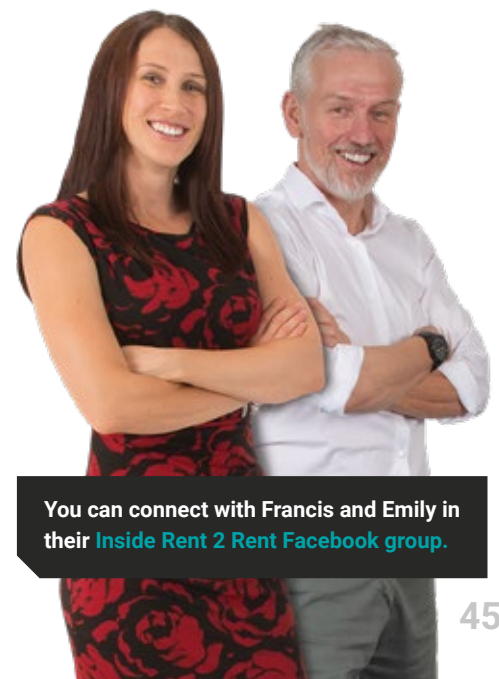
COVID-19 lessons

If there is a positive to take from COVID-19, it's teaching us all to plan for every eventuality, keep a solid cash buffer in the bank, build a tight-knit team and have efficient systems in place.

At this time, the number one thing you must do is to keep communication lines open with your landlords and agents, and especially with any tenants who might be struggling to pay their rent.

People are scared right now. They are worried about the future, their families or becoming homeless, so remember to also be tolerant and kind.

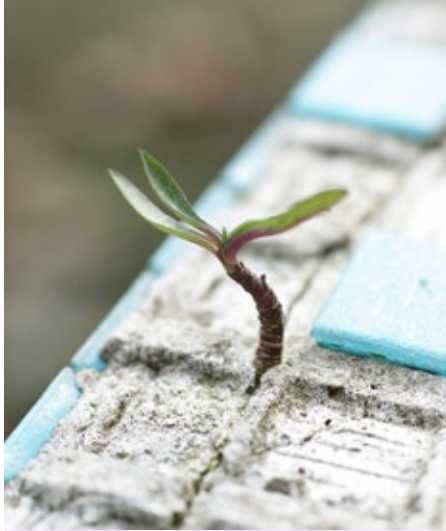
Everything passes in time, and this crisis will also pass. In the meantime, let's all be professionals and try and keep our guaranteed rent promise to our lovely landlords. It's said that rough seas create good sailors.



You can connect with Francis and Emily in their [Inside Rent 2 Rent Facebook group](#).

How Will Your Property Business Survive Coronavirus?

By Arsh Ellahi



For this month's article, I was asked to comment on how the coronavirus pandemic was going to affect my property business and more importantly, what was I going to do to survive the difficult period ahead.

First of all, I would like to confirm that all the content in this article is my own opinion and is not to be considered as financial advice. Disclaimer done!!!!

Like pretty much everyone who is reading this article, I think it is fair to say that the pandemic has had many worried about their businesses and the safety of their families. I firmly believe the government have done a sterling job in trying to keep the economy afloat (as much as they can).

As outlined in the coronavirus special section on business support in this magazine, there is a whole list of grants/support packages that you, as a property business, can apply for. I have listed a website below that lists every local authority and the funds they have available – you just need to check whether they are applicable to your business type. Since this list was released, I have applied for assistance for my employees, discussed below, as well as Business Rate Relief and Business Support Grants.

Link to website: <https://www.gov.uk/coronavirus/business-support>

Grant funding allocations by local authority

I have been keeping up to date with the news as well as with what other property investors have been doing. As soon as the government announced that mortgage companies were offering mortgage holiday breaks for three months, I was extremely surprised how a lot of property investors reacted. A lot of 'Facebook Investors' started advising that they should start calling their lenders and request their payments to be deferred.

Homeowners and landlords can now apply for a three-month mortgage payment holiday by contacting their lender (see Stephen Fay's comments in the section *What communications should we be having with our tenants and mortgage lenders?* for details). The government's new policy aims to ease the stresses facing borrowers during the coronavirus outbreak. These are also available to BTL landlords whose tenants have been financially affected by the coronavirus. Landlords who take payment holidays are expected to pass on this relief to their tenants.

Just to be 100% clear – you will be paying more in interest. You'll still owe the bank the same capital amount as you do now, but the interest will continue to accrue on this. This means it will take you longer and cost you a little more to clear your mortgage.

When this was released, lots of landlords instantly feared the worst and started to get the ball rolling by contacting their lender without thinking of the long-term consequences. For me, I instantly thought that by offering a three-month rent/mortgage holiday, it would be sending out the wrong behaviour signal to my tenant. By offering them the three-month break, would they then try and cry wolf every time they had a financial set back?

For the record – I appreciate that this period will be both financially and emotionally difficult for many people. When the government set out their support package, which I thought was exceptional, I found myself searching for way to help my tenants (see example below), while also keeping the wheels moving in my property business:



STEP 1 **Furloughed employees**

Many employers have taken the decision to furlough their employees. Ultimately, the employees have agreed to drop a 20% reduction in salary (initially for three months).

As a landlord, we have had to look at tenants who have been put on this scheme and assess how we can help. My initial reaction was to slightly reduce the rent by 20% for three months, following their drop in income.

An example would be – if the tenant was renting a room for £500pcm, providing they can show proof of their employer putting them on the furlough scheme, we would reduce the rent by 20% – meaning their rent for the following three months would be £400pcm.

“By doing this, we would continue to keep the communication and rapport with the tenant open. It also allows us to maintain an occupied room, as opposed to finding the tenant panicking and ultimately worrying that they may not be able to afford to pay the rent.”

Let's face it, many people are shy about talking about their finances, and no one likes to admit that they are facing financial difficulty. Therefore I would suggest that you bring up the conversation with your tenant first and allow them to open up to you.

If you do this correctly, this could be the start of nice and easy communication with your tenant, who will have found a newly formed respect for you for your help and advice.

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

Universal Credit



STEP 2

Universal Credit (UC)

What is Universal Credit? Universal Credit is a payment to help with your living costs. It's paid monthly by the government and it replaced LHA/Housing Benefit. UC is a new single benefit run by the DWP, which combines benefits for both in- and out-of-work support, housing and childcare costs. It is very simple to set up and is predominantly done online.

I decided that if a tenant were to contact me to inform me that they were struggling to pay the rent, I would assist them to claim Universal Credit.

Since the coronavirus outbreak, it has been mentioned that over one million people in the UK have applied for UC for assistance. It takes a few weeks for the first payment to come through, and is then paid every month (the same as a working wage).

By assisting my tenants in this way, they would get some help with some money from the government along with council tax and housing costs. And as a landlord, I would have the assurance that the rent (or a large percentage of the rent) would be continued to be paid.

We should think about businesses who have been forced not to trade, ie cafes, restaurants and bars, etc who were forced to shut a result of this pandemic.

For those who have serviced accommodation units, I would seriously suggest letting them on a short-term let as quickly as possible to avoid large void periods.

I know quite a few SA providers have been able to utilise their units as isolation units and offer them to key workers – which is a fantastic way of giving back to members of the NHS on the front line.

I should mention that coronavirus has allowed me to slow down and take a step

It is worth noting that you should check the rates that UC will pay towards the housing costs – these can be found online by visiting: <https://www.gov.uk/benefits-calculators>

Tip: The tenant will have access to the UC portal, which gives them all the details about when they will get paid, how much and how that money has been allocated, eg £500 for housing, £100 council tax, £300 living allowance etc.

When we assist the tenant to sign up for UC, we also ask them if they are happy to share their sign-in details with us and ask them to sign a letter confirming that they're allowing us to log in and keep a check on their application. We also get to know the dates of payment for us to diarise.

STEP 3

My personal advice

Don't panic! I know that sounds hard to believe right now, but guess what? Every single person in the UK is in the same boat as you right now. As landlords, we are quite lucky – if we follow the steps above, we will still have some income, albeit it may be slightly less than other months, but we will survive.

back to realise what is important in life. For far too long, I have been busy chasing property deals and new businesses. These weeks in lockdown have allowed me to surround myself with my children, who have taught me that the things they really want are free – walks out, long bike rides and time with their dad.

At present, there isn't a great deal we can do with the situation we are faced with, so I have taken the approach to take every day as it comes and enjoy the time I have with my daughters.

I hope you all remain safe and healthy.
Please stay indoors so we can protect
others.

CONTACT

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

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

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



YPN **TOTAL** DEVELOPMENT

How are Development projects being affected by Covid-19?
What opportunities will be on the property horizon with
the new market conditions?

**YPN Total Development is one of the
most comprehensive Development
webinar programmes in the industry!**

With **Martin Rapley** and expert property development panellists. Hosted by **Michelle Cairns**



Development and refurbishment are an integral part of most property strategies. However many new investors do not have a construction background and can easily be put off by the unknown costs and risk for projects to go wrong.

Understanding the basics of development is key to ensuring you keep your hard-earned profit and will give you the confidence to scale up your portfolio.

There are many areas that fall under the umbrella of 'Development' but our programme will guide you through the minefield of options and provide you with the support and knowledge you need to maximise your success.

Whether you are stepping up from a lick of paint and replacing carpet or venturing out to more profitable and challenging sites, we will be covering all the issues you face in your projects; how to spot them, how to solve them and an idea of the costs involved. Here are just some of them!

- **Damp**
- **Structural issues**
- **Adding value through development strategies**
- **Dry rot**
- **Japanese knotweed**
- **Cracks in the walls**
- **Working with builders and trades**

Do these challenges put you off starting your next project? You don't have to wait any longer, now is your chance to learn which challenges to avoid and which to embrace, get started with confidence today!

Making money from development projects means understanding your numbers, managing your team and your time and taking a leap of faith to try something new. With the right support and knowledge you can go after the projects you've always wanted to!

If you want to REALLY understand the opportunities, the costs and the realities of development projects, then TOTAL Development is for you!

TOTAL Development consists of fortnightly webinars with experts, advisors and active investors in this area. These sessions will cover what you need to know, along with deep-dive interviews with investors who are willing to bare all about their projects to reveal the nitty-gritty of the business. Not just the highs but also the lows so you can learn from their mistakes.

Members will also have access to a private Facebook group where you can discuss all things Development, pose your questions to the experts and get access to the full webinar library.

TOTAL Development live webinars run twice a month, on the 1st and 3rd Wednesday of the month at 8pm. Our recent interviews feature case studies with Dick and Peter Dabner, Billy Turriff and Martin Rapley. We cover the key areas to consider when looking for your next project, including appraisals, feasibility and the fundamentals.

Make your development projects a TOTAL success! Join us today at www.yourpropertynetwork.co.uk/Totaldev

Always wanted to do a development project but not sure where to start?

Tired of dealing with builders who don't understand what you are trying to achieve?

Looking to add value to a project but want the confidence to choose the right one?

**TOTAL
DEVELOPMENT
IS FOR YOU**

WHAT WILL YOU DISCOVER?

Here's a taster ...

The best development projects to start out with.

What properties have the best floor plan, scope for development and best opportunities to add value.

Inspirational case studies.

Investors will be sharing details of their deals – purchased and lease options – from 3 bed to 6 bed conversions, blocks of flats and commercial to residential.

Working with trades.

How to give yourself the best chance to work well with tradespeople. Set yourself up to win.

Finance and funding.

How can you fund your development projects? What are the potential tax savings? Working with JV partners

Easy ways to make add value in auctions properties.

What problems to look out for in auctions that you can solve with the right team.

As well as **creating a schedule of works, project managing, permitted development, planning gain** and lots, lots more!

Webinars are hosted by YPN team member **Michelle Cairns** and development and refurbishment specialist **Martin Rapley**.

Join **YPN TOTAL DEVELOPMENT** at
www.yourpropertynetwork.co.uk/Totaldev
to make your next development project a **TOTAL** success.

Through Challenge We Evolve

Raj Beri reflects on tough times in the past to inspire the way forward

The COVID-19 pandemic has thrown everyone into a challenging situation that is entirely new to all of us. Right now, we don't know what the knock-on effects will be on the financial and property markets. But we do know that on the whole, property investors are a resilient bunch of people.

*Many of us have faced significant hurdles in the past, whether at a personal level such as cash flow management, or deriving from a national issue such as the credit crunch. In this article, YPN team member **Raj Beri** has been kind enough to share the different types of challenges he has faced since he decided to start investing in property 14 years ago, inspiring and reminding us that resilience and resourcefulness are born from the ordeals that we face.*

Jayne



On the surface, our property journey may be considered calm and collected, but as with the proverbial duck, we have been paddling like crazy for years to balance different parts of our lives. In this article, I candidly share the ups and downs and discuss how we have chartered troubled waters. Financially, we are so glad that we became property investors as otherwise, life today would look so different, and not nearly as enjoyable. As Warren Buffet says in a quote **"someone is sitting in the shade today because someone planted a tree a long time ago"**, so I would encourage you all to start planting trees (investment properties).

Challenge 1 Property: Why, What, How?

We are all asked to get a big **WHY** as, hopefully, this will make us more determined. I've never really had a big why – I didn't hate my job or boss and we had a comfortable life (or so I thought). However, I have always had a big internal driver so during 2006-early 2007, I decide to invest in property as an asset class, with the intention of generating more income for the extra things in life.

Being new to property and believing that local properties were too expensive, I was delighted to find a company that provided a turnkey solution for properties "up North". I am a scientist, so you would think that someone with a PhD would do a huge amount of research and due diligence. Alas no, and my thought at the time was "how hard can property be". The outsourced turnkey company would do everything and all I had to do was find the deposit and the rents would then start to roll in. A few years later, I would remortgage due to price rises, then rinse and repeat.

We had some savings but also had a significant amount of equity in our own home

I've never liked the phrase **"we all have the same 24 hours in the day"** – it's what we do with them that counts



so released some of it via remortgage number one. I ended up buying four properties up North but the market crashed in 2008-2009, the predicted rents didn't materialise and the rest is (painful) history. All four remain in

negative equity and the rental income has been chequered (being kind to myself). I was wounded and my home mortgage was wounded.

During mid-2007, I came across property training for the very first time and after some due diligence, signed up to the Property

Mastermind programme with Simon Zutshi. It was a leap of faith as the program was in its infancy, so few outward signs of success.

I've never liked the phrase **"we all have the same 24 hours in the day – it's what we do with them that counts"** as some choices are difficult to negotiate eg a demanding job, kids etc. To say that I underestimated the time commitment required on the training program would be a huge under-statement.

I had a busy full-time job with a daily commute, my wife was working full time with an even longer commute and we had three kids in tow. Becoming time efficient and making short-term sacrifices were key in the early stages eg less family time, TV was in "off mode" and as for that fledgling golf hobby ...

The training was intense but I quickly decided that I would (1) invest locally and (2) maximise my property knowledge by not missing any diarised training event. With the limited time at my disposal, I would be delighted if I managed to secure a couple of BMV deals during the programme. The weekly schedule was brutal and my daily routine for several years was a Groundhog Day continuum of work, work, work, whether that was the job or property. I soon released that some aspects of the programme weren't going to suit me eg building relationships with agents – I commuted to work every day, plus I had to protect my annual leave for the kids.

In my wisdom, I decided to set up a local mass leafleting operation (direct-to-vendor). I mentioned this to Mr Zutshi on workshop two – he was not impressed and wanted me to follow the process. Oh well, I just carried on but due to time constraints, I was constantly challenged with operational matters – once, to build rapport, I decided to meet face-to-face with a motivated seller during the working week. It was going all-so-well with general chit chat, cup of tea etc, until we got to the nitty gritty and I pitched an offer. He asked me to put down my cup of tea and leave before he "clocked me" for insulting him. I changed my process to make initial "ballpark" offers over the phone to ensure that I was on the same page as the vendor (**Script: offer will be £xx subject to survey, will that work for you?**).

My first model would be securing BTL properties where I could add value, then remortgage to release the capital to reinvest again. However, I did need start-up capital. The conversation with my wife about wanting to remortgage our home for a second time was not met with widespread approval. Why not? After all, surely, I had demonstrated all my skills in buying the four lemons up North. To give her credit, she backed me all the way and also ended up doing the lion's share of the work to run our home (plus kids in tow).

The question of how to use my time efficiently whilst at work came to the fore. Incoming calls from my leafleting operation were directed to AllDay PA and I qualified these calls at lunch time, sitting in my car with my sandwiches perched nearby. Did I secure any hot leads early on? Nope. Apart from anything else, I was inexperienced and probably a bumbling, fumbling wreck who confused the caller (as well as himself). Eventually though, I had a solid lead which became my first deal.



Challenge 2

Assembling a team & doing deals

The first purchase needed a significant refurb so I met up with a few contractors. One of the first said that the house needed a complete rewire (*shortly after he took a sharp intake of breath*) and I nearly had a heart attack. Panicked, I started flicking through the yellow pages (remember those?) and found a very local electrician who popped by quite quickly. Meet Steve, as honest a person as you're likely to find – no rewire needed although minor works were required. Some 12 years on, Steve is still our electrician! I fared better with getting the rest of the refurb team in place. We outsourced the lettings to a local agent but I soon realised their shortcomings and thought "how hard can it be to self-manage a property". Seeking advice from landlord associations and getting the name of the handyman from the tenant of the property we would be managing really helped. Enter Colin, who has been our handyman since 2009.

The second deal had three key challenges: implementing the "grey" area of same day remortgage; stopping a repossession and thirdly, allowing the seller to stay on as a tenant (sell-and-rent-back). (*This preceded the introduction of SARB regulation*). The owner wanted to know if I had stopped repossessions before? "Do it all the time," I said and off I tottered with him to court. Having received lots of guidance from my Mastermind group, I amazingly managed to stop the repossession and bought the property. He was visibly shaking and crying after the hearing but was able to stay in the property for many years after I took ownership.

CASE STUDY 1: NOTTINGHAM

This property was purchased "creatively" in November 2010 as a "packaged deal". It didn't need a full refurbishment, but still required significant works to bring it up to lettable standard as a BTL. Between the first refurbishment and prior to setting it up on the LHA strategy, the property was refurbished again, this time with a new kitchen.

Purchase price:	£80,000
First Renovation:	£7,000
Current Value:	£120,000
Cash left in:	Infinite ROI

BTL rental

Gross rent pm:	£575
Monthly cashflow:	£200

LHA strategy rental

Gross rent pm:	£1,047 (currently ~£850)
Monthly cashflow:	£700 (currently ~£500)



Challenge 3

I hate my job, get me out of here!

The BTL portfolio build continued via direct to vendor advertising. The deals were great in being able to deliver infinite ROI through remortgage, but generally, only left around £150/month cashflow. Although I was pretty happy in my job, my wife was desperately unhappy at work, and although redundancy was often mentioned, it never materialised for her.

I decided to deploy the HMO strategy and increase cash flow. No sooner had the ink dried on my decision to get her out of her job, than my own employer AstraZeneca Pharmaceuticals announced the closure of the entire R & D facility where I worked, resulting in the displacement (redundancy) of almost 1,000 employees. **This would mean that I would be leaving work but my wife would need to continue in a job she loathed – to say she was not impressed would be a huge understatement!**

Ironically (for her), the first HMO deal came shortly after my redundancy announcement. It was a family house that I secured through an internet lead and purchased at a discount to set up as a five-bedroom student HMO. Readers have to appreciate that back in 2010, HMOs were not mainstream so there was very little knowledge and advice in circulation.

I already had a refurbishment team and got lucky at this stage because one of the staff at the local landlord association was himself an HMO investor and went out of his way to help.

Perhaps it's fate but as luck would have it, my wife was made redundant from the job she loathed and received a significant cash pay-out – she wanted to blow it on a round-the-world cruise, but boring old me suggested we invest it to secure our second student HMO. Luckily, she landed a great job at the University of Nottingham on a five-year contract but 18 months in, they decided to close the project. No redundancy pay-out this time.

Of course, by this stage, I had left work and decided to do property full time. I was greatly helped by a very good redundancy pay-out and had already agreed to buy two more six-bedroom student HMOs. These were pre-existing "tired" HMOs from a motivated seller at a time when the Article 4 Direction (A4D) was in its infancy. Unbelievably, within four years, the values of these HMOs have doubled, which is really saving the day on another challenge (see case study 2).

Could this be her opportunity to finally leave the IT world behind? We had an

executive board meeting (over a cuppa in the kitchen) and decided that the increased income from the new HMOs coupled with reducing our outgoings may work. A key point is that financial freedom can be speeded up by: **increasing your property income and also by reducing your outgoings.** We got rid of the lease BMWs we were enjoying as corporates,

saving around £800/month and bought a couple of run-around rust buckets. (What will the neighbours say?!)

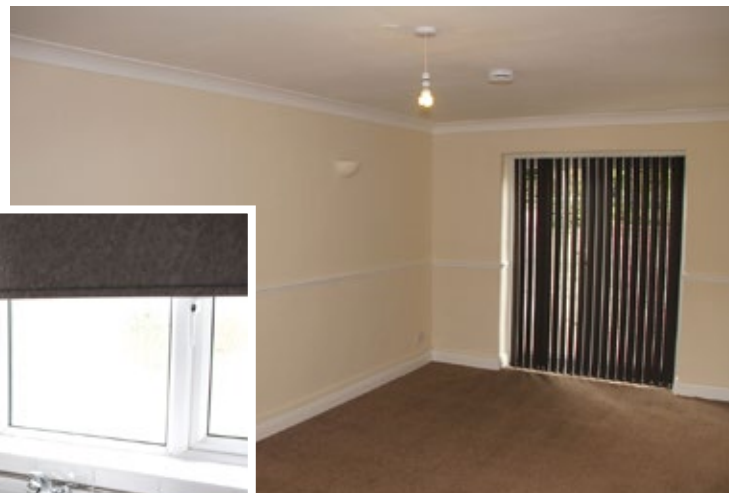
Needless to say, once one gets a taste of financial freedom and more or less doing what you want, when you want, there's no going back and my wife

never went back to IT.

Almost seven years on, she runs the letting side of the business and runs it really well. Without her at the helm of the rentals business to keep a close eye on the income and expenses, there would be no business, and it wouldn't matter a jot what % BMV I had bought the property for. We have never really wanted to create a monster with multiple offices or dozens of employees so will continue to operate it as a family business offering a personal service.

But what about me – was I chilling, relaxing?

"Of course, by this stage, I had left work and decided to do property full time"



Challenge 4 Life after work and switching strategies

Strange though it may sound, I was apprehensive about leaving the structured life of the corporate world. Not from a financial perspective but because I am a born academic and need to be continually facing challenges mentally – the thought of becoming a full-time landlord/property investor and just spending my days acquiring assets and watching the rents roll in filled me with dread. Mindful of this, in the months leading to my exit from AstraZeneca, I started to look for opportunities that would fill this gap and give me structure to the day and continue to feed my knowledge-hungry brain.

I was tipped off that the role as the local NLA (National Landlords Association) representative was about to become vacant. I would be required to read a lot, distil it for appropriate dissemination, set up local meetings and give frequent talks. Hey, that's what I currently do for a living. Result, and I became their "rep" for almost three years and learnt so much.

Certain aspects of what I previously enjoyed were still missing from my life and these included coaching/mentoring others as I had been a Team Leader at AstraZeneca. Writing had also developed as a core skill due to the numerous scientific papers I had written. When Simon Zutshi suggested that I consider coaching the delegates on the Mastermind programme, I jumped at the chance and I have continued to do that for six years. Not only do I get a chance to help people succeed, I also continually learn from them.

What about writing? I have been a subscriber to the YPN magazine since issue one. A few years ago, I noticed that the regular book reviews in YPN were no longer regular, so I approached the co-editor Jayne Owen who used to write them. I offered to do them for free (foot in the door) – in this way I was able to provide proof that I could write and in due course I was able to join the editorial team, a role that I absolutely love.

Although, we had replaced our base salaries, being able to get to the next level and have extra income to get rid of the rust-bucket cars and have some nice holidays was the next challenge. The cost of buying local HMOs was becoming prohibitive due to the Article 4 Direction.

I was keen to switch strategies and also stay local, but what other strategies were out there? At the time, SA was in its infancy. I had been strongly influenced to own cashflow generating assets through Robert Kiyosaki's "Rich Dad, Poor Dad" so R2R didn't appeal.

A niche strategy called "The LHA Strategy" came to my attention. I am not going to describe it in any detail today ([see articles published by YPN in 2014 and 2016 or email me for a copy](#)) but in essence, it's the ability to house two Housing Benefit claimants under the same roof. As readers will have gathered, I had already established a portfolio of BTLs, each generating around £150 positive cashflow. By working 1:1 with a mentor, I started to switch each of the

BTLs to "The LHA Strategy" model.

No modifications of the property were required, just the type of tenants and the correct structuring of the tenancy. In one case, I was able to house three claimants but it was not an HMO – just an unfurnished BTL where

the tenants are liable for all bills (see case study 1). The sharp readers will be keen to correct me and advise that this would be an HMO (noted, but not if it's rented to one household). Over the ensuing few years, all my BTLs were repurposed and my monthly cashflow increased by almost £2,000/month.

One thing is clear though – the LHA strategy can match the HMO strategy in terms of yields, cashflow and ROI. The main advantages are that the properties are unfurnished, the tenants stay for years and very few investors want to operate in the Housing Benefit arena, so little competition. The biggest drawback is that the Housing Benefit (Universal Credit) system is complex with lots of moving parts, and so difficult to implement. Reflecting on my property journey, it's clear that I've stuck to the "go deep, not wide" strategy and have gained expertise in each of the areas I have implemented.

Financially, the updated portfolio cashflow allowed us to start taking holidays again, upgrade the rust-bucket cars and save enough money to fund my daughter's wedding – it was a full blown Indian wedding ... don't ask about costs (and I have another daughter's wedding on the way).

"Writing had also developed as a core skill due to the numerous scientific papers I had written."

CASE STUDY 2: NOTTINGHAM

Two six-bedroom student HMOs in a tired condition were on sale on the open market in an Article 4 area. The purchase price on one was agreed at £125,000, but I then offered to buy both at £120,000 each. A down valuation allowed me to further negotiate the purchase price to £112,500 (December 2012). The renovation was "minor" (replace some furniture, carpets, decorate etc). Remortgage number one allowed some capital recycling 12 months later. By the time of remortgage number two, the value had doubled from purchase which allowed capital (equity) release **in excess** of what was utilised (**unsurprisingly, this has dented cashflow significantly!).

Purchase price (December 2012): **£112,500**

Renovation and furnishing: **£5,000**

Remortgage number one valuation: **£150,000**

Remortgage number two valuation (February 2017): **£225,000**

Cash left in: **Infinite ROI**

Cashflow (2019 tax year)

Gross rent pm: **£2,280**

Net rent pm: **£550**





Challenge 5 (ongoing) We may have to leave our family home

Incredibly, this happened a couple of times but for different reasons. Undoubtedly, my teenage kids picked up on conversations that my wife and myself were having about her “maybe” losing her job, then my employer closing the R & D site, making me redundant. They wanted a chat with mum and dad and, quite tearful, asked us “if we were going to lose our home, that they didn’t want to relocate as they loved their school and all the friendships they had developed”. We reassured them that all was in hand and we wouldn’t be leaving/relocating but would be doing the property stuff full time (ducks paddling furiously).

Then a few years ago, I was having a conversation with my excellent mortgage broker (and friend), Lisa Orme and talking about the huge mortgage on my own home (remember, I had borrowed a significant amount by re-mortgaging twice). It came as a complete shock when she pointed out that I may have to move to a home with a smaller mortgage when the current product expired, as my current

financial standing would not support the existing loan. Think! What should we do as we didn’t want to move? Saving small amounts of money to drive down the mortgage wouldn’t really cut it, so what could we do?

So far, my entire conversation in this article has been about generating cashflow. Now the fantastic element of capital growth really paid dividends. In an effort to tidy up our portfolio we sold a few of our poorly performing properties and paid down some of the home mortgage. The last two six-bedroom HMOs I had added to the portfolio had doubled in value, so I broke one of my golden rules and used the released equity to pay down our home mortgage rather than to fund further investments (sorry Lisa) (see case study 2). We will continue to drive down the home mortgage to create an unencumbered home, but the introduction of Section 24 has dampened our enthusiasm to remortgage the investment portfolio further.

Challenge 6 (ongoing) The goal posts shift significantly (again and again)

Just when it was going so well, new challenges have appeared. Section 24 raised its ugly head and following several review sessions with our excellent accountant Stephen Fay, we set up a limited company to purchase new properties, but due to various cost considerations, the pre-existing portfolio has been retained in personal names. There will be a shortfall in cashflow moving forward, so surely the answer is just to add more units using the current strategies?

To be honest, I yearn variety and always saw property as a vehicle to do other (non-property related) things, so actually, I am not gagging to do more deals. In addition, implementing the strategies I have learnt won’t be easy – local HMOs are too expensive to acquire and the LHA strategy is under threat due to Universal Credit.

I am in “exploration mode” at the moment and will hopefully share progress to address these challenges another time. At this stage, all options are open including new local strategies eg doing flips, converting commercial buildings to flats to sell and pay down the home mortgage.

Of course, now we’re in the midst of the coronavirus epidemic and seeing it unravel is distressing, and it will have an impact on property businesses. In the next issue of YPN I will provide a short piece on the challenges we have faced as a result, and what we are doing to overcome them.

Lockdown

experiences so far

With Rick Gannon



23rd March 2020

That is the date that will be embedded into time forever. It's the day that the UK went into its own version of lockdown owing to coronavirus.

It was 8pm and I was sat in the kitchen watching the Parliamentary updates, which had now become a regular feature in our daily routine. We had already been told that pubs and hotels needed to close, a couple of days earlier, and this was just the start for us.

You see, not only do we own property, but we also have a public house that relies on wet trade only. Things were about to get very real for us.

I was sat at the kitchen table with my family, all focused on the Prime Minister and hanging on to every word that he was saying: "Stay at home." "Only go to work if you can't work from home." "Protect the vulnerable."

These words stuck with me.

I was filled with thoughts of confusion, worry and doubt. What did this mean exactly? So many unanswered questions, what about this and what about that? I started thinking of how we were to fill empty rooms, continue to work on our current refurbishment projects, and we had also just completed on a 12-bed HMO – could we still fill it with tenants?

Coupled with the fact that we were just about to instruct solicitors to act for the sale of our family home AND we were expecting to refinance out of a bridge on a project that we had just completed, I was worried for my own family's health and specifically my son, because of his condition. So, it's fair to say we had a lot resting on the words of the PM.

Like everyone else in the UK, we didn't really know what this meant for us, at least not yet

anyway. It took a while to digest, and then all the "what ifs" started entering my head. You probably had the same ones:

What if I don't get paid?

What if my tenants don't pay?

What if I run out of cash?

What if I can't pay the staff?

What if I can't get lending on my project?

What if I get coronavirus?

The core of my property business is HMO rooms, holiday lets and serviced accommodation – all of which were about to take a huge financial hit.

There were so many unanswered questions, and I wasn't able to come to terms with the potential damage that this would do to our business. Needless to say, like many other businesspeople, I didn't sleep well that night.

Over the coming days, things began to unfold and the Chancellor announced his business rescue packages and the furlough scheme that would hopefully save many employees and see them through this. By now, we all fully understood why we had to stay home, as saving lives was far more important than worrying about rent.

I knew at this point that we had to act fast and the first thing I gave my attention to was cashflow. I know it's great in hindsight, but I have always stated that cash is king and that we should always have a cash buffer. Fortunately for us, we did.

But we were now faced with another issue. Following the Chancellor's announcement of offering mortgage payment holidays of three months, and coupled with stating that tenants could not be evicted for three months, most of our tenants began to interpret this as a three-month rent free period, and the phone began to ring.

I have around 120-150 tenants at any one time, depending on refurbishments and voids of course. This means we have a rent roll of between £40,000 and £50,000 a month, which is no small number. And now most of our tenants were calling asking for a payment holiday!

Tenants asked if they still needed to pay, why we weren't allowing them to take



a three-month rent free period, and one tenant actually told me he was leaving (his situation hadn't changed, he was still being paid, said the internet was too slow so he would be leaving after one month into a six-month fixed term). In the first week, we were averaging between 10 and 14 calls every day.

I think it was fair to say that our tenants were as scared and uncertain as we were. My response to the enquiries was a sympathetic one – a friendly ear and some practical signposting to Citizen Advice and Universal Credit. By the Friday on that first week, I was convinced that we wouldn't get any rent at all this month.

We also have around five rent-to-rents, so I wrote to our landlords to explain our situation and to ask them to be patient with us. It didn't take long, but it was a good exercise just in case things took a turn for the worse.

Here's a copy of the email I sent:

"Dear Landlord,

I hope that you are well and making some kind of sense from all of this.

I wanted to reach out to you in these untested times and explain that we have already had many tenants leave their rooms without notice in an attempt to isolate themselves and some have returned to their home countries whilst they still can.

I have no idea what this will mean to our businesses at the moment as much of this is on a day by day basis.

All of our staff are now remote working from home and the office is closed.

Our service to our tenants and landlords will remain priority and you don't need to do anything as we of course intend to carry on as best we can in order to get through this.

We are suspecting a strain on the cashflow in the short term as tenants come out of the woodwork telling us that they can't pay owing to COVID-19.

With this in mind I am reaching out asking our landlords to be patient with us whilst we sail through these uncharted waters.

We are also encouraging landlords with mortgages to reach out to their lenders and seek help with the proposed mortgage holidays that are currently being offered.

I can give you my word that we are working very hard to plan for any unforeseen circumstances and with your help hopefully we can get through this.

At the moment it is business as usual - albeit remotely, if there are any changes then I will of course be in touch."



I was apprehensive about sending this, but sometimes in business we have to make some uncomfortable decisions.

The response I received was amazing, all but one landlord called me and they were very reasonable. We agreed to pay them on a pro rata basis, based upon each tenant paying, with any outstanding rent paid at the end. After all, we are all in the same boat.

The phone continued to ring with concerned tenants and that became our daily routine until 1st April. I absolutely dreaded this date, because 99% of our rents are collected on the first of the month. But we were fortunate that we were almost fully occupied. We did, however, start to receive a lot of notices from tenants wanting to return to their families. But one step at a time! We need to get through this month by month.

I checked our system, and checked it twice more to make sure. By 9:30am we were only outstanding £5,000 in rent – way less than I had anticipated. I went through our normal procedure to collect outstanding rents; I emailed my property manager with a list of tenants to contact, and waited and checked again in one hour.

By lunchtime we had received 100% of our rent. I couldn't believe it! Of course, this meant that all our landlords for our rent-to-rent properties were paid timely too.

However, my excitement slowly ebbed away when I began worrying about voids and how we would get through the next month. It's

difficult to fill voids at present, owing to the government guidelines of only moving in tenants where contractually obliged or for key workers. We currently have around 14 voids – a very high number for us – and have some projects that we had to mothball. So we're still in uncharted territory.

The one saving grace is that none of this was our fault, and none of this was your fault. Some businesses will survive and some won't, but nobody could have foreseen this.

This experience has given me a complete mind shift, and I have realised that "things" are not important. Fancy cars and fancy watches mean nothing and hold no value, whereas family and loved ones are everything. Assets can be replaced; health cannot.

We'll continue to run our business from home, and nobody knows what the future holds. But I am happy in the knowledge that I have my family and friends with me, and that is all that really matters.

Stay safe

Rick

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



A World with a Difference

By Mark Doyle

If you'd have told us in December what life would be like now, we'd have said you'd have been smoking something dodgy! The COVID-19 world we live in right now is completely different in so many ways – our children are being home-schooled, many businesses are closed and the life we took for granted has been put on hold in many respects.

Ironically, it's those at the sharp end of business and entrepreneurship, self-employed, consulting, those with new companies and no PAYE records that will feel it the most, and this applies to part of our business.

We've been involved in property investing since 1991. Our focus for many years was initially our careers and a variety of businesses, some of which we even made money in. However, year after year we accidentally did well in property. There was no 'Grand Design' or plan, we simply took advantage of whatever property came along that we thought we could make work for us. Our first few years were spent doing flips, then we built a BRR portfolio of BTL properties and latterly we've moved on to HMOs, commercial conversions, blocks

CASE STUDY 1

2-bed flat, Lancashire

Rent £475 per month

We have a single dad with two children in a flat, on Universal Credit. He struggles to hold down any work due to anxiety, but his bond is secured by the local council as he was badly beaten and victimised. Obviously, he has issues, but is a really good dad and is trying hard to care for his children with the help of social services. The housing benefit part of his Universal Credit is the same as ever, however he is struggling with money. He currently has the children home all day and he's finding it hard to pay for food and necessities. He's asked for a significant reduction in his rent.

We know he would struggle to repay any debt, so we discussed what we could do to help, and as the property has a rear garden and lawn and could do with a new fence, he's agreed to help with maintenance and labour when we can get the fence. The rent reduction was agreed on this basis.

of flats and larger projects. We also run a serviced accommodation business, project management for a small number of clients and run a mentoring consultancy.

Over the years, we've made sure our property holdings vary, we are involved in different market sectors and our eggs are in different baskets. Even so, with the onset of COVID-19 and the daily changes, we've had to be flexible and focus quickly on finding solutions to each problem as it develops. These issues all revolve around people, and it's our reaction to each challenge and finding solutions that's crucial in keeping our cashflow up, some of which we cover in this article.

BUY-TO-LETS

It's still early days, but most tenants are going to be affected by COVID-19. Some of our single let tenants have had issues and have wanted to discuss their situation, whether it's a family member moving in with them, moving out, renewing an AST, or more commonly, they are simply short of money.

The Government has released a new briefing document:

"Coronavirus (Covid-19) Guidance for Landlords and Tenants":

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/876500/Consolidated_Landlord_and_Tenant_Guidance_COVID_and_the_PRS_v4.2.pdf

Our starting point is to listen and find out what their issues are. If it's money, we feel it's important they pay something, so we've worked out with them what amount they are able to pay, based on their current position. We've made them aware, if they weren't already, of the government support packages, and have encouraged them to take steps to secure this support. Where we have agreed to a rent deduction or deferral, we've worked out a payment plan going forward. See Case Studies 1 and 2 for a couple of very recent examples.

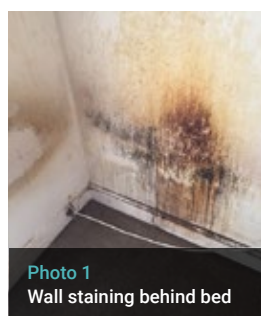


Photo 1
Wall staining behind bed



Photo 2 Ceramic Hob

CASE STUDY 2

2-bed flat, Cheshire

Rent £475 per month

There's never an ideal time for a tenant to finish their tenancy. We had an elderly tenant give her notice that she would be leaving her ground floor flat on 10th March 2020. She'd lived in the flat for four years and we knew from the last inspection visit that it had become scruffy and would need a light refurbishment when she left. She was also a hoarder, which meant we weren't able to conduct viewings with new tenants until after she'd left (see photos 1-3 below!).

By this stage, the media had ramped up reporting COVID-19, so we knew we had to get our act together to turn the property around. We started advertising on the major portals in the last couple of weeks of her tenancy, showing photos from when it had last been empty. On the first day after she left, we hired a skip and had the flat cleared of anything left inside and out. We got our maintenance team in and started painting, replacing light fittings, re-sealing the bathroom fixtures, fixing cupboard doors, a window and other works. On the second day, while we were still painting, we had a number of viewings booked, all using social distancing procedures.

Of the three viewings we selected, we had a 100% success rate. But the potential tenants included a couple who both had health issues and were currently living with their one-year-old and an elderly family member. Although not quite an emergency, they were desperate for their own space, privacy and option to isolate. They passed the referencing process and took over the tenancy.

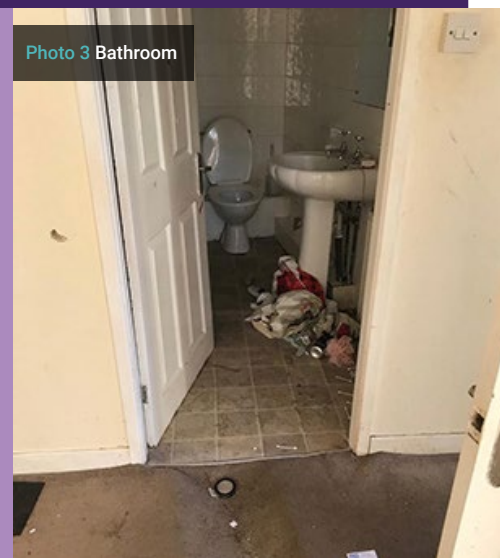


Photo 3 Bathroom

REPAIRS AND MAINTENANCE WORK

When you own property, you always have a schedule of maintenance work. Some is non-urgent but important (like masonry painting and gutter cleaning), and some is urgent and important (like boiler repairs, broken locks and blocked drains). Not surprisingly, we are currently only doing essential and urgent repairs.

We are currently finding two main issues with maintenance work. Firstly, tenants and some tradesmen are not keen to either have work done or do work at present, and we can't force anyone either way. Secondly, getting materials is becoming trickier as the supply chain slows, and we can see this getting worse daily.

This week, we've just had to arrange two boiler services and gas certificates (see Case Study 6 below). We've taken time to speak to each tenant, (which takes time in an HMO) and have discussed the works with the gas engineer. We check that everyone is well, has no COVID-19 symptoms, that they are happy with the works and understand the two-metre social distance rule. We have also asked tenants if they can stay in their rooms whenever possible while the work is going on.

Our gas engineer always wears disposable gloves and is also wearing a mask. Obviously, we are not planning any works in a household where a tenant has serious health issues, is isolating or where an individual is shielding, except if an emergency arises.



HMOs

This has really been the same situation as with our single lets. Our agents have contacted all our tenants and have explained to them that the COVID-19 regulations allow for rent deferral but certainly not cancellation. Any amount not paid now will be due in a few months' time. Therefore where possible, they should pay their rent in full or at least partially in order to avoid putting themselves in excessive debt that will need to be cleared when things go back to normal.

The tenants have been sent the links to the government support website so they are aware of their options for getting help. We also know that some of our tenants have been helped financially by family members until the government financial support kicks in.

Filling vacant rooms is trickier, but our agents are holding video tours and have a good library of photos for each property. The demand for these rooms is still out there, in particular with referrals from existing tenants (we offer a referral fee) and via social media.

We use a cleaning business to do fortnightly cleans of the communal areas. We've agreed with them that they will stop cleaning for the time being and we've asked the housemates to work out a rota between themselves. We provided supplies of cleaning materials and this all seems to be working so far!



Photo 4 Front View

CASE STUDY 3

HMO,
Merseyside,
£100 per week
per room

We were contacted on social media directly by an applicant for an HMO room. The contact came from the father of a British mature student who was away studying in the United States.

As the university has shut down, he knew he would have to return home. Circumstances weren't ideal for him to move back into his previous family home and he wanted to move into our HMO.

As we were unsure of his health condition, we and his family felt that he should self-isolate for at least two weeks after arriving back into the country. So, we arranged for him to move into one of our serviced accommodation apartments where his family kept him supplied with food and provisions.

In the meantime, we showed him the HMO video and he met (via a Zoom meeting) the other housemates. He's now finished his self-isolation, been referenced and has moved into the HMO.



Photo 5 En-suite

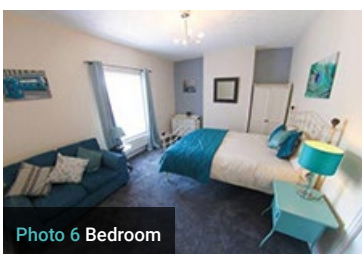


Photo 6 Bedroom

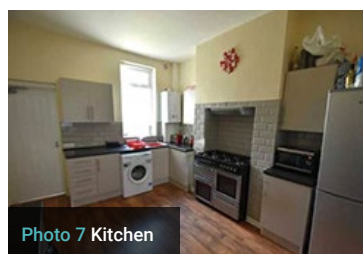


Photo 7 Kitchen

CASE STUDY 4

HMO, Cheshire

We've just had to do a gas certificate and deal with a leaky roof issue over a bedroom in an HMO, which has proved to be a chimney stack needing some pointing and new flashing. We found a roofer, but he said he would do the work if we found the flashing, water-proofer, sand and cement. Our normal suppliers, Travis Perkins or Berry's, were closed, but we were able to click and collect from Wickes. The job was completed, albeit slightly dearer!

SERVICED ACCOMMODATION

Our serviced accommodation portfolio consists of a number of two-bedroom houses and one-bedroom apartments located in small towns across the North West. They are not tourist locations, and our client base has typically been a mix of contractors, other working professionals and guests visiting family or events in the local area.

Over time, we've now built up a compliant database of guests, contractors and employers who we market to on a regular basis.

Within a week of the lockdown travel restrictions coming into place, our working guests cancelled all of their bookings, as they were either going to be working from home or their contracts had been cancelled. Similarly, visitors for weddings, music and student events all cancelled. So we started looking for solutions:

Serviced Accommodation Note:

Example Airbnb Frontline Stays Programme offers accommodation for NHS and key workers:
www.airbnb.co.uk/d/medicalstaysuk

This programme is suitable for entire properties only, not rooms in houses. Social distancing procedures must be followed and there is a requirement to allow 72 hours between reservations in order to properly clean and disinfect the property.

There is also useful information for cleaning procedures on the Airbnb site, from the American Centre for Disease Control and Prevention:

<https://www.airbnb.co.uk/resources/hosting-homes/a/cleaning-guidelines-to-help-prevent-the-spread-of-covid-19-163>

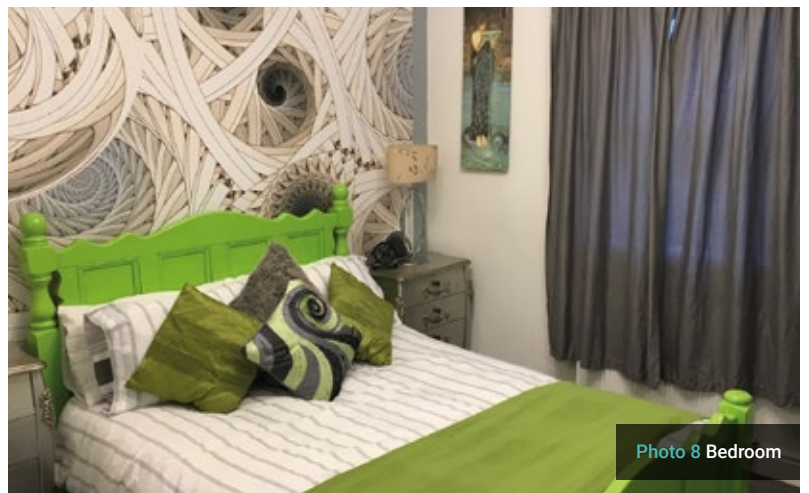
We created offers and asked for referrals, sent out emails to our regular customers, contacted local government and key worker employers and posted on WhatsApp and social media. We also worked with the booking portals such as Airbnb and Booking.com. By using these various methods, we've kept our occupancy up and see no reason why we shouldn't be able to continue to do so.

CASE STUDY 5

1-bed flat, Merseyside

£50 per night

We were contacted by the family of a student who had left university when it was closed. He had a health condition and couldn't move back home with his parents as they were key workers. He was due to move in with his elderly grandparents, but the family wanted him to self-isolate first. We arranged for him to stay in one of our one-bedroom apartments for two weeks. His family kept him supplied with food and other provisions, and he was happy as he had internet access and was a keen gamer! Fortunately, he showed no symptoms by the end of his stay and moved in with his grandparents.



CASE STUDY 6

2-bed house, Cheshire

£1,500 per month

One of our commercial clients required accommodation for two key workers who were working at a Wirral-based oil refinery. They were engineers maintaining the equipment, and wanted somewhere they could stay while still practising social distancing. They booked a two-bedroom house with us for three months. They both work shifts and travel separately to work so they can operate independently in the house.

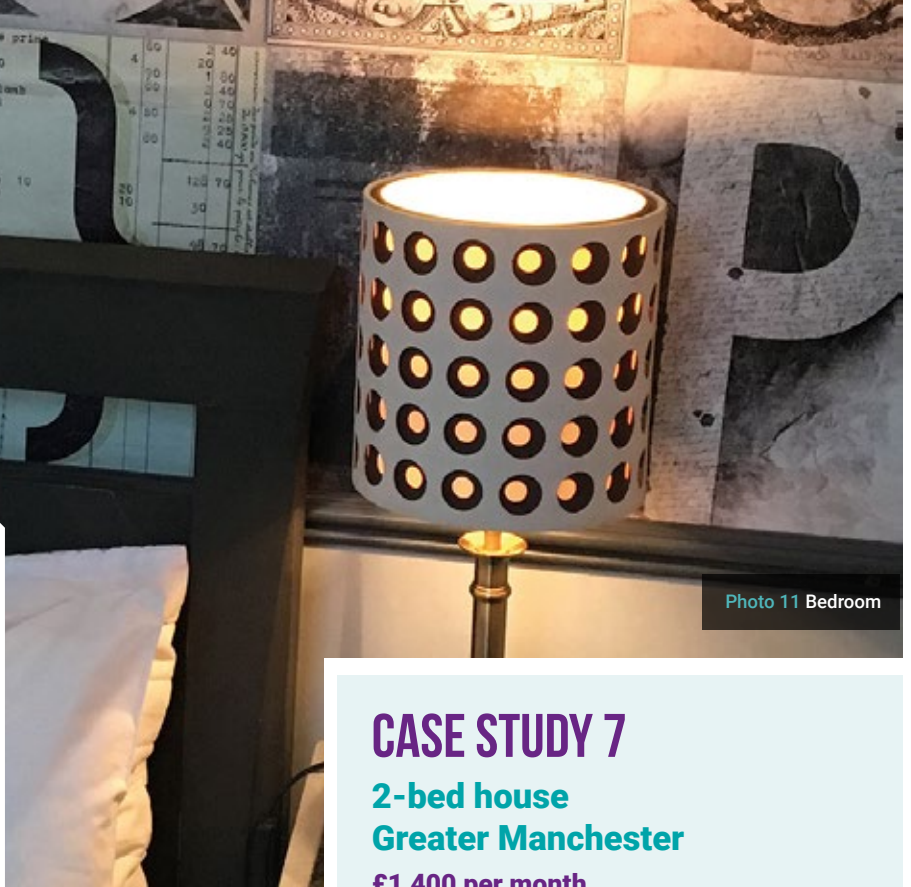


Photo 11 Bedroom

CASE STUDY 7

2-bed house Greater Manchester

£1,400 per month

We were contacted by a company director whose business is based in Cheshire. He was in the process of selling his home in the South East and buying a house local to his business when the lockdown hit. His sale/purchase has been put on hold, but he still needs to be local to his business, so he has booked a two-bedroom house with us for an initial 12 weeks. We have agreed with him that we won't enter the property during his stay for cleaning or maintenance, unless there's an emergency. Extra bedding, towels and cleaning products have been provided for his extended stay.

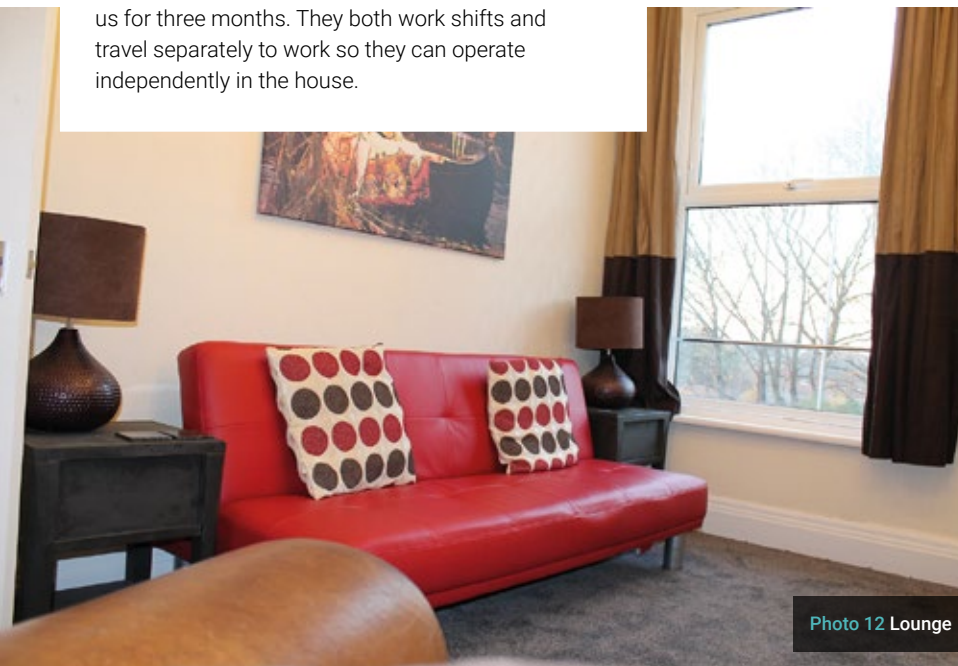


Photo 12 Lounge

BE FLEXIBLE AND ACT QUICKLY

Who knows when the COVID-19 pandemic will end, and what our (property) world will be like when it does? If there's a lesson to learn from all this, it's to be flexible and act quickly. We're very glad that this didn't happen 20 years ago before the advent of smartphones and FaceTime!

Right now, we are certainly appreciating our family and health more than ever, as well as the little things in life like going for a walk with the dog in the spring sunshine.

We wish you all success, but most importantly that you stay safe and well.



Photo 13 Kitchen

CONTACT

Claire & Mark are happy to mentor or chat with anyone that may need some assistance and can be contacted at mcdoyle39@gmail.com or www.cheshlancs.co.uk

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



Business as usual for Talking Houses and their teams of contractors



It is an uncertain time for people in property right now, especially people who are new to the industry and haven't quite been in this position before. Do you thrive? Or do you nose-dive? That is the question you must ask yourself.

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

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

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



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

Discover that we can do for you and book a what's app video call or Zoom call with us and we can give you visual tours of the properties from the comfort of your own home. All the properties we source are vacant, so there isn't anyone else in the houses for safety reasons.



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

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

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

Many thanks again,

Vikram Oswal, East London



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

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

Alex Gorman Tooze, South East London



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

We are fully committed to providing our clients a first-class service and every person who buys from us buys at least 6, so what we do works and is proven to work time and time again. If you are interested in finding out more, please get in touch.



Our very best

Mike Massey BSc (Hons)
Founder
Talking Houses NE Ltd



Martin Cockbill
Operations Director
Talking Houses NE Ltd

ROOM PROFILE

PROFESSIONAL HMO

TARGET AUDIENCE:

Professionals, aged approx. 21 to 35

'HMO bedrooms need to be comfortable as well as functional' says interior designer, Heidi Moment. **'Neutral colours appeal to all ages and genders and leave room for tenants to add their own personality.'**



FIFTY SHADES OF GREY

I'm usually a fan of bright colours and striking patterns, but when grey became the new neutral of choice for many, I decided I needed to get involved. After trying out hundreds of different shades I fell in love with Valspar's Howl at the Moon (love the name and the paint!) so I paired this with Johnstones' Princess Grey to create a calm and minimalist backdrop for this HMO bedroom. White woodwork, furniture and accessories (duvet set, lamp and artwork) help to create a clean, no-fuss finish to appeal to a multitude of tenants. Keeping things neutral also enables the tenant to personalise their room with their own things, which is important for that 'home-from-home' feeling.

To save a bit of money on the paint I always choose the colour I want and then get Johnstones Paints to colour match it. When buying with a trade account this can make a nice saving, leaving me a bit more to spend on furniture.

READY TO MOVE INTO

The aim is to create a warm and inviting bedroom complete with furniture and furnishings, so the tenant can move in straight away. The double bed should be positioned as the focal point of the bedroom, with at least one bedside table next to it and a plug socket nearby for a phone charger or a lamp.

The furniture often depends on the space you have, but as a minimum I always go for a double wardrobe (or triple if you have space – people tend to have a lot of clothes), chest of drawers (five-drawer if you can), full-length mirror and a bedside table (one is enough but put two in if you have the budget). It's possible your HMO tenants will have the option to work from home too, so add a desk and chair if space allows.

Furniture can be expensive but it's not always necessary to get the most expensive thing on the market. Costs can easily build up and take you by surprise when you're doing six or more rooms, and, as the budget is often tight, keeping costs low without scrimping on quality is the name of the game. There's plenty of quality furniture out there, and as long as it's hardwearing, durable and looks good you can be sure it will last several years before you have to replace it.

Having good relationships with suppliers and repeat buying helps to get larger items, such as beds, at discounted prices, and buying in bulk helps a lot. Regular bargain hunting also helps to keep costs down, as you often come across deals just at the right time. Take this four-piece furniture set (double wardrobe, five-drawer chest of drawers, bedside table and desk). It was just what I was looking for to go with the grey and white theme, and I was lucky enough to find it when it was about to be discontinued. Plus, I wanted 12 sets (for two six-bed HMOs), so was able to negotiate a great discount.

Door hooks £15

Home Sense

Say goodbye to the 'floordrobe' by installing hooks on the back of doors. Avoid over-the-door hooks as they can damage your architraves. Instead screw in a simple 4-hook hanger on the back of the door.



"Costs can easily mount up when you're doing six or more rooms so keeping costs low without scrimping on quality is the name of the game"

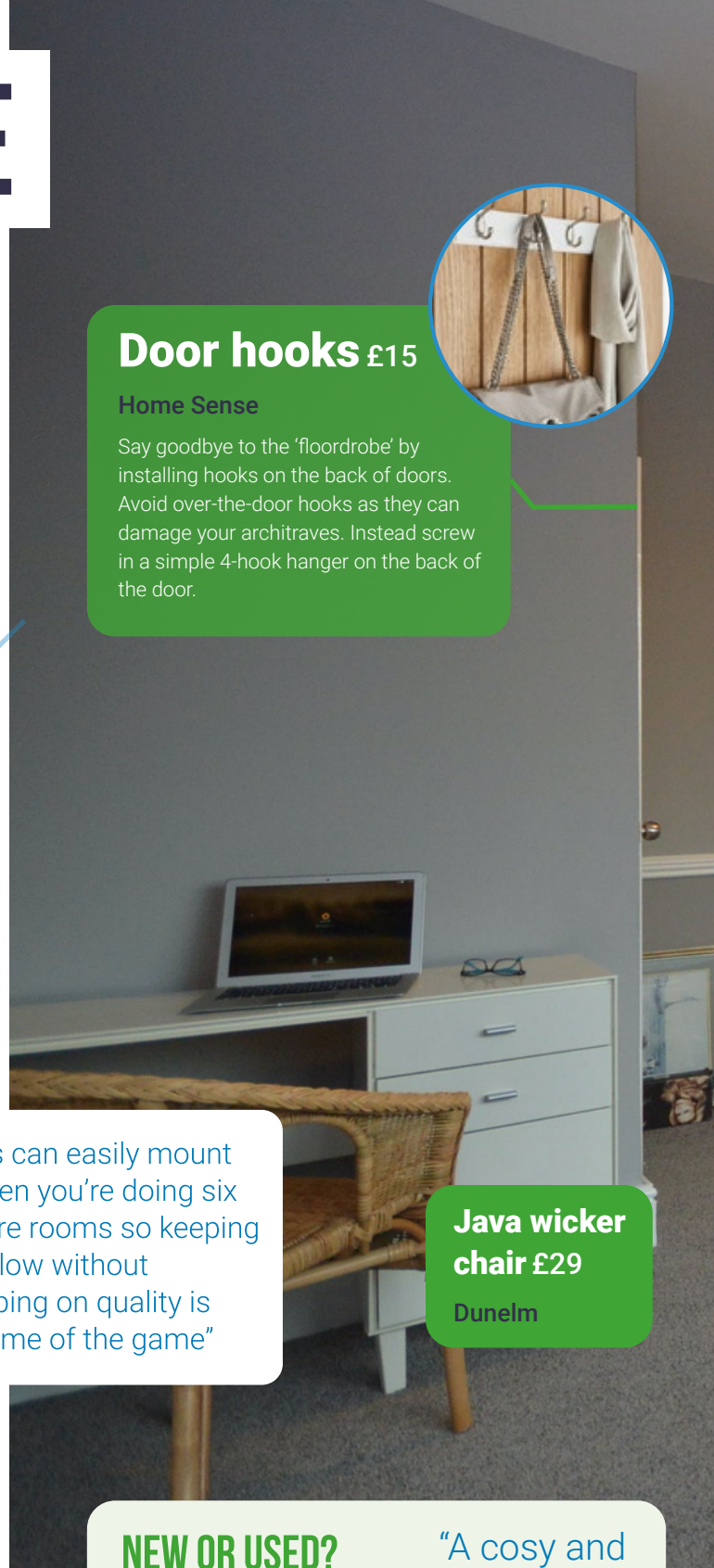
Java wicker chair £29

Dunelm

NEW OR USED?

If space allows I like to split the room into different zones – sleeping, relaxing and working. This particular room is huge, so there was ample space to create a cosy living area, as well as a workspace. Sofas can be expensive, especially if you're putting one in each bedroom, so it's always worth keeping an eye out for a bargain – my favourite places to find quality items at bargain prices are Gumtree and Shpock. With this one, I picked up the double sofa bed second hand from a friend who was going travelling. The timing couldn't have been more perfect. The sofa had barely been used and I got it for less than half price. I also got an old mirror from Shpock, which looked brand new after a lick of paint. Bargain.

"A cosy and inviting bed is essential"



"Soft grey and white creates a calm, clean and minimalist finish to appeal to a wide audience"

Wooden Mirror
£20
Shpock

4-piece furniture set
£197 per set (25% discount)
Chiltern Mills

Double bed with semi-orthopaedic mattress £170
Local supplier

Artwork x2
£30 Ikea

Dressing set (bedding, throw, cushions, plants)
£163 ASDA, Dunelm, Ikea

Full-length mirror £10
Dunelm

Coffee table £6
Ikea

DRESS IT UP

Dressing the room enables potential tenants to see the room at its best and envisage themselves living there and having quality photos also helps with the marketing. I always think the bed should look cosy and inviting and this is easily achieved with plump pillows, cushions and textured throws that make you want to dive right in. I'm not a fan of the tea and biscuits tray on the bed, as this makes it look like a hotel, but adding a few finishing touches: a few artificial plants, a book by the bed, a laptop on the desk, all help to make the room look lived in and help the viewer to imagine themselves living there.

Sofa Bed
£100

Second hand

Remember: You'll want to remove the dressing set when the first tenant moves in and will need to store it somewhere to dress it again for marketing purposes. **And:** It's always a good idea to have more than one dressing set in case you have more than one spare room at any one time (which could happen).

Total furnishing and dressing cost per room: **£740** (6 bedrooms: **£4,440**)

FOLLOWING A REFURB PROJECT FROM BEGINNING TO END *Part 2*

CORONAVIRUS HALTS WORK

Last month, long-term YPN friend and veteran investor **Jesse Fossey Taylor** of **ForTheLandlords.com** shared his story on the purchase and setbacks (including a fire!) of a BTL property, 189 Canklow. Over to Jesse ...

RECAP

In case you have forgotten, or don't have a copy of last month's YPN handy, 189 Canklow is a three-bed, red-brick semi-detached house in Rotherham. We bought it for £51,000 and plan to renovate it before refinancing and renting it out. The renovation estimate is £21,639 with an anticipated post-works value of £85,000-£95,000.

I left you after the fire, where the previous occupiers attacked the electricity meter over some debt.

GETTING THE BUILDERS IN

The builders were the ones who had initially alerted me to the fire (not the police or the fire brigade ...). It took five phone calls to my electricity supplier and the national grid, and it was only after being transferred to several departments that someone came around to have a look at it.

He said there was a problem and we had to pay for a survey by the National Grid. Sorting this issue cost £1,355 because I needed a new cable and they had to dig up the garden back to the road. It was connected to power on the 16th of April.

Meanwhile, the builders bought a generator to carry on with the works. We estimated that the builder supplied materials would cost around £2,000 (for us that excludes the big ticket items like kitchen, bathroom suite and tiles because we specify or supply those and we know the costs). The rest of the rest of the money being spent on labour. Different builders will give different prices, and it's key to get as many quotes as possible. It's not about getting the cheapest, but the best fit for you and your project.

I'm always careful when doing a renovation to get the initial list of works (see the Schedule of Works shown in this article) just right to make the house decent, safe, rentable and desirable. It's possible to spend too much money on the project, which will kill the deal. I then give this list to our potential builders to get like-for-like quotes.

We set aside £3,000 for a contingency fund, and that will usually go towards any unexpected issues with electrics, plumbing, boilers and anything lurking under the floorboards. I have a works manager who signs off on any unforeseen works, and I make sure there is photographic evidence so I can record everything that was done.

"We estimated that the materials would cost around £2,000 and the rest of the money being spent on labour."



PLAN OF ACTION

As mentioned in last month's article, we estimated £21,639 for the renovation of Canklow. That number includes the cost of a new kitchen and bathroom, a partial rewiring, re-plastering, redecorating and new flooring. We needed to dig into our contingency a little bit for the boiler, as we had an allowance of £750 but the new one cost £1,500.

I used to be focused on getting the job done as fast as possible to get it rented out as soon as possible. But now I focus on getting the job 100% right before a tenant moves in. Property is a long-term investment and I hope that this house will be in my family for the next 300 years ... I'll pass it on to my kids, who'll pass it on to their kids, and so on. Looking at the bigger picture, an extra few weeks won't make much of a difference.

In the past, I moved in tenants when the paint was still wet and the snagging wasn't finished yet. Once, the water tank burst on move-in day and flooded the entire place. It's just stress I don't need! That's why I like to get it completely finished, do the snagging checks and give the builders an additional week to finish anything that needs finishing. At that time, the heating is on full and the water is running. If anything is going to leak, burst or break, it can be fixed in that spare week.



WHEN THE PANDEMIC HIT

We were around 80% of the way through the works before lockdown was enforced and we had to put tools down. If we weren't in this situation, we would have been finished and rented by now.

I'm not entirely sure on what to do with the building works at the moment. Something we're considering is splitting the works and jobs for teams of two to complete, and phase it out just to get to the end. There are a few bits of materials we're still waiting for, but if we can keep inching forward with teams of two on the jobs that can be done, we can slowly get it finished, snagged and marketed.

However, if we weren't so close to the finish line, I would probably mothball it until everything is back to normal. I think that would be the most sensible thing to do. There was a point where I was organising meetings to constantly keep the ball rolling, but as soon as we made a decision, everything had changed again.

The situation is changing all the time and I've accepted it and stopped stressing about it. That's all I can do at the moment. I'll check back in with you next month to keep you updated on where we are with 189 Canklow!

189 CANKLOW SCHEDULE OF WORKS

- **Kitchen** – Replace kitchen, replace internal door, attend to damp, re-plaster, decorate and replace door/window handle?
- **Lounge** – Remove fireplace, replace internal door, replace blown glass panel, remove wallpaper and coving if polystyrene. Re-plaster walls and replace existing flooring with new carpet.
- **Hall** – Replace front door, remove wallpaper, replace skirting, re-plaster and replace flooring with new carpet. **NOTE ASBESTOS SURVEY HAS BEEN REQUESTED.** Replace window handle.
- **WC** – Replace window handle, remove wallpaper and replace internal door. Replace WC, skirting and tiles.
- **Bathroom** – Replace window handle, replace bathroom suite, tiles and plaster. Replace internal door. Add extractor fan
- **Stairs and landing** – replace boiler cupboard door, unsure about boiler, previous leak allowed for new boiler in case. Remove wallpaper, plaster where required and decorate. Replace existing flooring with new carpet.
- **Bed 1** – replace 2 x window handles, plaster, replace existing flooring with new carpet, decorate and replace internal door.
- **Bed 2** – Replace 2 x window handles, remove wallpaper, plaster and decorate, replace internal door and replace existing flooring and replace with new carpet.
- **Bed 3** – Replace 2 x windows, replace internal door, plaster, remove wallpaper and replace existing flooring with new carpet.
- **Outside** – Clean out gutters, clear garden and cut back bushes.
- **Clear extra rubbish inside house.**
- **Allowance given for extra sockets**
- **Add CO2 monitor**
- **Add heat monitor**

In the meantime, if you're keen to learn more about these kinds of renovations, you can see an example over at www.ForTheLandlords.com/YPNhouse



CONTACT JESSE

E hello@ForTheLandlords.com
W www.ForTheLandlords.com/YPNhouse
P 03333 448 148

ForTheLandlords.com
Build Your Empire

ARE YOUR FLOORPLANS THE BEST THEY CAN BE?

By **Andy Graham**

Now that many of us have some unplanned free time on our hands, it might be a good time to review your portfolio or purchases in hand to see if there is anywhere that you can add extra value to any of the properties. One of the ways HMO landlords can do this is to closely examine the floorplans to see if they can be adjusted to create more rentable space, obviously without compromising the quality of the accommodation.

Using a few case studies, I'm going to show some examples of how it's possible to enhance the value of properties through creative floorplan solutions, and hopefully this approach will help you too.

I've been investing in HMO properties for over ten years, and I am always looking for effective solutions to maximise cashflow and add to the end value. These two principles are the best way to determine if your portfolio or business is able to thrive, particularly in hard times.

There are several ways to increase cashflow and add value, but, in my opinion, the best and most effective way is by changing the floorplan. I'm going to share my top tips on how to do this, and I have four fantastic case studies to show exactly how it can be done.

GETTING STARTED

Before rushing out to purchase a three-bed terrace with the grand idea of converting it into a six-bed, all en-suite HMO, wait a moment! Not every property can be redivided, and more importantly, not every property should be.

The main limitation to changing a floorplan is the overall space on offer. A bigger house will generally give you more scope, which means that in small terraced houses or obscurely shaped properties, it can be difficult to maximise the floor space. It's not an exact science though – the location of the staircase, the pitch of the roof, where the



drains are located and what outside space is on offer all play a role in determining the overall potential.

It's important to weigh all of this up before you get carried away with buying something, especially with HMO licensing conditions becoming more stringent.

IT HAS TO MAKE FINANCIAL SENSE

I pay £40,000 on average per bedroom space, so a five-bed typically costs £200,000. Broadly speaking, if I can create an extra bedroom for anything less than this amount, I consider it to be cost effective.

There are two caveats though. The first one is that it depends on the end value, and if I'm going to spend anything on a property, I want to know I can realise the benefit of it in the end value too. The two options to do this are by increasing the bricks and mortar valuation or by hopping on to a commercial valuation based on the newly increased rental figure.

The second caveat is that it mustn't compromise the resale-ability of the property. I have seen people add bedrooms at the expense of doing unusual things, such as losing a communal living space or placing the only communal bathroom on the ground floor.

WHAT TO FOCUS ON

When it comes to changing floorplans, you should focus on making adjustments that

will result in a financial benefit. Here are a few ideas of what you can do ... and some of them won't break the bank:

- **Make smaller bedrooms bigger by moving walls**
- **Remove chimney stacks**
- **Add bathrooms without compromising room sizes**
- **Convert basements to communal spaces**
- **Create open-plan kitchen-diners and use front living rooms as a bedroom**
- **Convert lofts to make an additional bedroom**
- **Extend to the back or side to create a new communal space or bedroom**

GET EXPERT ADVICE

Depending on the extent of the changes you make to a property, it may be a good idea to get advice from a few specialists first. You're almost certainly going to need to meet building regulations for most of the things on the list above. Plus, if you are moving walls and compromising the structural integrity of a property, you'll need to get a structural engineer to do calculations too.

You should also make yourself very familiar with the HMO licensing criteria. Unfortunately, I've seen so many people make avoidable mistakes because they didn't do this.

I'll give you one example. Someone created a six-bed en-suite house in an area suitable for working professionals but not for students. Ultimately this meant they had to meet the council's criteria for non-cohesive licensing, and this meant that bedroom spaces had to be a net 10 sqm. Unfortunately, by adding en-suites to some bedrooms, the remaining floorspace was less than this and the council would not grant the license unless said en-suites were removed. Had the property been let to students, all six rooms would have passed. This was a £10,000 mistake.

I'd also recommend you get new floorplans drawn up to scale by an architect or architectural assistant. This way you reduce the risk of any oversights, such as putting doors in the wrong place or creating bedrooms that are too small. And it will make your builder's life much easier!

CASE STUDY 1

BRICKS AND DAUGHTERS

ROLAND SYMONDS

Roland, can you tell me about this project before you bought it?

The property was a three-bed semi-detached Victorian house. On the ground floor were two reception rooms in the main body of the house and a dining room and kitchen in the outrigger. This house is a good example of a classic Victorian L-shaped house – a layout that provides lots of flexibility to extend and enlarge. The house was structurally sound and habitable, although it was decorated to a poor standard.



PRE-WORKS

What work did you do to achieve the adjusted floorplan?

We increased the floorspace by about 50% by adding a loft conversion, a side extension and a rear extension, all under permitted development. We also removed all of the chimney breasts and the chimney stack to increase internal space. The loft conversion added two bedrooms and a shared bathroom. The rear extension provided an additional bedroom (as a semi, we had side access that acts as an escape route in the event of a fire). The side extension enlarged the communal space.

We knocked through from the old family bathroom into the smallest bedroom to make a bigger bedroom, and the front bedroom was big enough to provide space for a shared bathroom, as well as its own en-suite.

Overall, this HMO has eight bedrooms (four of which are en-suites), two shared bathrooms and a good-sized communal space. The smallest bedroom is 10 sqm, and the largest is 13 sqm.



POST-WORKS



CASE STUDY 2

INVEST IN BRICKS

JAMES ETTY

James, can you tell me about this project before you bought it?

The property was a three-bedroom, three-storey townhouse with one bedroom and integral garage on the ground floor. There was a kitchen and living room on the first floor and on the top floor were two further bedrooms, one with an en-suite, and a main bathroom.

What work did you do to achieve the adjusted floorplan?

The intention was to design something really special and create an open-plan living-kitchen room. To do so, we built a ground-floor extension and utilised the downstairs bedroom and a rear part of the garage. The front part of the garage was converted into a bedroom.

On the top floor we moved the master bedroom wall slightly to provide a bigger area for the adjacent bedroom. The first floor had previously been used for a kitchen, dining room and living room, so we converted most of this space into a bedroom and shower room.

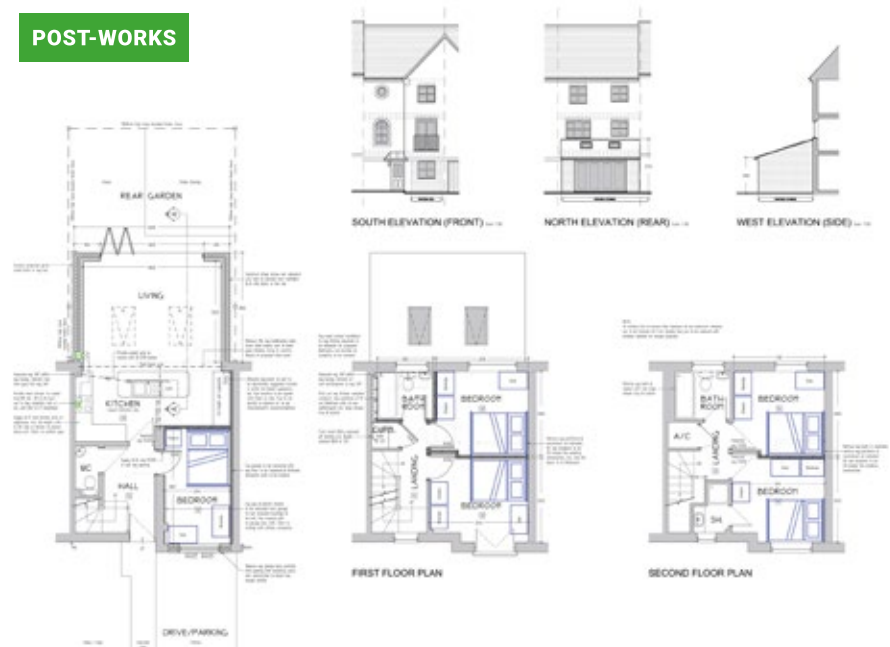
Finally, we turned the garden into one large decked area, accessible from bi-fold doors. The house is now a five-bedroom, two-shower room student HMO and it's a top choice every year.



PRE-WORKS



POST-WORKS



Existing Plans 1:50

Basement Floor Plan 1:50

Ground Floor Plan 1:50

First Floor Plan 1:50

Second Floor Plan 1:50

Existing Elevations 1:100

Front Elevation 1:100

Rear Elevation 1:100

Right Side Elevation 1:100

PRE-WORKS

Proposed Plans 1:50

Basement Floor Plan 1:50

Ground Floor Plan 1:50

First Floor Plan 1:50

Second Floor Plan 1:50

Proposed Elevations 1:100

Front Elevation 1:100

Rear Elevation 1:100

Right Side Elevation 1:100

POST-WORKS

CASE STUDY 3

IKON PROPERTY

EMMA STUBBINGS

Emma, can you tell me about this project before you bought it?

We purchased a Grade II listed building that was configured as three flats – 2x two-bedroom flats and a one-bed – all on one freehold title. Although they were in a poor condition, they were habitable. The décor was tired, the roof was leaking and the plumbing and electrics needed replacing. Two out of the three flats were tenanted, although one was heavily in arrears.

What work did you do to achieve the adjusted floorplan?

We created an extra bedroom in the two-bedroom flats by changing the lounges into bedrooms. The kitchen was converted into open-plan kitchen-living rooms. The one-bed flat was converted into a four-bed, by converting the basement. The existing cellar had good head height, so with a small dig it became a great space.

In all three flats, all bedrooms were en-suite, and the property was subsequently rented as an HMO. We also replaced the windows, as well as installing new electrics and plumbing. Each flat was re-plastered, re-floored and redecorated.

The planning was the most challenging part of this project due to the building being listed and some of the original features had to be maintained. By changing the floorplans of the flats, we significantly increased the rent and the end valuation.

CASE STUDY 4

INNOVA PROPERTY – JAKE COLWILL

Jake, can you tell me about this project before you bought it?

We came across the property at auction. The vendor was an investor who had rented the property as two flats, but had carried out a very basic conversion to a family home for the purpose of sale. The house still had fire doors and a Grade A fire alarm system, as well as a brand-new kitchen. These features, along with the generous sized rooms and Victorian period features, gave the outline for a great HMO.

What work did you do to achieve the adjusted floorplan?

It was originally a three-bedroom house, and we converted it into a six-bedroom, five-bathroom HMO.

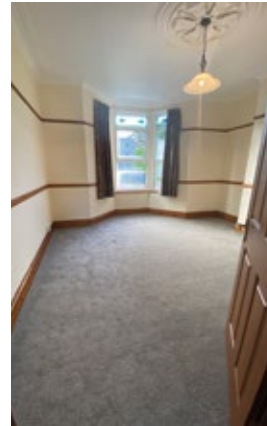
Structural work was limited to the installation of two steels. We created a larger communal area by utilising part of the hallway, and we removed an archway upstairs to create an additional bedroom.

We erected a couple of stud walls to form extra bedrooms and moved some room entrances to make the most of the space. The three largest rooms had enough room for en-suites. We kept period features such as ceiling roses and intricate ceiling coving in every room.

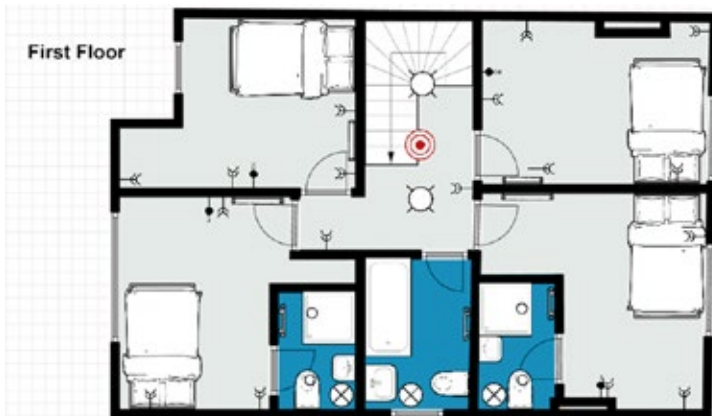
The finished result gave us six bedrooms, varying from nine to just under 17 sqm.



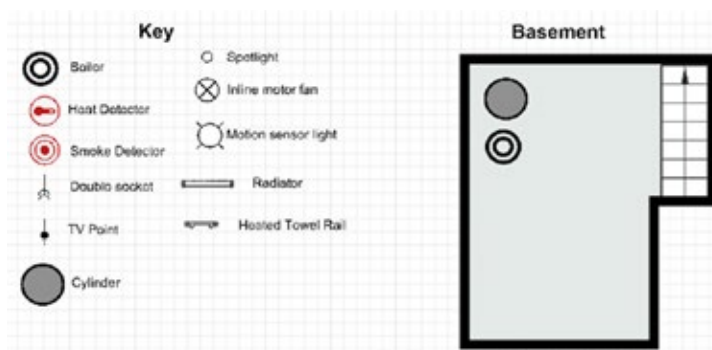
PRE-WORKS



GROUND FLOOR
APPROX. FLOOR AREA 1302 SQ.FT. (120.9 SQ.M.)
TOTAL APPROX. FLOOR AREA 1302 SQ.FT. (120.9 SQ.M.)
*This plan is for illustrative purposes only and should not be used as a basis for any construction or other work. The owner, architect and other parties are responsible for their own work and any alterations to the plan.



POST-WORKS



CONTACT

E: andy@smartproperty.co.uk

W: www.smartproperty.co.uk

Instagram: [andy_graham_smart_property](https://www.instagram.com/andy_graham_smart_property)

Facebook: [Andy Graham](https://www.facebook.com/AndyGraham)

Grab your copy of Andy's 50 page Co-Living and HMO Manual now from www.smartproperty.co.uk/hmo



PUT TENANTS FIRST TO ACHIEVE 100% OCCUPANCY

MILES PATTISON-APPLETON'S NEW LETTINGS MODEL PROVIDES THE ULTIMATE RENTING EXPERIENCE FOR TENANTS.

By Heidi Moment

In a stagnant market HMO landlords are competing to keep their rooms filled by either reducing rents or spending more money on refurbishments. With a large portfolio of over 200 professional HMO rooms Miles and his team at Relocation PA identified the need to innovate, and in six short months have seen lettings go from 80% to 100%, filling rooms almost instantaneously. Read on to find out how they did it.

INVESTMENT CEILING

As new landlords come into the industry the standard of HMO rooms has gone up. While this is great for tenants, it means investors are starting to spend more on their refurbishments to remain competitive. This is OK in principle, but when it comes to investment property there is always a ceiling on the amount of money you can spend on the refurbishment before you start to risk your profits. Spending too much may mean not being able to refinance, which can have a detrimental effect on your bottom line and your ability to progress to the next deal.

To avoid getting burnt, Miles and his team at Relocation PA started asking themselves:

- How can we always stay ahead of our competition?
- How can we retain the high rents we are used to?
- How can we ensure our houses will always let first, before the competition?



PUT THE TENANT FIRST

The outcome was to refresh their lettings model to focus more on the tenant and the community they could create and less on the house itself. So rather than tenants choosing on a house-by-house basis they would make their decision based on something else – the **renting experience** and the **customer service**.

By putting the tenant first, and offering service that no others offer, Relocation PA can attract tenants quicker and get them to stay longer.

The two most important elements of their strategy are:

- 1 To make properties more appealing with something other than just spending money on a refurb.
- 2 To have happy tenants that stay longer.

The aim was for tenants to choose to rent through Relocation PA because of their brand name and what they offer, not because of the house. All tenants get the same benefits, and their positioning emphasises **'providing the ultimate renting experience for tenants'**.

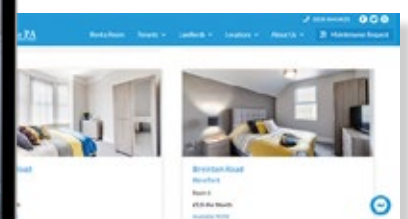
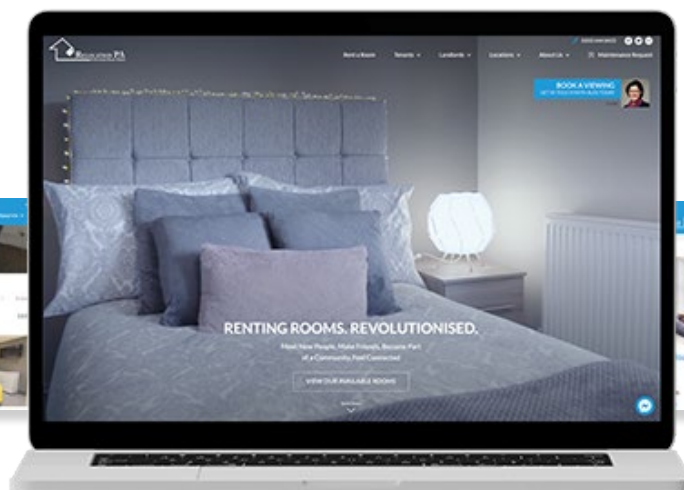
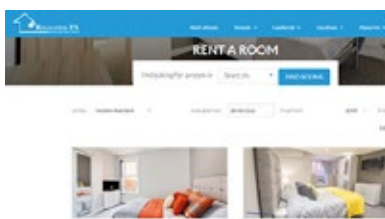
"Our focus is on the renting experience and customer service"

CHANGING THE WAY THEY COMPETE

The amount of choice on the usual portals, SpareRoom, Easy Roommate and Open Rent, is overwhelming. There is no wonder tenants register interest and then you never hear from them again. It's more than likely because they've found something better/cheaper/closer to work two or three pages down.

So, rather than listing their properties on SpareRoom and hoping for the best, Relocation PA decided to take the emphasis off the platforms where landlords are competing on top of each other and instead build their own custom built room rental portal on their own website.

As you can imagine suddenly turning your back on SpareRoom is a bit risky and might create a bit of a lull in your marketing, but by timing the transition strategically when they were 100% full, they managed to limit the impact.



WEBSITE

They worked with a local web development company to build their room rental portal that enables them to show their rooms off. It incorporates everything you would expect, from photos and information about each house, to walk-through videos, maps etc. It's a one-stop shop to finding a room in the West Midlands.

Potential tenants can search by the date they want to move in and by price range and it will filter down all the rooms available that meet those search criteria. Then it drives them through a very specific set of steps to get them to book a viewing. It's very simple to use and it looks great.

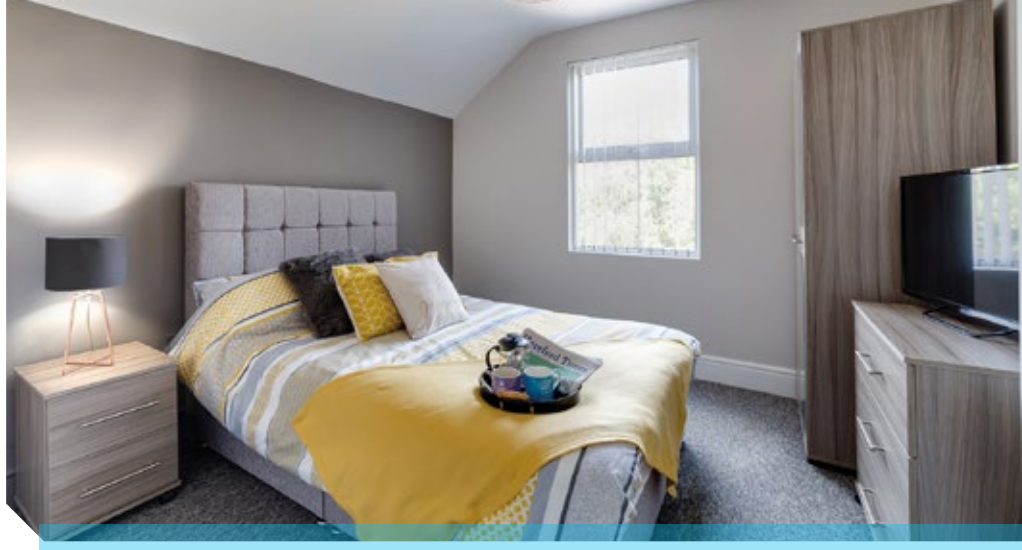
PAID ADVERTISING

With an average age of 28, Relocation PA know their tenants are using Facebook and Instagram all the time. So rather than use SpareRoom where you are relying on the tenant to actually search for your house, they decided to put their houses directly in the faces of their potential tenants using paid advertising through Facebook and Instagram, targeting people aged 22-32 within 20 miles of Hereford, Worcester or Gloucester.

They also use Google Ads and have invested heavily in their SEO for people searching for rooms to rent in cities. With a dedicated marketing budget for paid advertising, they are really rewriting the rulebook when it comes to finding tenants.

By organically targeting people and pushing them to their website before they've looked anywhere else, they are limiting the competition. And with 200 rooms it should be easy for a tenant to be able to find what they want without having to search elsewhere.

"Organically targeting tenants through paid advertising limits competition and increases demand"



WELCOME BOX

When Miles was at university the household used to receive a welcome box with a card and a bottle of Jägermeister. It was a token to say welcome, and as Miles tells it, it went down a treat! With his own tenants Miles takes this a step further, giving a welcome box to each tenant when they move in.

Inside the box is:

- **Welcome card, handwritten by Becky (property manager)**
- **Travel mug, so they can take their coffee to work in the morning**
- **Lanyards for their keys**
- **Tea, coffee & biscuits/snacks**
- **Games**

It also includes a refer-a-friend scheme card, which offers them an Amazon voucher worth £100 if they refer a friend and they move in.

At a cost per box of around £10 per person, this little token gesture is a brilliant way to say 'Welcome' as well as maintaining a good relationship with a tenant.

"Our average tenancy is 18 months upwards"

TOTAL FLEXIBILITY

Another massive change to the way they work is their tenancy agreement. In keeping with the strategy of putting the tenant first Miles offers his tenants **total flexibility**. But what does that look like?

Periodic tenancy from the word go

Whereas most landlords lock tenants in for six or twelve months and then ask them to resign or go onto a rolling (periodic) tenancy after their contract ends, Relocation PA put all their tenants onto a contractual periodic tenancy from day one, so they have total flexibility from the start.

The benefit of this is that the tenant doesn't feel tied in to something and they have the flexibility to move if they need to. It also encourages tenants to stay longer. With six or twelve month contracts tenants always have it at the back of their mind that there's an end date and they need to move out, whereas with this they don't, so they can just stay as long as they want. Psychologically this means they don't think about it, which usually translates into them staying longer.

Tenants are still legally protected under tenancy law for the first six months, as they would be with a six or twelve month agreement, so if Miles wanted them to leave for any reason they would still need to issue a Section 8 (during the first six months) or Section 21 (after six months) and give two months' notice period.

Rent-back guarantee

Their rent-back guarantee offers flexibility during the first month, so if the tenant's circumstances change within the first month, they want to change jobs or they realise they made a mistake for any reason, they are free to leave during that first month. Relocation PA will then give them their rent back for the rest of that month (so if they've rented for two weeks and then move out, they'll get the remaining two weeks back).



This offer is very appealing to a tenant, particularly if they are trying to decide between two houses that are very similar in terms of facilities and price. Would you rather be locked into a contract or free to move about as you choose?

It might sound risky and Miles agrees, *"It was a bit of a gamble at first"*, but he's now confident it has paid off. While the tenants feel valued as they are not trapped into an agreement and are free to move if they need to, the reality is the experience of moving house (and all the stress, time and cost that goes with it) means people don't want to repeat that experience again so quickly. So, up to press no-one has taken Miles up on this offer, so the incentive is working massively in his favour.

Transparent Pricing

Since the ban of admin fees last year, letting agents have had to come up with other ways to make money. The introduction of extra fees for inventories and cleaning means there are often hidden costs associated with moving house, which are often hidden on the tenancy agreement somewhere, (and let's face it, no-one reads the tenancy agreement).

In response to this, Relocation PA have made their pricing as transparent as possible and they never charge any fees on top of the rent initially advertised on their website. The same amount will need to be paid, each and every month. No hidden fees, no additions.

Zero deposit

One thing that might come as a surprise is that they don't take a deposit. Usually a deposit is a landlord's way of making sure they are covered if there is any damage caused by the tenant and is seen as a must. But adding a deposit makes moving very expensive for tenants so can reduce the appeal of the house.

Zero Deposits is an insurance policy that covers landlords in the event of damage.

It allows landlords to ditch the deposit whilst still being protected. As Miles explains, *"This is another thing to sweeten the deal if the tenant is comparing like for like"*.

As you would expect Relocation PA's vetting system is rigid, to make sure everyone who moves into one of their houses is going to be a good tenant. It's impossible to get it right all the time, of course, but credit checks, bank statements, employer references, previous landlord references and guarantors really help a landlord to feel safe they've got a responsible tenant.



"We have a waiting list of tenants and are filling rooms almost instantaneously"

COMMUNITY

Many landlords have started talking about building communities, but how do you do it when you have 200 properties?

On a small scale, Miles says, they put things in each house that encourage tenants to be sociable, such as barbecues, outdoor seating, providing local information (such as bars, gyms and restaurants), anything they can to help people settle in and meet others. On a larger scale they have started organising parties for all tenants at local bars, putting money behind the bar to pay for food and drinks while their tenants all let their hair down and get to know each other. Last year they held a Summer BBQ and a Christmas Social and the uptake was amazing.

These events provide the tenants with the opportunity to meet a whole load of other people a similar age, which is brilliant if they are new to the city. Events also provide Relocation PA with the chance to win some points, and to get some feedback about how they're doing and if there's anything they can improve.

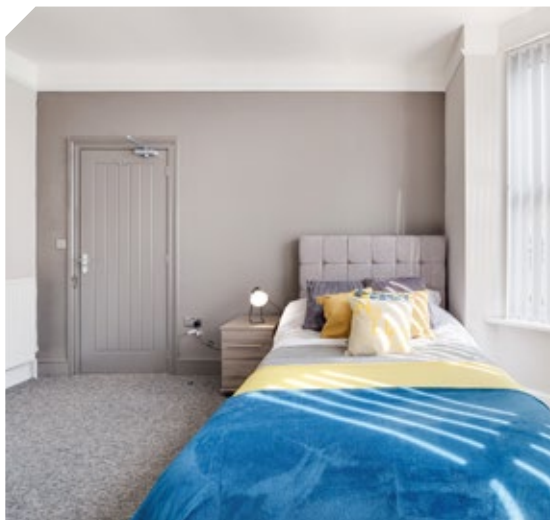
COMMUNICATION

Communication with tenants is paramount and getting feedback helps to improve the offering. Miles tells us, Becky, his property manager, is really good at finding out information from the tenants, and feeding it back. *"Events give her the chance to talk to tenants directly and ask, 'What don't you like? What can we do better?'"* And tenants have responded really well to it. They love meeting new people too and it helps to keep them feeling like part of a community. It has also had a positive effect on retention rates, as well as helping to spread the word of Relocation PA's houses.

LOOKING TO THE FUTURE

Miles admits that when they first started their new lettings approach they worried, *"We've either hit on something amazing here or we're completely stupid"*, and he had mixed reviews from other landlords. But six months on with 100% occupancy, a waiting list of tenants itching to move into one of his properties and a successful and engaging events calendar, Miles and his team at Relocation PA are not looking back. In fact, they're currently recruiting to help with the demand.

Putting the tenants first and giving them total flexibility was a drastic measure but it's a roaring success in the West Midlands. Perhaps we could all learn from this approach?



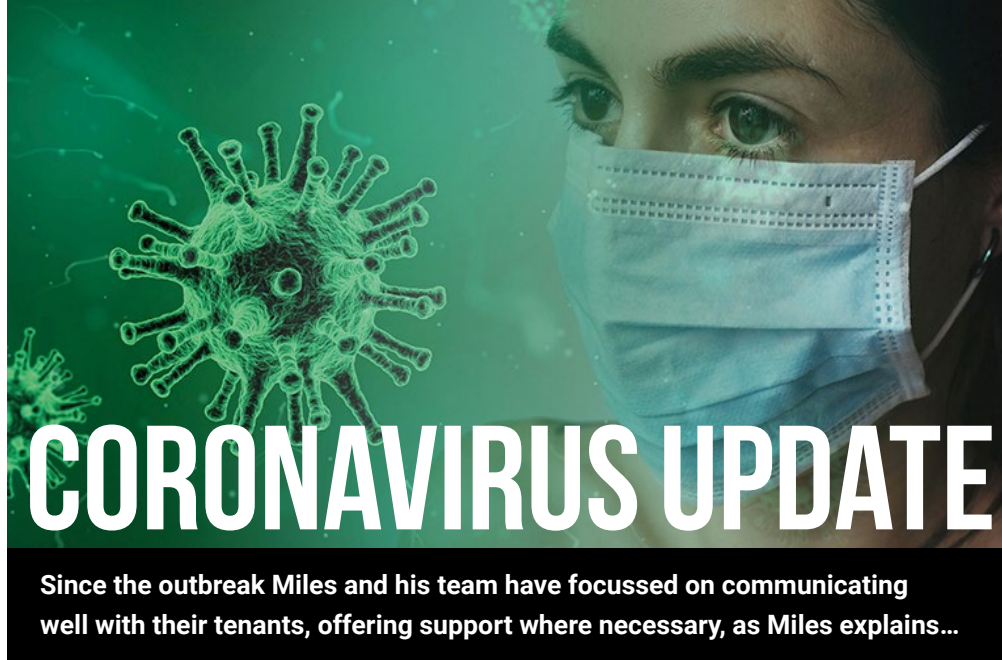
CONTACT

If you want to find out more about Relocation PA, or you're a landlord in the West Midlands who wants to let your rooms through Relocation PA contact Miles on the below:

www.relocation-pa.co.uk

Instagram: [relocation_pa](https://www.instagram.com/relocation_pa)

Email: miles@relocation-pa.co.uk



CORONAVIRUS UPDATE

Since the outbreak Miles and his team have focussed on communicating well with their tenants, offering support where necessary, as Miles explains...

COMMUNICATION WITH TENANTS

We have emailed all tenants to re-emphasise government guidelines and made them aware of guidelines for house shares and people living in close proximity, such as:

- If anyone is showing symptoms, only use one bathroom for them, use the kitchen last, use dedicated cutlery and crockery and wash all clothes regularly etc.
- Offering support and showing tenants where to find information about government help if they need it.

NO CLEANING

All cleaning and maintenance has been stopped, along with inspections and anything else that involves other people entering the houses.

If there are any urgent maintenance issues or a gas safety certificate is needed, we will just have to ask all the tenants to stay in their rooms until it's finished. That's the only way we can do it at the moment.

DELIVERIES

We've offered to deliver basic food supplies (if we can get them) to any house with any tenants with symptoms.

RENT REDUCTIONS

Due to jobs being lost, we had to adapt to be able to offer rent reductions. The team were quick to act and were very proactive in the early days, while the government were still figuring out what to do. We made a list of all potential tenants whose companies may close down, such as chefs, hotel managers etc. Then we rang them to discuss the situation and came up with a payment plan. At this point in time the government hadn't offered the Job Retention Scheme but once they had, several tenants were furloughed which meant they could actually pay their rent.

As you might expect some of the furloughed tenants have tried it on a bit, saying they still can't afford their rent and to live on only 80% pay, so we're looking at this on a case-by-case basis and offering rent reductions only where necessary.

VIRTUAL VIEWINGS

All our viewings are now virtual. Luckily for us we already do professional VR tours of our properties using Matterport, and these videos are uploaded to our website, so this didn't add too much additional pressure to the team. It also hasn't affected business too much at the moment. We let several rooms last week from both the VR and the walk-through tours.

If a room becomes available on a property we don't already have a VR tour for we plan to conduct a zoom tour if absolutely necessary. Of course if this happens we'll ask all the tenants to go into their rooms for 10 minutes while we conduct the tour, so we won't come into contact with each other.

WORKING FROM HOME

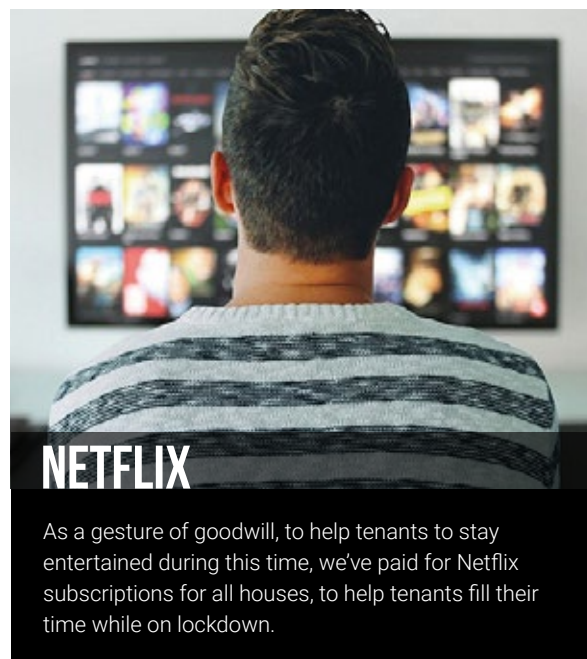
Our lettings manager mostly works from home anyway and as we're now doing virtual viewings, that works well. Our property manager can't really do much at the moment, as they can't go to the property and are only arranging maintenance for urgent issues.

LETTINGS

We are no longer 100% full, as a few tenants have given notice since the outbreak. We filled two rooms last week from virtual viewings and we're still getting new enquiries, but it has definitely slowed down in recent weeks.

REMOTE CHECK INS

We are now doing remote check ins and outs, where we (or the tenant) leave a key in the key safe and the new tenants let themselves in. Once they're in they then ring us to run through the check-in remotely, as opposed to us meeting them at the property.



NETFLIX

As a gesture of goodwill, to help tenants to stay entertained during this time, we've paid for Netflix subscriptions for all houses, to help tenants fill their time while on lockdown.

HOUSE BINGO /HOUSE PARTIES AND ONLINE LESSONS

As a bit of fun and to keep tenants feeling upbeat we set up a game of Relocation PA House Bingo for all our tenants between different houses and we're also setting up house parties (using the House Party app) between tenants, as a chance to meet each other and get to know other tenants in different houses. We've also got tenants who are good at things like baking to put on an online baking tutorial for all our tenants if they want to keep them busy.

HAVE YOU DOWNLOADED OUR PODCAST?

Your Property Podcast is hosted by

Michelle Cairns and Angharad Owen

There will be a new episode
EACH MONTH supporting
one of our articles in
the magazine.

We will interview:

- ▶ **Investors**
- ▶ **Developers**
- ▶ **Experts**
- ▶ **And more!**

And we strive to be as nosey
as we possibly can 😊



www.yourpropertynetwork.co.uk/podcast

Your Property Podcast will be
available to download from
iTunes, the Podcast app (iOS)
or Soundcloud.



THE PROPERTY HANDBOOK YOUR ESSENTIAL GUIDE

YOUR PROPERTY BOOK REVIEW

BY GEOFFREY &
SHARENA ANSELL

It's clear that the authors have spent a huge amount of time collating the contents for this book. It discusses many aspects of real estate in great depth, particularly renovating and selling-on (flipping). In doing so, they have provided a very comprehensive manual that will prove useful to property investors.

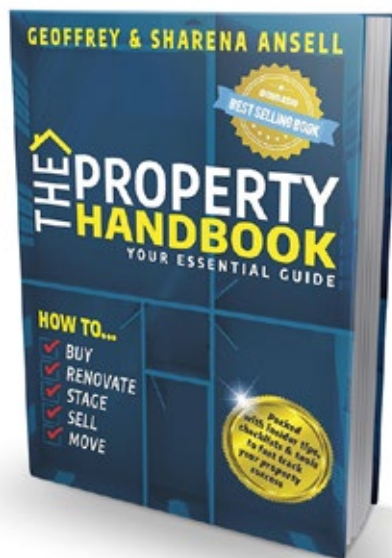
The book is well structured with each chapter having an overview, the main content with sub-headings interspersed with useful diagrams to further aid understanding. Each chapter is completed with a useful and comprehensive checklist. The overriding message throughout the book is to consider meticulous planning at each stage.

Unsurprisingly, **chapter one** kicks off with "Buying your property" and leaves no stone unturned, starting with establishing your ability to buy all the way to completion of the purchase. For newcomers, the step-by-step process illustration will be particularly helpful. The author's advice is to consider your reason to buy, followed closely with the type of property of interest, and various scenarios are discussed. Affordability and budget are a key consideration for every purchase and details of the likely costs are highlighted.

In trying to decide your property requirements, the authors strongly suggest that prior to starting your property search, you create a list of must-haves and nice-to-haves to help address price range, location and size. Then undertake extensive due diligence to fully research the locality eg price changes, amenities, crime.

Your interest should be registered with agents after initially researching online. In your analysis and viewings, assess the interior and exterior of the property, look at local comparables and establish the seller's situation. The final third of this chapter provides details of the conveyancing process and readers will be well and truly informed after reading this section.

Chapter two focuses on "Renovating your property" and starts with the inevitable planning stage of the renovation project, but being mindful of who you are renovating for. Look to add value by creating a priority list of works and start creating a specification of works (schedule). An example sheet of renovation requirements is provided and advice is also given on obtaining quotes and



choosing a build team. Getting planning or verifying consents could be a key part of the refurbishment and these are discussed in depth. Also covered is management of the renovation project and whether you should do this alone or use a project manager. The penultimate section considers the renovation project itself – each aspect of the project (ie plumbing, electrics) is considered, as well as a breakdown of each room in the house in terms of layout and finish.

In **chapter three**, the focus is on "Interior design and decorating" which the authors obviously have a panache for. Sub-sections include: interior design that explores space, light and colours amongst others, and design themes exploring modern, industrial, minimalist, etc. From a decorative perspective, concepts of colours and finishes (paints, wallpapers) are discussed, with the chapter being complimented with do's and don'ts.

Chapter four discusses "Staging your property". The key aim here is to achieve a quicker sale for a higher price. Fiction? Not really, as there is published data on the importance of staging to help the sales process. The authors then provide a list of activities that will facilitate the sale, with each being discussed in detail together with a clear steer on which rooms to focus on. Of course, there will be budgetary constraints, so included in this section is a discussion of whether to hire a professional stager or DIY.

The reader will now be at the opposite end of the spectrum – they have become the

seller. The situation is now reversed, and the authors discuss the process but with a seller's hat on. They suggest getting input and valuations from at least three agents as well as discussing their fees and contract structure before using their services. Or, perhaps try selling privately, either offline or online (via Facebook, Gumtree, Ebay). If the property is not selling, do the obvious things like improving the photographs or the description, but also ensure that the agent

gives you feedback from sellers.

Your ideal buyers are:

(a) **cash buyers**

(b) **first time buyers**

(c) **buyers who have sold and are currently renting.**

The next chapter discusses "Moving home" and focuses on planning the move including the various options for moving (removal companies, van hire). You will need to contact a whole bunch of people, including service and utility providers, and plan the practicalities of the move itself.

The penultimate chapter discusses "Managing stress, issues and conflict" and it reflects aspects of the whole book. The authors provide guidelines on how best to do this using examples of what they do. At the end of this chapter is a very useful Q&A focusing on the dealing with contractors. The final chapter is a reference list with lots of links to useful resources.

WHO IS THIS BOOK FOR?

To say that this book is comprehensive would be an understatement and it's clear that the authors have spent a huge amount of time in creating a content-rich book. Most of the chapters will have something for everyone interested in real estate, but the main direction of the book is about creating incredible refurbished properties to sell, so will be of most interest to those looking to create beautiful homes to live in or to sell-on for profit.

Book reviewed by:

Raj Beri



www.rajberi.co.uk Email: raj@rajberi.co.uk

Book Details:

Available from **Amazon** Date published: **2018**

STRIVE TO THRIVE, NOT JUST SURVIVE, DURING THE COVID-19 PANDEMIC

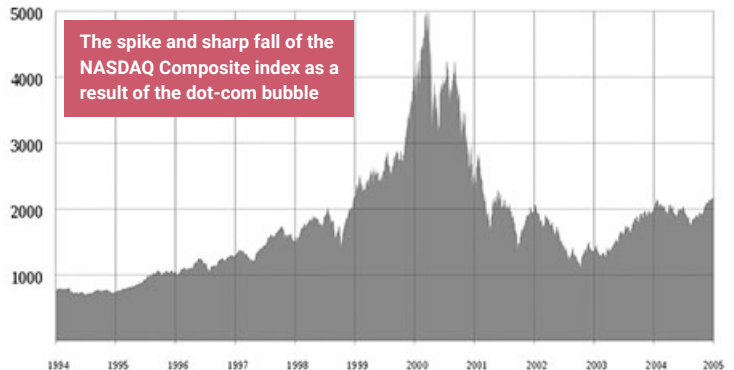
By **Marcus de Maria**

In the last few weeks, the stock market has experienced unprecedented volatility. The speed in which it fell in any one day had not been seen since 1929.

From experience, when any move happens too quickly, it tends to go the other way just as quickly (see the chart of the first wave of May 2000 dot-com bubble), and this is exactly what played out here. The subsequent move up was the fastest move back up since the early 1930s.

The effect of the current ongoing coronavirus pandemic on the stock market culminated in the dramatic fall of oil prices due to the dispute between Saudi Arabia and Russia. Saudi Arabia wanted Russia to lower its daily production of oil. When Russia refused, Saudi Arabia responded by hiking its output, meaning that supply far outpaced demand, and so prices went down rapidly.

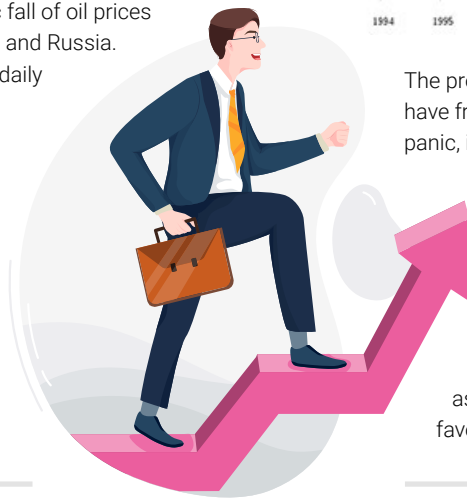
However, something I have learned in the last 20 years of trading and investing is that where there are problems, there are also opportunities ... if you look for them.



The problem is that despite these opportunities, most people would have frozen like a deer in headlights. Many would have sold in a panic, instead of looking for the opportunities.

We know that the stock market goes up on average 7% a year. And we also know that this pandemic will be over. And when it is, the economy will spring back to life and businesses will start making money again, and so the stock market will go back up once more.

That doesn't mean we should jump into the same stocks as before. The landscape has changed, and what was once a favourite might not be the right stock to buy now.



BUSINESSES THAT WE ARE AVOIDING ARE:

- **Airlines** – They are grounded, apart from re-patriating nationals stuck abroad, so they will be hit dramatically. For example, Delta airlines is currently losing \$80 million a day.

Clearly, this is unsustainable. Norwegian airlines already had debt issues. With every week that this lockdown continues, the situation gets worse. Some will go bankrupt unless they are bailed out by governments. On the other hand, they can buy fuel at very low prices for the future, which is some good news at least.

- **Leisure companies** – Thomas Cook went bankrupt before the crisis. Imagine what is going to happen to companies during and after the crisis. Hotel chains are going to suffer too as people can't travel.
- **Insurance companies** – Claims will go up as companies and businesses do whatever it takes to survive, and businesses go bust.
- **Banks** – Banks and mortgage providers have been fast to act due to government pressure



to offer mortgage holidays. However, banks will only lend to viable companies who have a strong history of profitability, so most applications will fail. Furthermore, when businesses start defaulting on their payments and families can't pay their mortgages, banks will be in trouble.

- **REITs** – People will not be able to pay their rent and mortgages, so avoid Real Estate Trusts for a while. However, after REITs have fallen in price, there will be some bargains to be had.
- **Food industry** – Restaurants that don't offer take-out deliveries are likely to go bankrupt. Running a restaurant is a risky endeavour at the best of times, being three times more

likely to fail than other industries, but without any money coming in this will get a lot worse.

- **Other** – I am sure you can think of many more, and that's the whole point. Do some critical thinking about what it means to have coffee shops, retail units, and shops that don't have an online arm. The high streets were struggling before, so this could be a death blow for many.

We suggest finding companies with worse fundamentals and shorting them. Shorting is a term used when we sell at the top and buy back at the bottom and pocket the difference. You might not have tried it before, but it is an everyday occurrence in trading.

BUSINESSES THAT WE ARE FOCUSING ON ARE:

- **Online Retailers** – Amazon, Ali Baba and Baidu are going to do well in the short and medium term. In fact, unlike most businesses, Amazon is on a hiring spree to cope with demand.
- **Supermarkets, especially those that deliver** – Think Ocado, for example. Their online delivery service is so in demand that the app could not cope and there are wait times of up to a week before you can order. They have also announced a hook up with Marks & Spencers later in the year and, personally, I can't wait to order my M&S online!
- **Oil** – In the long term, oil prices will have to go back up because it is not viable for companies to produce it, so they will stop doing so. As they stop production, the supply should fall and then demand will pick up, bringing with it higher oil prices.
- **Apple and other laptop companies** – As people work from home, they are going to need the equipment to be productive.



- **Gold and silver** – Precious metals like gold and silver have a history of performing well during a financial crisis. They are a lot more stable and are proven assets that hold their value over time. Fiat currencies can experience inflation which means its worth becomes less and less since the governments can print as much money as they like. Precious metals, on the other hand, are more scarce and hold their value over time.

- **Other** – I am sure you can think of some more. What are you and your colleagues buying right now? Maybe you're online gaming? Betting? Dating? Think of the manufacturers of home gym equipment and weights – countless companies are going to do well.



Something else that went down very fast and we don't really know why, was cryptocurrencies. Bitcoin fell to below \$4,000. It took me by surprise, and I managed to get some on its way back up at \$5,000. It is currently at \$7,000.

With the 'halving' coming up, we believe this is a great opportunity to get into cryptos. Every four years, the miners who maintain the blockchain have their reward in Bitcoin reduced by 50%, hence the name. By cutting the supply of Bitcoin, less Bitcoin will go into circulation, and so the supply slows down. Compare this to fiat money, which can be printed (especially in this crisis) and see that it has the opposite effect, meaning that prices will go down instead of up because of the increased supply.

The last times the halving happened (in 2012 and 2016), prices rose dramatically. We can only take notice of what happened in the past and extrapolate. But it does make sense. We know that only 21 million Bitcoin will ever be mined. The supply is also being slowed down by the halving. By the way, we are not looking necessarily to get into Bitcoin, but we are looking to see which other cryptos are also likely to go up.

From the last halving to the end of 2017, Bitcoin rose 2,162%. But if you look at the altcoins ... they went up 5.5 times more.

Obviously, there are no magic pills. Please do your own research.

Imagine if you decided that you weren't just going to survive this crisis but take action so that you thrive in this crisis. What would that action be? Is it oil? Cryptos? Something else?

Remember the famous saying by the most successful long-term investor in the world, Warren Buffet, that when others are being fearful it is time to get greedy. Are others being fearful, right now? Yes. What are you doing about it?

Did you know that more millionaires are made in a recession than at any other time?

What research or critical thinking can you do right now to take advantage of this situation? You can start by downloading my book called the Lunchtime Trader.

<http://investment-mastery.com/ypn-ltt-book>

To your success!

Marcus de Maria



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.	GDV	Gross Development Value
ADR	Alternative Dispute Resolution			GOI	Gross operating income
AI	Artificial intelligence			HB	Housing benefit
APHC	Association of Plumbing and Heating Contractors			HHSRS	Housing Health and Safety Rating System
ARLA	Association of Residential Letting Agents			HMO	House of Multiple Occupation
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.	CGT	Capital gains tax	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	CML	Council for Mortgage Lenders		
AT	Assured tenancy	CPD	Continuing Professional Development		
BCIS	Building Cost Information Service – a part of RICS, providing cost and price information for the UK construction industry.	CPT	Contractual periodic tenancy		
		CRM	Customer relationship management (eg, CRM systems)		
BCO	British Council for Offices	CTA	Call to Action	HP	Hire Purchase
BIM	Building information modelling	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
BMV	Below market value			ICR	Interest Cover Ratio
BPEC	British Plumbing Employers Council – qualifications, assessments and learning materials for Building Services Engineering sector	CTA	Call to Action	IFA	Independent financial advisor
		DHCLG	Department of Housing, Communities and Local Government (formerly DCLG – Department for Communities and Local Government)	IHT	Inheritance tax
BRR	Buy, refurbish, rent out			IRR	Internal Rate of Return
BTL	Buy-to-let	DoT	Deed or Declaration of Trust	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)
BTR	Build-to-rent	DPS	Deposit Protection Service		
BTS	Buy-to-sell	EHO	Environmental Health Officer	JV	Joint venture
C2R	Commercial to residential conversion	EIS	Enterprise Investment Scheme	JVA	Joint venture agreement
CCA	Consumer Credit Act	EPC	Energy performance certificate	KPIs	Key Performance Indicators
CDM	Construction Design and Management	FCA	Financial Conduct Authority	L8 ACOP	Approved Code of Practice L8 – Legionella Control and Guidance
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)	FHL	Furnished holiday let	LACORS	Local Authorities Coordinators of Regulatory Services
		FLEEA cover	Insurance cover for Fire, Lightning, Explosion, Earthquake and Aircraft impact, but no other perils. Some times issued for a property that has been empty for some time	LHA	Local Housing Authority
		FPC	Financial Policy Committee	Libor	London Inter-Bank Offered Rate
		FRA	Fire risk assessment	LLP	Limited Liability Partnership
		FSCS	Financial Services Compensation Scheme	LTV	Loan To Value
		FTB	First time buyer	MCD	Mortgage Credit Directive (European framework of rules of conduct for mortgage firms)
		GCH	Gas central heating	MHCLG	Ministry of Housing, Communities & Local Government
		GDP	Gross domestic product	MVP	Minimum viable product
		GDPR	General Data Protection Regulation		

NALS	National Approved Letting Scheme	RLA	Residential Landlords Association	Prescribe the nature of development Compensate for loss or damage created by a development Mitigate the impact of a development (Source: planningportal.co.uk)
NICEIC	National Inspection Council for Electrical Installation Contracting	RoCE	Return on Capital Employed	
NLA	National Landlords Association	ROI	Return on Investment	
OIEO	Offers in excess of	RP	Registered Proprietor, refer ring to the name on the title of a property Land Registry	SA Served Accommodation
OMV	Open market value			SAP (assessment) Standard assessment procedure
ONS	Office for National Statistics	RSJ	Rolled-steel joist – steel beam	SARB Sale and Rent Back
OTA	Online travel agent	RTO	Rent to Own	SDLT Stamp Duty Land Tax
PBSA	Purpose-built student accommodation	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)	SI Sophisticated Investor (Source: FCA)
PCA	Property Care Association, a trade organisation for specialists who resolve problems affecting buildings			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			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.	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.	(a) Member of a syndicate of business angels for at least six months;
PI insurance	Professional Indemnity insurance			(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			(d) Director of a company with annual turnover of at least £1m within the previous two years.
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)	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.	
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)	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
		S106 Section 106	Section 106 agreements, based on that section of The 1990 Town & Country Planning Act, and also referred to as planning obligations, are private agreements made between local authorities and developers. They can be attached to a planning permission to make acceptable development that would otherwise be unacceptable in planning terms. Planning obligations must be directly relevant to the proposed development and are used for three purposes:	SME Small and Medium-sized Enterprises
PRS	Private Rented Sector			SPT Statutory periodic tenancy
R2R	Rent-to-rent			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.
REIT	Real Estate Investment Trust			SSTC Sold Subject To Contract
RGI	Rent guarantee insurance			TPO The Property Ombudsman
RICS	Royal Institute of Chartered Surveyors			UC Universal credit
				UKALA The UK Association of Letting Agents
				USP Unique selling point
				VOA Valuation Office Agency

Some are accessing government funding, some have used their savings, others are still able to provide much needed accommodation to key workers.

Speaking to many operators, the ones that are surviving now are the ones that made wise decisions during the good times, they have a buffer for many rainy days and have the most efficient systems in place.

Yes. Right now, there is a lot of uncertainty and challenging times ahead but 'this too shall pass'.

Lockdown is a temporary period and on the other side of this people will still need to visit family and friends, contractors will need to work away and dare we say people will want to celebrate their renewed freedom with a weekend break

Where? Most likely in the UK.

Sadly some operators will have decided to return to the single let market, have had to hand properties back to landlords, or change their business model altogether. **How can you use this time to put yourself in a stronger position?**

If you had been thinking about learning about the Serviced Accommodation model and seen the disruption in the last few weeks, rest assured that the business model will still exist when we resume normal life. For those who want a step by step programme NOW, where you can prepare for what's to come, study with experts and have a head start to creating a new source of income then TotalSA could be for you.

One thing is for sure, for those that are in a position to use this period to their benefit, it is an opportunity to skill up, **to be prepared for ANY eventuality** and to learn from the best in the industry.

What are the **unchanging** fundamentals?

Making money from serviced accommodation means getting the right property in the right place for the right market – and delivering the right service. Above all, you must know and abide by the rules.

Members will also have access to a private Facebook group where you can discuss all things SA, pose your questions to the experts and get access to the full webinar library.

TOTAL SA webinars run on the second and fourth Tuesdays of each month, on Tuesday evenings at 8pm.

In recent sessions we have spoken to **Mike and Carey McKeown** about how they have navigated the impact of Covid-19, changes they have made and their plan to move forward with the business. We have many recorded webinars waiting for you **NOW** – such as an interview with **Arthur Kemp** about how you can claim Capital

Sub-strategies

There are lots of sub-strategies that fall under the banner of serviced accommodation. City apartments, corporate lets, holiday lets, contractor accommodation, B&Bs, hotels ... aside from the catered vs self-catering debate, the nuances within each strategy can mean make or break for the success of your investment.

If you want to REALLY understand the potential, the realities and the regulations, then YPN TotalSA is for you!

TOTAL SA consists of fortnightly webinars with experts, advisors and active investors in this strategy. These sessions will cover everything you need to know, along with deep-dive interviews with investors who are willing to bare all about their SA properties and reveal the nitty-gritty of how they are surviving the current crisis.

You will also have access to a private Facebook group where you can discuss all things SA, pose your questions to the experts and get access to the full webinar library.

Allowances in your business, Richard Evans looks at using VA's to manage your systems and we take a deep dive into the best Channel Managers and how to maximise your occupancy and rates with Online Travel Agents (OTAs).

Amongst a variety of valuable and timeless content, we also have a step-by step live demo to help you learn how to understand occupancy rates, profit margins and SA hotspots.

Make your serviced accommodation a TOTAL success! Join us today at www.yourpropertynetwork.co.uk/TotalSA

WHAT WILL YOU DISCOVER?

Here's a taster ...

The different types of SA

What properties are suitable and how should they differ according to guest type?

Finding suitable properties

How to do the due diligence on an area and the property.

Inspirational case studies

Investors will be sharing details of their deals – purchased and rent-to-rent – from city apartments through to rural and coastal holiday lets.

Finance and funding

How can you fund SA properties? And what are the tax implications of this business?

Fitting out

What fittings and furnishings do you need? What should you provide? Successful SA operators will show how they do it.

AS WELL AS MARKETING, CHANNEL MANAGERS, CHANGEOVERS, MANAGEMENT AND LOTS, LOTS MORE!

What members are saying ...

"TotalSA fills in the missing pieces, absolute golden value, thank you"

NICOLA GRAHAM

"Very informative webinar last night, lots to digest."

DANIEL WILSON

Webinars are hosted by YPN team member **Michelle Cairns** and SA specialist **Richard Evans**.



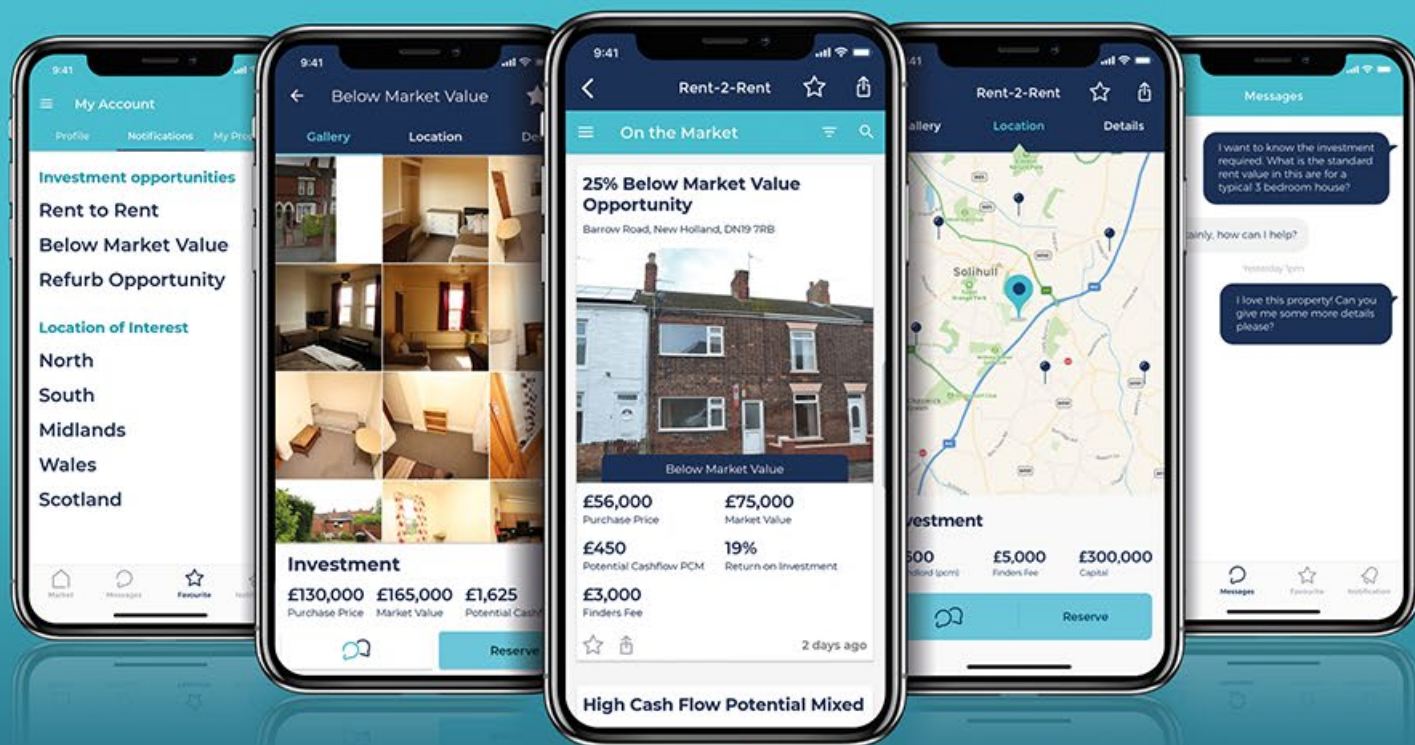
PROPERTY INVESTORS

Find your next property here!!!!

Opportunities available include

- Below Market Value
- Rent 2 Rent
- Lease Option deals
- Development Opportunities
- And so much more

All properties have been appraised and are ready to go



DOWNLOAD THE 'PROPERTY INVESTOR' APP FROM



Made By A Property Investor For Property Investors

www.propertyinvestorapp.co.uk



Property Investor

EMBRACE THE SLOW DOWN & RECONNECT WITH WHAT'S IMPORTANT

Over the last few weeks, while we've all been adjusting to new ways of working and living, I've been relishing this rare opportunity to slow down and reflect on what's important.

Taking this time to reconnect with all the things that make me who I am, to do things I enjoy but never have enough time to do and to focus on the things that make me smile and laugh is sure to have a beneficial effect on my wellbeing. And I, for one, am fully embracing it.

Amid all this uncertainty and worry, here are a few suggestions for ways to stay sane and focus on what's important:

SWITCH OFF AND ENJOY

Switch your mobile phone to airplane mode and just enjoy the simple things. Whether that's a long bath, a warm cosy cuddle with your cat or dancing in the kitchen to your favourite tunes, there are plenty of things to be enjoyed whilst at home. For me, I'm enjoying eating breakfast, lunch and dinner with my family every day. This rare treat is one we only ever get when we're on holiday. We're far from being on holiday, of course, but the sun is shining and the birds are singing, so we are doing our best to make the most of it. And in the garden too – in May! Maybe every cloud does have a silver lining after all?



PLAY, PLAY, PLAY

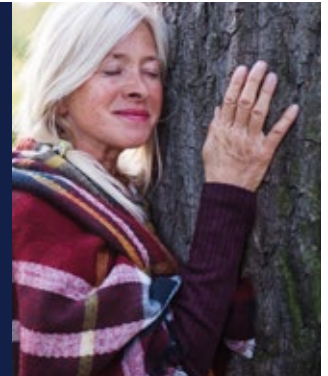
Everyone knows that play is crucial in all aspects of children's learning but in this busy world of business meetings, buying houses and tenant issues we often forget that play is just as important for adults. Play helps us to feel relaxed and it's been proven to have a positive effect on relationships, mood and even your job. Plus, games make us laugh and we all know that laughter is the best medicine, so whatever you've got to hand – a pack of cards, a board game or the internet – get playing. You won't regret it.

"Laughter is the best medicine"

CONNECT WITH NATURE

Our hectic, modern lives can make it hard to live in the moment, but spending time in nature can help us to reconnect, which can be beneficial on a number of levels.

Something as simple as a bit of fresh air and the sun on your skin can make you feel energised and revived, reducing stress, increasing happiness and inspiring creativity. So, find a tree and hug it, you'll feel better for it. Seriously.



ATTACK THE SHED

Whether it's your garden shed or your kitchen cupboard, I'm certain there's at least one element of your home in need of some TLC. Get stuck in and enjoy the transformation that unfolds before you. I predict we're all going to have immaculate homes and gardens before long – the charity shops aren't going to know what's hit them!

EXERCISE

If you're not already joining Joe Wicks for his daily 30-minute 9am workout on YouTube then check it out. It's aimed at kids, but is active enough to get anyone's heart rate up and it's a great way to start the day, every day. Alternatively, a walk around the block will work wonders to help blow the cobwebs away. Or you could try skipping. I read somewhere once that skipping for 20 minutes does the same for you as a hard 50-minute run. And it's better for your knees too. Wow!

READ

Mark Twain once said: *"Those who don't read have no advantage over those who can't read"* and he was right, especially now, when there is so much great material out there. Finish that book you've been dipping into for the last six months. Use this time to learn something you've always wanted to learn. Or simply get lost in a novel. Whatever your fancy, grab a cuppa (or a glass of your favourite plonk), get comfy and get reading.



SLEEP

Oh yes, we all need more sleep. Apart from putting you in a better mood, reducing stress and making you smarter (yes, it really does), getting a good night's sleep can keep you healthy and help to fight off infection. Something we could all benefit from right now. So, get some clean sheets on, dive right in and catch those much-needed zeds.



SOCIALISE (VIRTUALLY)

Last but not least, during this time of social distancing apps like Houseparty, Netflix Party and Zoom, amongst others, are making it possible to have online parties, share quizzes or just have a chat and see some familiar faces. While it might not be as good as the real thing, you'll be sure to end the call with a smile on your face and a warm feeling inside.

These times may feel a bit strange and while it's important to keep abreast of what's going on, it's just as important to switch off and make the most of this unique opportunity to slow down. Reconnecting with yourself and your immediate family can only be a good thing and I'm sure we'll see the benefits for a long time to come.

Who knows what life will look like after coronavirus but if we're rested, connected and strong we'll be ready to find out, when that time comes.

Enjoy and be safe.



Share your stories of how you're enjoying the slow down with me at heidi@yourpropertynetwork.co.uk



THE OFFICIAL
**PROPERTY
ENTREPRENEUR**
PODCAST

DANIEL HILL

YOUNG ENTREPRENEUR OF THE YEAR 2013
ENTREPRENEUR OF THE YEAR 2018

BRAND NEW FREE PODCAST AVAILABLE ON ALL MAJOR PLATFORMS



SEE THE LATEST EPISODES HERE
WWW.BIT.LY/39UTSG6



To the



THANK YOU for taking care of us.

**TO FOOD PRODUCERS AND RETAILERS
OF ESSENTIAL GOODS, LOCAL SHOPS
AND SUPERMARKETS:**

THANK YOU for keeping us going.

TO CARE, SOCIAL AND KEY WORKERS:

THANK YOU for taking care of the vulnerable
people in our communities.

TO OUR PRINTERS AND THE POST OFFICE:

THANK YOU for helping us get this magazine out.

TO YOU, OUR READERS:

THANK YOU for staying with us.

