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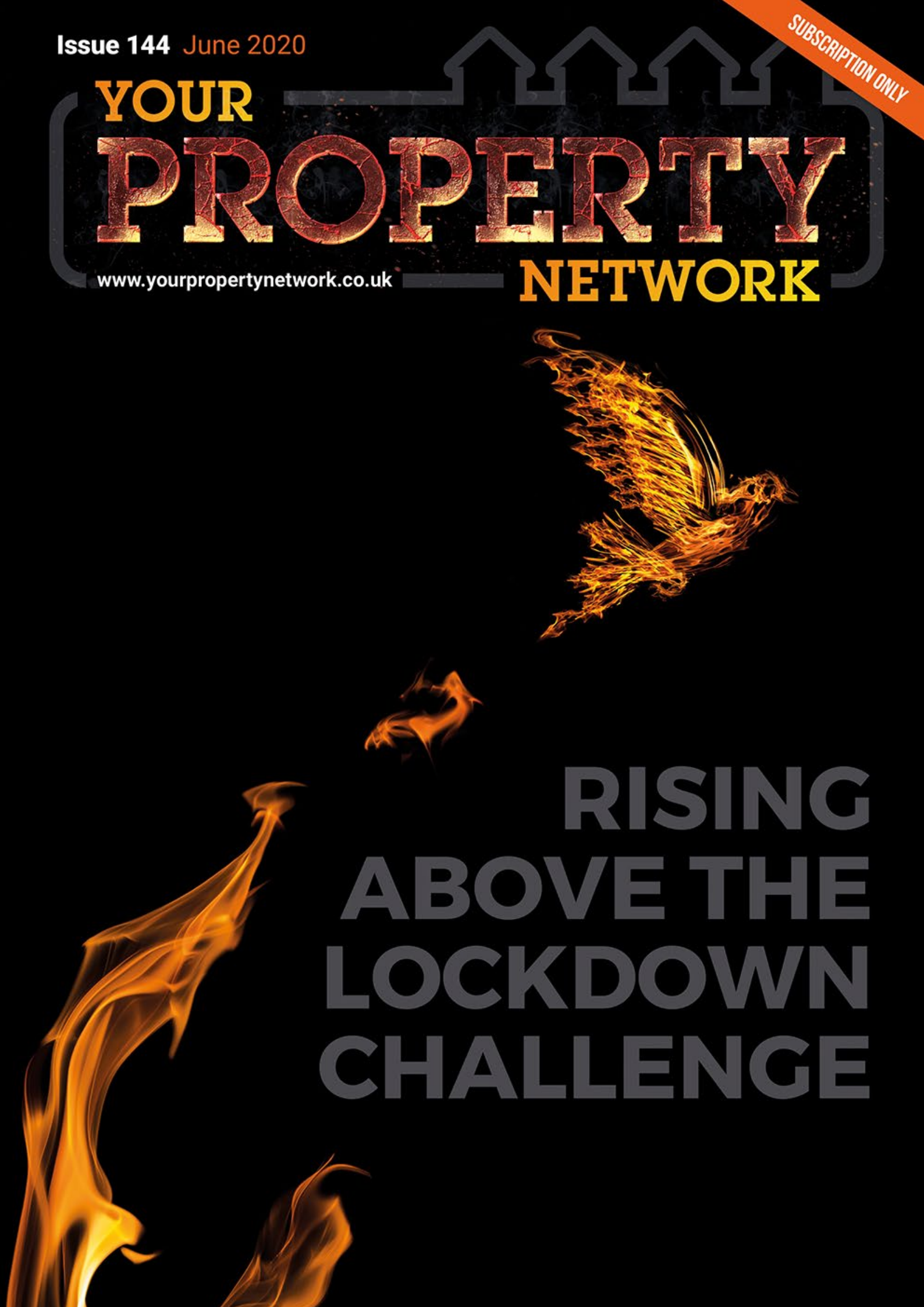
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A phoenix rising from flames. The image features a stylized phoenix bird, composed of bright orange and yellow flames, rising from a pool of fire at the bottom left. The background is black, and the overall theme is one of rebirth and overcoming challenges.

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Welcome to Your Property Network!

As lockdown restrictions slowly begin to lift, investors are planning their next steps in a changed world. Every one of us has learned something from the lockdown period, whether on a personal, professional or property level, and in this issue we speak to some investors about their experiences and the impact on their property businesses and investments.

We are also proud to have had the opportunity to speak to Merilee Karr, the woman behind the NHS Homes initiative. SA and the wider hospitality sector has been one of the worst hit over the last two months as business and tourism travel ground to a halt. However, this initiative has been a way of owners keeping properties occupied and doing some good at the same time.

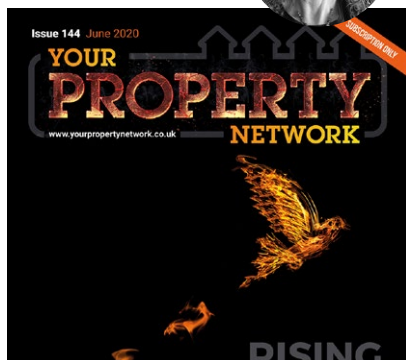
General opinion at the moment seems to indicate that staycations will become more popular in the UK towards the end of this year and into 2021, which is very good news for existing SA and holiday let operators and for those considering a move into this strategy.

The property market will pick up momentum over the next few weeks, though I suspect it will be a slow start. If you haven't already revised your investment plan, do it now so that you are ready to jump back in sooner rather than later.

For inspiration, take a look at this month's mini-feature on design to get some ideas for attracting the best tenants or guests for your properties. What changes could you make to your existing portfolio to boost value and returns?

With best wishes for your health, wellbeing and investment success,

Jayne



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SHOULD YOU AVOID BUYING PROPERTIES WITH STRUCTURAL DEFECTS?

Kevin Wright

Creator of the Ninja Investor Programme

www.ninjinvestorprogramme.co.uk

Even for very experienced investors seeing a property with cracks running down the walls is enough to make them run in the opposite direction.

A property with structural defects could be a bottomless pit in terms of the cost of solving the problem, in order to make a property with structural problems mortgageable again.

This is overlooking a potential goldmine.

However, it's not an investment area that you want to jump into blindly. You need a bit of expertise on board. To exploit the opportunity that this type of property presents you either need to have specific building or construction background and knowledge or access to someone who does.

Investors who have a building background eyes light up when they see a building with a structural problem. This is simply because they know that while it looks dire, the reality is that it's a solvable problem that will cost substantially less than you would expect.

Clearly if you don't have this construction knowledge you should only consider this type of property with the benefit of a professional behind you. Either as a joint venture partner or contractor.

Cracks in the walls of a property, in the minds of the general public and investors alike, conjure up one word:

UNDERPINNING

Underpinning can be horrendously expensive with costs running into the tens of thousands of pounds. However, a builder will tell you that cracks in a building often don't indicate that need for underpinning. That knowledge doesn't need to be shared. This allows you to negotiate from a position of strength.

As a potential buyer of a property with cracks in the walls it's a great opportunity to do the classic sharp intake of breath and say "Ooooh, that's going to cost a lot!"

Of course, there will be circumstances where underpinning is the solution, and that's not a problem as long as you build it into the cost when you're doing your due diligence.

Sometimes a structural engineer will need to be engaged to provide a report to provide clarity up front. This will provide the definitive requirement of what the solution will be.

This type of unmortgageable property is one where all but a few buyers fear to tread, which opens up a great opportunity to profit. A 50% below asking price offer is not out of order for a property of this nature.

The good news is that, while buy-to-let lenders won't touch a property that has structural defects, bridging lenders are quite happy to lend on this type of property.

Once you know what you're dealing with – and that would be part of your due diligence – making good the structural defect is not as big a deal as people tend to believe. When the work has been done, get confirmation that the problem is solved with a structural engineers' report – and what was unmortgageable is mortgageable, allowing you to apply for a BTL mortgage or sell the property on.

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Your Trainer: Kevin Wright

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



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

What has lockdown been like for you and your property investing? Did your rents get paid? Have your projects come to a standstill? Or have you managed to keep going through the crisis?

In the middle of March, investors were preparing for the worst – non-payment of rent, stalled building projects, escalating finance costs or funding recalls, and all sorts of other property-related catastrophes. But was it as bad as we imagined?

We've been taking stock of the last two months and talking to investors, landlords and developers to find out what life in lockdown has really been like for people in property.

Health of course has been at the top of everyone's agenda, along with the protection and wellbeing of loved ones. But when that is safeguarded, financial health is pretty close to being next on the list.

Over the next few pages, property people with a variety of holdings are candid about their experiences. There have been a few

problems, yes, but on the whole it seems that investors have risen from the depths of the challenges thrown at us by coronavirus to get their property businesses and investments into a stronger position. Getting ready to fly again, like the phoenix from the ashes.

As you would expect, serviced accommodation operators have seen the biggest impact. **David Rumford** speaks about his SA properties in Cambridgeshire and Bath, but it hasn't been all doom and gloom as some of his properties have been occupied by key workers. What has been evident for him though, is the contrast between the tourist and the contractor markets.

On the refurbishment and development side, some projects have been able to continue, albeit at a slower and more careful pace than they would normally have done. Forward planning to get enough supplies in together with social distancing measures helped to keep some projects moving, while other sites were subject to the contractor's decision to shut down. **Kieran Hedges's** choice to focus on the elements that were under his control helped him stay positive through the challenges.

On the whole, rent arrears have been much lower than anticipated although some landlords have had to help a few tenants with Universal Credit claims when incomes disappeared. Similarly, take up of the mortgage holiday seems to have been low with many viewing this as a back-up or contingency plan in the event of non-payment of rent.

Coronavirus and lockdown prompted several investors to review their businesses, as **Guiseppe Leone** has done, by rethinking priorities and taking the opportunity to overhaul processes and systems.

This has been a chance to review not only our property activity and businesses but also the way we run our personal lives. Going forward, we are far more likely to question the need to do long trips for meetings and we'll be more inclined to explore technologies that will make us more time-efficient – and probably stay healthier as well.

None of us know what life is going to be like over the next few months – although that won't stop us speculating. The property market might go down, on the other hand it might go up. There might be pent-up demand for rental property, or there might not. Any plans we make will need to be flexible. To this end, **Bill Mann** has the final say in this feature to help us prepare for the new, post-lockdown normality.

Jayne



SURVIVING THE STORM

Investor and developer **David Rumford** reveals how preparation is the key to survival

Interview & words: **Jayne Owen**

How do you weather the corona storm, or any storm for that matter, when you're exposed on more than one front in property? The answer lies in meticulous risk management and planning before a deal is even struck.

David Rumford's property business and portfolio cover a range of investment strategies. He co-owns a development company, holds several buy-to-let properties and also runs serviced accommodation units in two

areas that are 150 miles apart and quite dissimilar in nature.

As well as experiencing the shock to the serviced accommodation sector first-hand, he was in the middle of two development projects.

You might think this would have left him exposed to the impact of the pandemic – and you'd be right. But if you think it was a recipe for caving under pressure, then think again.

David is a measured, pragmatic person who emanates a sense of calm

when you speak to him. You get the sense that whatever happens, he will take it in his stride – in no small reason because he will have done a heap of research and preparation before entering into a deal.



MINIMISING DEVELOPMENT RISK

For David, being caught mid-project was not as devastating as it might have been because he and his partners are in the habit of doing a lot of work before signing on the dotted line. That way, he can be confident that a project is viable before committing too much money and time.

So what can we learn from David about minimising risk?

1 Don't rely on bank finance

Top of the list is to avoid being 100% reliant on banks.

Too many investors and developers have had their fingers burned on bank finance over the years. David's preferred alternatives are to seek out private finance or work with joint venture partners, which he believes are more flexible and less volatile than commercial finance. Even a combination of mixing private investor finance with corporate finance is better than being too reliant on banks alone, therefore keeping your bank exposure gearing low, and allowing yourself more breathing space and alternative exits.

Nevertheless, it is crucial to set boundaries and explore what might happen if things go wrong before the deal is struck. "Having those conversations upfront prepares you all for whatever the market throws at you,"

he explains. "So when we're faced with a

situation like we're in now, there isn't a mass panic about what to do because we've already had a calm conversation about potential pitfalls. And okay, while we didn't expect this to happen, we had explored what to do if there was a market downturn."

The JV approach is evident in the case studies in this article.

2 Line up multiple exit strategies

David normally aims to have at least two exit strategies, and preferably a third. Plan A for a development project could be to sell, Plan B to rent out and Plan C to let as SA units.

3 Do as much preparation as you can before signing, while keeping risk costs to a minimum

By way of example, on the St Neot's project, the planning consultant advised applying for outline planning permission instead of doing a pre-app. Pre-application advice is not binding, so if they had secured the site on this basis and the council subsequently did not honour it, they would be left with a site that was no longer a worthwhile project.

By submitting for outline planning, which included everything except the landscaping, the council indicated that the development was acceptable in

CASE STUDY 1 New build flats, St Neots, Cambridgeshire

THE PROJECT

New build construction of eight flats on a brownfield site in St Neots, a small market town.

THE SITE

The site contained a small building – the premises of an old insurance business – and was complicated by the presence of a power substation to the rear. Any plan had to allow for continuous access to this structure.

Surrounding buildings further limited options as they would have to stay within the existing building line and consider residential amenity, including overlooking issues.

Furthermore, the planners stipulated a parking space for each flat.

THE PLAN

They intended to demolish the existing building and build a new block of apartments. The project would only be worthwhile if they could achieve eight two-bedroomed flats on the site.

"It was really tricky trying to work out how best to maximise the site. Before we came along, the owner had had an offer from local agents who were aiming to help him get planning then try to sell it as a site with planning permission for four to six flats.

The owner, who had invested with us in previous projects, wasn't satisfied with this idea and approached us."

The architect came up with a T-shaped scheme that met the criteria, and allowed for a roadway at the front to retain access to the substation. Putting the rear section on stilts meant they could incorporate parking spaces underneath part of the residential structure.

THE DEAL

A new SPV limited company was created, with David, his two business partners and the landowner as co-directors. The landowner held 50% of the SPV and David and his team held the remaining 50% between them.

The landowner transferred the land into the SPV in exchange for a director's loan, effectively selling it into the company to create an unencumbered asset. This arrangement would protect the landowner's interest should the worst happen and the bank seized the asset, as the director's loan would remain owing to him. In addition, as 50% shareholder, he had equal say in key decisions, so the bank could not repossess

the site without him being involved in the decision.

The SPV achieved bank funding for 100% of the development costs, plus a small amount towards the land, secured against the unencumbered land, so there was very little risk of over-exposure. This can be repaid either by selling the first few flats or by refinancing to release equity.

Applying for outline planning before sealing the deal meant minimal input from the architect, which enabled David to keep the risk costs as low as possible until they had the okay from the council. *"We probably spent the best part of 18 months going backwards and forwards, mainly with planning. The local authority in this area isn't the easiest to work with."*

The JV agreement allows for a 50/50 profit share after costs and after the landowner gets the original value of the land back. This structure confirms that all parties agree about the level of profit – it's not in the owner's interests to push for a sale if the market changes.

All this was agreed at the outset before the deal was struck. *"We all said, well, what happens if a recession comes along in the next year or two? A year ago, people didn't see that being a reality, but times change ..."*

That conversation also forced them to consider alternatives. Being able to refinance to get rid of the development loan would prevent having to resort to a fire sale of the assets. The landowner's involvement – and agreement – meant there was enough equity left in the project to refinance if necessary, in which case he would receive a proportion of the rental profit in return. The remaining rental profit would be split 50/50. So in the event of a market downturn or a correction, they will let the flats out for two years either as ASTs or SA. They also included a review clause to evaluate market prices after two years.



THE BUILD (AS AT END OF APRIL)

Construction work started in June 2019, so a large proportion of the work had been done before the lockdown. *"Luckily enough, we've been able to crack on with the job because our workers haven't had to cram on to a tube or public transport to get to the site. We have a small band of subcontractors who turn up independently – they and we are doing our absolute best to follow government guidelines about social distancing on site. That allows us to legitimately and quietly carry on and so far we haven't lost any time."*

The project is due to finish this month and will come in on schedule if they achieve that.

They already have solid interest in some of the flats and were just two weeks from exchange on one when lockdown was announced. *"I was nervous but hoping that the buyer would show integrity and not try to drive the price down at the last minute. So far, everything is fine; he called last weekend to reassure us that he still intends to go ahead as agreed and is just waiting for the mortgage survey to come through."*

THE NUMBERS

Developer risk upfront costs until planning granted: (includes surveys, architect, planning consultant and application fees)	£11,000
Purchase date (after planning was granted, as the deal was subject to planning):	June 2019
Purchase price:	£363,000
Professional fees (includes CIL & SDLT):	£167,000
Total development costs:	£935,000
Cost of finance:	£90,000
GDV:	£1,950,000
Profit:	£395,000
Return on capital:	25%

CASE STUDY 2

Commercial to residential conversion, Huntingdon, Cambridgeshire

THE PROJECT

Commercial to residential conversion of former solicitor's office located in a residential area.

THE PLAN

Divide the existing house into two houses – 1 x 2-bed and 1 x 3-bed – within permitted development.

Plan A is to sell the houses, and they will test the market by putting them on at the desired price when they are finished.

If it seems that they're unlikely reach that price, the houses can be either rented out under ASTs or let as serviced accommodation units. The figures still work in these scenarios.

THE DEAL

David's team sourced the deal and will be managing the build.

Prior to purchase, David had conversations with the local authority and was confident that the property would comply with PD rights. After that, the purchase was a straightforward process, and PD was signed off shortly after completion.

A JV partner is providing 100% of the finance in exchange for a First Charge and a share of the profit.



THE NUMBERS

Developer risk upfront costs: (planning consultant and application fees for the PD certificate)	£2,000
Purchase:	£337,500
Professional fees:	£23,975
Development costs:	£95,000
Cost of finance:	£ N/A
GDV:	£560,000
Profit:	£103,525
Return on capital:	22%

NOTE – Slightly less return on capital on this project, but this is balanced by just a £2,000 risk by the developer, and no further capital required.



Key points from case studies

Why structuring a deal with JV partners or landowners works for developers ...

1. Little capital required from developer, thus allowing you to take on more projects concurrently.
2. Deals structured from start with partners to cater for potential market corrections, so fallback plan is agreed and no need for panic fire sales. If the worst happens, you pivot to build-to-rent instead.
3. A bank as major funder could have squeezed the developer to sell, even without developer profit to get their money back.

Why it works for landowners / investors ...

1. Landowner can maximise sale price rather than just sell in standard manner.
2. Investor can earn far better returns than in bank.
3. Investor can learn about the process and build their own track record by getting involved with project.
4. Landowner or investor gets to benefit from the developer's skill set, creating a win:win.

THE BUILD

The Victorian property looks like a terraced house from the front but extends a long way to the rear. There is separate access to the rear via a side lane, with enough room for car parking.

"From the front, it looks like a normal house in a terrace, but when you go through the front door it just goes back and back and back. We have been able to literally split it down the middle, almost like a cake, so we now have a house to the front and a house to the back."

The property also has a huge attic with lots of headroom. David considered converting this but was mindful of the ceiling price for the area. With the current configuration they can get the product on to the market at a price comparable with other houses in the area. If they had spent a further £50,000 or so to convert the attic, it would demand a much higher price in order for them to get the return they would need.

Leaving the attic as is allows them to

The serviced accommodation impact

The pandemic has had a mixed impact on the serviced accommodation side of David's business. His SA portfolio consists of seven units near his home in Bath and two properties in Cambridgeshire.

From David's experience, *"this is where it really shows that SA falls into two distinct categories – contractors and tourists."* The Cambridge properties tend to attract business customers in the middle management category, such as IT contractors. *"These have been a lot easier, and really busy even over the past couple of months as we've had some key workers staying there."* One of David's guests has been involved in supplying materials and machinery for the building of the ExCel Nightingale hospital in London.

Being tourist-led, the Bath properties have been harder to keep filled as the tourism sector has been badly hit. *"In Bath, you have to be able to make serviced accommodation work based on weekends and peak season. If you rely on seven-day-a-week occupancy, it's not going to work. There's a lot more supply than demand here during Monday to Thursday, because hotels are half empty."*

That said, David has succeeded in picking up some key worker bookings, such as a doctor seconded from London for a couple of months, as well as a smattering of local people who locked down in a separate unit away from vulnerable family members.

Many bookings have been cancelled, particularly those from overseas visitors. While several UK visitors have chosen to defer the booking, cross-border travel is set to remain unpredictable for some time. David's approach to cancellation requests has been to honour a full refund if guests cannot change the dates. *"Overall, we've probably refunded around seven or eight people. We didn't quibble, but just gave the full refund if they couldn't change dates."* Although he incurs a small transactional fee for this, he feels issuing the refund and absorbing the admin cost will help to maintain the element of goodwill in the longer term.

advertise the property as a family house with potential to convert in the future. This is a perfect example of work that is better for a home-owner to do rather than a developer. *"For a homebuyer who doesn't need to get that immediate return for the GDV, it would add a significant amount of value to the house for the long term and give them usable space."*

At the time of writing, there is about two months' work left and the builders are scheduled to finish in June. If the project comes in on time, they will have been on site for four months in total.

Like Case Study #1, they have been able to continue throughout the lockdown period, thanks to some forward planning. *"When we saw the outbreak was increasing, we planned ahead with the builders' merchants. Apart from making sure that people were staying safe, the hardest part was making sure we had enough materials to keep going before the merchants closed down. We had to work out what supplies we'd need over the next two months, and find room on site to store them."*

This was a big ask but one of David's two business partners is a builder with his own building company, who also takes on the role of technical officer on site.



Lockdown experience

One question we were keen to ask was, as a result of coronavirus and the lockdown, whether David has discovered any "essential" business activity that turned out to be not so essential after all?

"Initially you think having get-togethers and face-to-face meetings with business partners and your power team is essential, but you can have a pretty good meeting on Zoom. I've saved on the traveling too. Bath to my Cambridgeshire properties is a six-hour round trip in the car so I've effectively been able to have an extra day in the office, simply by using Zoom."

With trips to Cambridge every two weeks or so, David has gained an extra working day per fortnight – something to bear in mind for the future. *"We all get into a habit of thinking that we have to do these things. It's not until somebody says you can't do something that you find a workaround that works just as well."*

More time in the office has given him more time to think about what's really important in the business. The time that he has freed up from traveling has prompted him to use that time productively to speak more often to investors and key personnel in the team. *"We have been able to view plans on shared screens and that's probably one of the things that we didn't do enough before."*

Where do we go from here?

"Nobody knows where we're going to be when we come out of the lockdown, but I think there will be potential to acquire property at some good prices. Our number one strategy will continue to be commercial conversions because despite the recent new build, commercial conversion is what we do best."

"A lot of companies over the years have talked about staff working from home but they have really only played with the idea. Yet in the last couple of months, many companies have had to do that, or come to a standstill. I think managing directors and CEOs now have proof that certain teams can work from home successfully and will start questioning why they need to pay a fortune to rent big office blocks. Even if they own the premises, they might take the view that the property is an asset that is just sitting there."

"One change we might see is in working practices. I believe more people will work from home, which will prompt companies occupying the large blocks to move to smaller premises, perhaps bringing a team together once a week in a conference hall or meeting room."

"When we started our commercial conversion strategy back in 2013, it coincided with office-to-residential PD rights coming

in and we saw a host of office blocks being snapped up and converted. Potentially, we could see that again over the next six to 12 months as companies get to the point where they can exit their leases or sell their premises. That would bring a lot of old office blocks back on to the market again."

"They need to be in the right area of course – blocks in the middle of a business park won't work too well! But those like the solicitor's office (Case Study #2) that are already in or close to a residential area could be fantastic opportunities."

"You need to consider your exit timeframe. Projects like this can take 18 months to two years from start to finish, especially if you have to apply for full planning. Even if there is a market dip, it will probably have recovered by that point and your converted residential properties would come on when the market is on the up again. We've experienced this before (the project was featured in one of our early YPN articles!) so this will be a strong focus for me for the rest of this year."

"I'm a big believer that the property market can be a self-fulfilling prophecy. At the moment it hasn't changed because nobody can do anything. When things start moving again, I suspect news stories will turn to the economy and house prices, and claim that prices are going down. It's only when people start to believe they're dropping that we'll see any change."

"The biggest danger I see is the mortgage lenders. Even on transactions where sales are agreed, if the surveyor hasn't yet done the report, there's a risk the property might be downvalued. That leaves the buyer stuck – it won't necessarily be them who wants to try and knock the price down but they're no longer able to get the mortgage they thought they would."

"It might take a month or two for vendors to feel they're not achieving the price they were hoping for. That's the time to look for deals. Allow vendors time to realise that there's been a shift rather than trying to bag a bargain from day one."

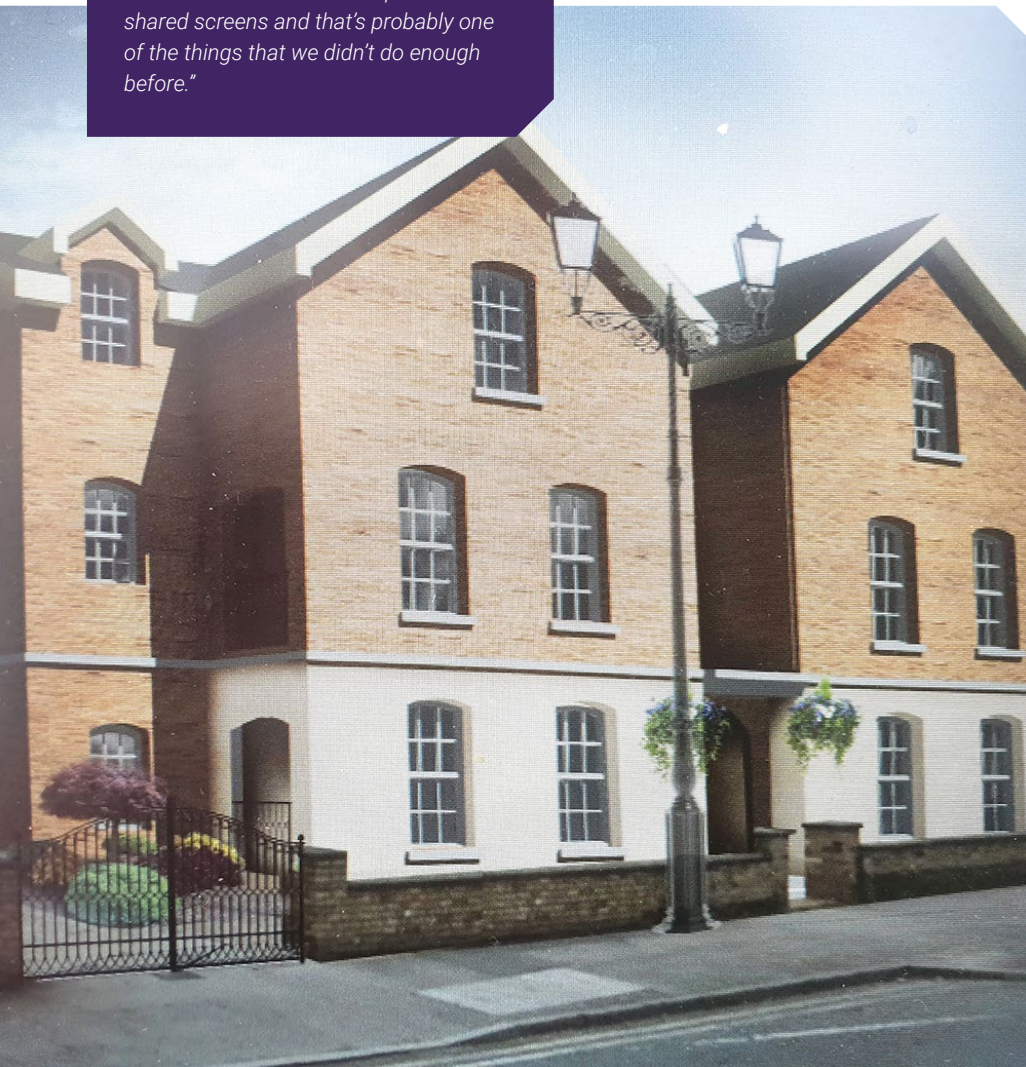
"I think the recovery will be stronger this time, potentially more of a V-shaped recovery than we saw after 2008. So from an investor/developer point of view, that leads me to the conclusion that if I want to get more office buildings to convert to residential, I'll need to be on that within a couple of months after lockdown ends. I think we'll have a window of six to nine months to make the best of it before the recovery speeds up."

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FOCUS ON THE THINGS YOU CAN CONTROL

Kieran Hedges explains how lockdown has affected his 16-bed HMO and two high-end new build projects and why he's staying positive.

Interview & words: Heidi Moment



Living in a house full of girls isn't easy at the best of times. Amidst the overflowing dishwasher and bins, the cooking rota with 'Come Dine With Me' prizes for the best meals, a house full of Zoom calls with friends and trying to keep everyone away from the news, Kieran Hedges has had his hands full in more ways than one.

When we spoke, Kieran's positivity shone through and it was clear his 'business-as-usual' attitude is still in check and none of this is getting him down. Here's what he had to say:

What happened when you first heard about lockdown?

The day lockdown was announced we closed the 16-bed HMO development down completely. As none of us have been through anything like this before it made sense to err on the side of caution. The contractor made it very clear he wanted to wait for further guidance from the government before starting work again and although that wasn't ideal, I agreed.

The contractor is ultimately responsible for his guys on site, so it was ultimately his decision. And it worked in my favour too. Due to our JCT Contract if I had recommended the shut down, Force Majeure would have been triggered, leaving it open for the contractor to potentially claim back time and money, which I definitely didn't want. By letting the contractor decide on the closure I knew there may be added time to the project, but not added cost.

Of course none of us knew how long the lockdown would continue, but I knew I wanted my site to open up again as soon as possible. Given the hand-to-mouth existence of many labourers I knew these times would be worrying for them and their families, so as a gesture of goodwill I offered to pay them up to six weeks

of wages while they were off site. This way I knew they could keep their families safe and hopefully my site would be the first they would come back to after lockdown, rather than seeking other opportunities.

What stage was your 16-bed HMO at?

On the day of closure the first fix plumbing and electrics was just about to start. After two weeks we allowed people back on site again, starting slow with one tradesman at a time to follow social distancing guidelines. This came with some challenges, as materials and services have been more difficult to come by.

Multifinish (plaster) is like gold dust. Retailing for around £7, a 25kg bag was going for £40 on ebay. Tut tut! The door and window

company hadn't opened yet (and still hasn't at the time of writing) and broadband and gas companies are yet to take bookings for their engineers to connect services up. The latest communication with them tells us it might take until the end of June to get going again.



"Buying plaster is like buying gold dust"

What impact will this have on your schedule?

Of course, all this means our schedule went out of the window and the full impact of the delay is yet to be known. We were due to complete works on 30th June, but that's not going to happen, so we've now got something of a "moving target". Understandably the contractor doesn't want to commit to a new deadline, as he's still struggling to get materials and is having to wait longer for deliveries. So we're just taking it day-by-day and week-by-week.

Regarding payments we've slightly changed our plan, so instead of paying the set fixed amount as agreed in the JCT Contract, we've now agreed to only pay for items that have been used or ordered at the end of each week.

Any changes to your funding?

A private investor is providing the funding on this and we had a drawdown schedule in place, but when site closed we hit stall on the drawdown until we knew what was happening. After three weeks we started back up again. We've still accrued interest for the period but only on the amount we are in for, not the whole future amount, which is manageable.

Do you think it will affect tenancing and refinancing?

My prediction is that rents will have to be lowered to reflect the level of unemployment, and the lack of people moving. There may well be pent up demand and lots of movers looking for rooms when summer comes around, but it's difficult to say for certain. I don't see many young people moving out of their parent's houses for a good six months after lockdown is relaxed, although I obviously hope this isn't the case.

At the moment we're still left wondering, "Will we be able to fill these rooms and can we get the same rents?" There's not a lot we can do to control it unfortunately, so we just have to ride it out.

With regards to refinancing, luckily by the time we finish the project in two or three months' time valuers should be out and about again, although it's uncertain how confident they'll be in the rental market at that point. I expect a down valuation of anything up to 30% with "Coronavirus" used on surveys in the same way as "Brexit" was used last year.

How is it affecting your new build project?

The other project we've got on at the moment is a new build of two luxury sustainable A-rated homes. We're currently at the tender stage and are waiting for our five selected contractors to come back with prices.

One quantity surveyor we work with has told us materials are limited so, "at this time I can't give prices with any certainty". Therefore his tender will be a bit of a punt and might be subject to change further down the line, which isn't ideal.

There's talk of the price of materials going up, which will force the price of labour up too, which is a position we don't want to be in. But who knows?

Professionals we're working with, such as our energy consultant, mechanical and electrical consultant and structural engineers, have all issued invoices for all outstanding payments or even for expected future works.

"We've got to remain positive"

Invoice payment terms have been brought forward, so instead of the usual 30 to 60 day

period they are asking for it earlier. While I understand they have to manage their cash flow we've had to think carefully about how we manage this, and ultimately it's all come down to managing relationships. For example, our architect is also tendering for our interiors. They've asked to be paid up front for their services and we have agreed to all except the interiors, as we still intend to tender for this. With the others we've broken it down into chunks and agreed to pay some now and some later, which everyone is happy with.

Regards the selling of these two new builds, we've had to reconsider our approach. People aren't buying super high-end properties at the moment, but as we're selling off-plan the marketing is already live. So we're going to have to adjust the marketing plan and we're just working on that now.



Do you think life will return to normal after COVID-19?

The more people you speak to the more you realise no one knows what's going to happen and it's all speculation at this stage, which makes it difficult to plan for anything. I'm fairly philosophical about the whole thing though and rather than worrying about the unknown I prefer to focus on what I can control.

When we come out of lockdown I expect we'll see a huge media campaign bombarding us with adverts and announcements, encouraging us all to spend, spend, spend. It's an idealistic notion but I hope this time of lockdown has made people go inward a bit and hopefully we'll all re-emerge with new priorities and an awareness of how little we actually need and the promise of "stuff" making us happy is a false pursuit.

"The full impact of the delay is yet to be known"

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WE KEPT GOING THROUGH LOCKDOWN

AN INVESTOR'S PERSONAL EXPERIENCE OF THE IMPACT OF COVID-19

A familiar face to the pages of YPN, Saif Derzi is known for his experience at buying in auctions and the incredible transformations he undertakes on rundown houses. However this month, we caught up with him to see how his three main strategies – holding, flipping and trading – have performed during the first six weeks of lockdown. How has the pandemic affected his business and his personal life? Read on to find out ...

Interview & words: **Angharad Owen**

Rental properties

YPN: What impact has the pandemic had on you as a landlord?

Saif: As a result of the effects of COVID-19, we expected to see circa 10-15% arrears in April. However, because of the several government intervention schemes such as grants, furlough schemes, CIBILS and bounce back loans, we've found that the arrears rate has been closer to 3% across the portfolio.

We have also had some logistical issues when tenancing void properties, but we have been able to overcome them and move tenants in a friendly yet social distancing way.

I'm pleased to report we had no arrears in May. We've actually had more demand than we've ever seen before for rental units, which is very positive!

YPN: What tenant issues have you experienced during this period, and how did you resolve them?

Saif: Some of our commercial tenants struggled to make rental payments for the second quarter of 2020. We've had to keep communication lines open and help them apply for the business rate grants. We also listened to their problems and have helped to solve

them where we could. Our tenants have now received the grants they were eligible for and have paid six months' rent in advance.

"On the residential side of the business, some of our tenants have been laid off so we had to help them with Universal Credit claims via the council."

We should receive the income directly from the council, which has helped some good people and great tenants stay in good quality accommodation.

YPN: Have you attempted to get a mortgage payment holiday?

Saif: No. Although we've been told that applying for the holiday won't go onto our credit files, I think that it'll be kept in the domain somewhere and it might eventually influence lenders' decision making in the future. However, we have taken out a bounce back loan to help our business recover by taking on more staff and services and help the economy again.

Renovation and development projects

YPN: Beyond landlord issues, how has the outbreak affected your property business?

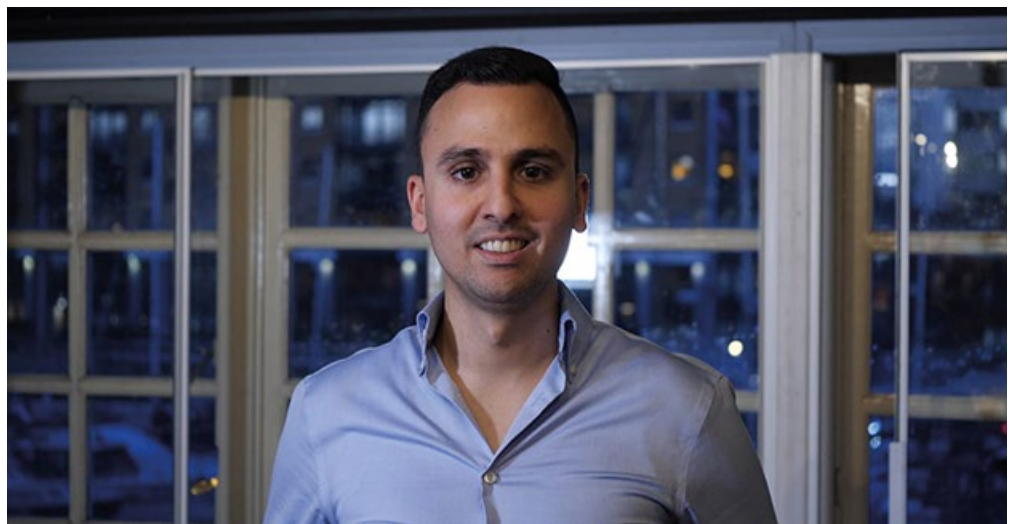
Saif: The main problem has been the disruption of the logistical chain. Because valuations can't take place, it has a knock-on effect on lenders by reducing their LTVs and forcing them to undertake desktop valuations, resulting in lower revaluations or sales valuations.

Therefore, we've had to keep more money in certain deals or hold off on selling some properties until the government and RICS announces that physical valuations can take place again. Although we've found it more difficult to sell properties on the open market in this climate, we have found that there is a pent-up demand for value-add properties and opportunities being sold on auction. Even during lockdown, we've managed to sell some properties via auction!

YPN: What have you done with renovation projects that were already in hand? What are the finance implications?

Saif: We have been able to keep all our sites open by planning ahead and ensuring that we had enough materials ordered. When we did face materials shortages, we were able to move quickly and find alternative smaller suppliers that had stayed open and had reasonable stock levels.

Our main concern was with our new-build project. We made sure we ordered enough bricks, breeze blocks and materials



beforehand, however the only thing we couldn't order was mortar because it comes mixed and lasts for two to four days. We had to get a hand mixer to do it ourselves as a back up!

On our standard renovation projects, we managed to get essentials such as plasterboards/multi-finish before lockdown. Thankfully we are able to still purchase necessary items online and from small suppliers, but it is a constant battle ... that we're winning for now as manufacturers are opening up again!

Life after lockdown

YPN: What longer term impact do you anticipate for your business after the crisis is over?

Saif: I anticipate a surge in property transactions beyond the lockdown as we return to some sort of normality. The flood gates will open and people will be allowed to move again. I feel we need to be ready to time the entry back into the market.

Ultimately, the property market is propped up by debt from lenders, so once the logistical chains are restored and LTVs have gone back to semi-normal levels, then I think this will be a good indicator of re-entering the market.

I think we will need to adapt and focus more on buying to hold high cash-flowing assets as opposed buying family homes to sell. The key here will be the length of time the lockdown lasts for, how we will release people back into society, the biggest risk being a second wave of cases and when we get a vaccine.

It seems likely that we will see some sort of inflation within the next year or two, and this will be reflected in property prices. However, the landscape beyond two years is very uncertain, as this is when the grants, CIBILS and bounce back loans will have been used by the businesses. That's when, I think, the real data and damage will surface and hit home.

YPN: In your opinion, do you think we will return to normal (as it was pre-CV19), or do you think it will lead to fundamental changes?

Saif: I think CV19 has been a catalyst to economic and social trends. We have accelerated the need for a cashless digital landscape, proved that people can be trusted to adapt and work from home, and there is no need to be using transportation for commuting as much as we did pre-CV19.

I believe we will see more and more everyday activities and events embrace digital technology than ever before, and less travel abroad in the long term. I also predict that consumer trends and behaviours will change, and the already battered high street will not be able to keep up with this. Online shopping is only growing and is here to stay – if your business doesn't adapt now, you'll be forgotten.

Potential opportunities

YPN: What opportunities do you believe will arise for people in the property industry after the crisis?

Saif: I believe that a lot of trading property businesses will be hurt as a result of this pandemic. If you're any good at turning around and/or running a business, then these skills will be one of the most valuable coming out of this. If you have a current property business, such as a letting or estate agency, and are in a cash-positive position coming out of this, then what a great opportunity to pick up some businesses at lower than their true value and bolt them onto your current ones.

I also think there will be a lot of property opportunities ahead. The commercial property space will be disrupted, as some covenants or leases lose their value and others gain. Larger and bulkier buildings currently used as office hubs for corporates or larger retailers will start to become vacant and hit the market. As there will still be a residential requirement, an alternative use class for these properties would be appropriate.

The strongest property sector is the industrial and warehouse sector, and that has remained strong through this time. I believe it will continue to thrive as we look to consumer products and have a more digital and online shopping experience.

Social housing tenants and housing association leases will have a stronger landlord demand as the strength of those tenants has increased. I feel there will be a surge in demand for lower value but high cashflowing property. People will look to have ten properties and a variety of tenants, as opposed to two high-value properties with higher earning but higher risk tenants.

I'm already seeing an increase in enquiries for these types of properties and demand for these tenant types.

Personal impact

YPN: How have you been affected personally during the crisis period so far?

Saif: My parents were on holiday in Jordan, where the government implemented some of the most draconian measures by imprisoning anyone caught outside of their hotel/house as well as closing all airports and borders. They have applied to the UK's government scheme to help get them back home, but have been unable to get home thus far.

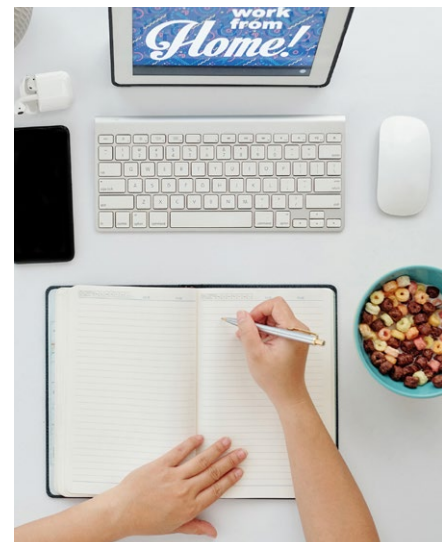
I have also had to start refinancing some unencumbered properties in my portfolio as a safety measure to ensure I can stay as cash positive as possible to get through the next six to 12 months. If any opportunities present themselves, I'll be able to use that money, and if not I'll have a bit of a buffer.

YPN: How are you staying sane?

Saif: I am going for a long walk every day to clear my mind and think clearly. Spending time speaking to family and friends on daily video conference calls and I'm appreciating the small things in life, like gardening!

I'm also finding it a great opportunity to pick up some books and consume more information than I ever have. I'm involved in Partners in Property, where we're having weekly Zoom calls with nearly 100 members, and keeping everyone up to date through the fabulous WhatsApp groups.

Finally, meditation and yoga has been really beneficial through these times, as it gives you clarity in your thought process. It helps you see what is and isn't important, when so many things are competing for your attention in this busy world.



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LOCKDOWN HAS MADE ME THINK ABOUT MY BUSINESS DIFFERENTLY

Giuseppe Leone tells us how lockdown has forced him to rethink his business, resulting in strengthened relationships, super-organised systems and a new love for technology.

Interview & words: **Heidi Moment**

How has Covid-19 affected your rental portfolio?

With a rent-to-rent portfolio of over a hundred rooms, you would expect a few issues to arise, but I'm very pleased to report that only three tenants haven't paid their rent. I'm certain this is thanks to our strict vetting process. The three tenants work for a big pub chain and have been furloughed, however their first salary payment was made in late April, hence their difficulties to pay on time and in full. As these tenants have, until now, always paid on time and are such lovely guys, we've tried to help them by agreeing part payments for the next few months.

We've got several HMOs that are rented on 12-month contracts that expire in June/July. Fortunately, last year we spent a lot of time getting floorplans and videos of our houses (both those we own and those we manage) in order to differentiate ourselves from our competition. With rent-to-rent it's key to think outside the box and these floorplans and videos are now proving to be gold for us. During lockdown we've managed to rent all our houses through virtual viewings and potential tenants have even been able to have video calls with the current tenants.

As I'm sure others are finding we haven't been able to send our cleaners into properties during lockdown. They usually go every two weeks but they haven't been at all now since 23rd March. Luckily, our tenants are pretty good at cleaning up after themselves and keeping the communal areas clean.

In order to help tenants a little bit, we've given each of them a Just Eat take away voucher. It's just a small gesture to tell our tenants we appreciate they are in a difficult situation and we'll help them where we can. All the tenants seemed to really appreciate it and they sent us photos of them eating together which was great to see.

"In this current situation thinking outside the box is a must"



Tenants enjoying a takeaway



Have you taken any mortgage holidays?

We are reluctant to increase the amount of debt in the business right now, as we are currently in a phase of reducing our debt. Luckily our cash flow hasn't been hit that hard, so we decided not to ask for payment holidays.

How has this affected your live projects?

The week before the start of lockdown I'd signed a preliminary contract with a builder to work on the refurbishment of two of my HMOs. 60% of the work to be done was inside and 40% outside, so after various e-meetings, we decided to carry on with the exterior works. There is independent access to both houses from the rear garden, so the tradesmen could get on with the works without disturbing the tenants. It's a family business and so there is no risk of breaking the social distance rules. Once lockdown is over and it's proven to be safe to meet people, we will complete the works to the interiors.

What do you expect the long-term impact to be?

For my own business, I am expecting to meet my original targets for the rent-to-rent portfolio, so, thankfully, it hasn't affected that. With the rent-to-rent mentoring, I'm excited about the new online approach, as it means I'll be able to help more people, which is exactly what I want to do, so that will move forward in a positive way.

For our own portfolio, unfortunately this is the area where we've been hit the hardest. Our plan for this year was to purchase, refurbish and rent out three properties and just before the lockdown we were in the process of purchasing one house. But now it's looking like we'll only be able to buy one or two this year now, so this will delay our long-term plan by a year, which puts us back a bit, but in the grand scheme of things, it isn't that bad.

"Growing our own portfolio is delayed by a year, but it's not the end of the world"

How have you been using this time to improve your business?

Since lockdown we've been working on strengthening our existing landlord relationships as well as meeting (virtually of course) new landlords to discuss new opportunities. We've had a bit more time than usual to do this, which has meant we could really focus on it and we've seen the benefits, in happier existing clients and some new clients coming on board.

"It's amazing how much you can do from the comfort of your own home"

I'm a big believer in having detailed written element for each process of the business, so we've used some of this time to review all our processes and procedures and to document everything. As having a digital presence is becoming more and more important we're also working on creating video content to demonstrate step-by-step how to execute each process. This has been fun to do and I'm sure will benefit our business in the long run.

The rent-to-rent mentoring programme we offer has had to change slightly too and although it is different, it is actually turning out to be better. It was originally a six-month programme with a lot of face-to-face interaction, but as that's not possible anymore, we are now running an eight-week fast-track online programme that allows investors to kick off a rent-to-rent business and take all the necessary actions to be ready to sign contracts once lockdown is over. It's amazing how much you can do staying at home!

Last but not least, I have also done some work on my social media presence.



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Can you foresee any opportunities to come out of this?

I'm an optimistic person and I truly believe the market will bounce back even stronger than it was before. I'm hopeful the rental market will start again in the summer and, as I mentioned before, I've been contacted by several landlords who are keen for us to manage their properties for them. This is slightly risky as we don't know what the market will do yet, but we are negotiating slightly discounted prices at the moment, so hopefully things will work out.

I personally think the fundamental changes to come out of Covid-19 will be the way in which we use technology. During lockdown we've been forced to use technology to run our procedures and processes and, surprise surprise, it works! As such, I expect people will restructure their businesses to be more online, which will reduce costs, reduce the use of paper and reduce time, leading to quicker and more efficient processes.

I'm a big believer in technology, especially in the property industry, and I'm very excited to see how the world will step up to this challenge!

How are you coping personally?

On the one hand it's pretty hard to run the day-to-day business activities while trying to entertain and homeschool two young children. I now realise that teachers must have superhuman powers! On the other hand I'm excited about the business opportunities this situation is presenting me with and, of course, I'm also very happy to spend more time with my family. Yes, I'm missing my friends and my family in Italy and I'm also missing going to the gym. Prior to lockdown I was training for two triathlons coming up in the summer, so I'm looking forward to seeing my personal trainer and kickstarting my fitness again.

On the plus side, I'm playing football with my kids a lot more (instead of just watching their matches), so if the business collapses I know I can start a new career as a professional footballer.

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THE COVID-19 PANDEMIC:

PROPERTY CHALLENGES AND HOW WE ARE DEALING WITH THEM

Raj Beri

As I discussed in my article last month, our business is entirely focused on recurring income (rentals) and we decided a long time ago that this income should be driven by assets with and the longer the tenancy, the better.



We decided against a mortgage holiday from the beginning and have enough cash buffer to tide us over the ensuing months (hopefully).

THE BTL MODEL

As the Covid-19 pandemic has unravelled, the earliest days saw lots of confusion, so in this short piece, I will categorise our challenges and how we have dealt with them. I think it's fair to say that there has been a range of emotions out there from crippling fear to a very indifferent attitude. Many people have simply not grasped the fundamentals of this pandemic – Coronavirus is highly contagious, it's spread from person to person and, as yet, there is no treatment (medicine or vaccine) (Scientist in me: just can't shake it).

MORTGAGE HOLIDAYS

I knew this was going to cause confusion. I immediately recognised this for what it was ie a deferment of mortgage payments. A few of our tenants read it as "we (landlords) were being let off from paying mortgage for three months, so we could cancel their due rents". Err, no. The government suggested a mortgage holiday from lenders (deferment) and not wiping the slate for three months!

I spoke to investors and a few coaching clients who were going to request a mortgage holiday and it would appear that they had no cash buffer to tide them over in the short term. This reminded me of an experienced investor I met many years ago who was going ask the tenant to leave and keep the property empty as he couldn't afford to replace the boiler! Ridiculous.

The earliest indications were that no one would get a black mark on their name for "missed payments" but even at that stage, I formed a view that lenders would remember who ran for the hills at the first sign of trouble. It is entirely possible that lenders who were approached for mortgage holidays will be less than willing to lend to these individuals again.

Yes, we have a portfolio of BTLs (shock, horror expressed by YPN readers). However, we have repurposed them for housing benefit (HB) tenants and my yields are often better than HMOs. As most of my HB payments come directly from the council, there has been no change to the rental income during Covid-19. The issues we're had relate to maintenance – contractors uneasy about visiting properties or unable to get the required materials. In one case, they even refused to visit an empty property for a minor refurb? Really?

THE HMO MODELS

Most of our rooms are for students who are on a fixed term contract for the whole academic year. Initially, all seemed well in the world of student HMOs – after all, they have a legally binding contract. However, despite the government stating that people should stay put, students started travelling en masse back to their family homes. To be honest, if one of my kids was at Uni I would also ask them to do the same.

Then, the Uni's and PBSA providers not only started to waive the rents for the final term but the Uni's also started suggesting to students that they ask their landlord to do the

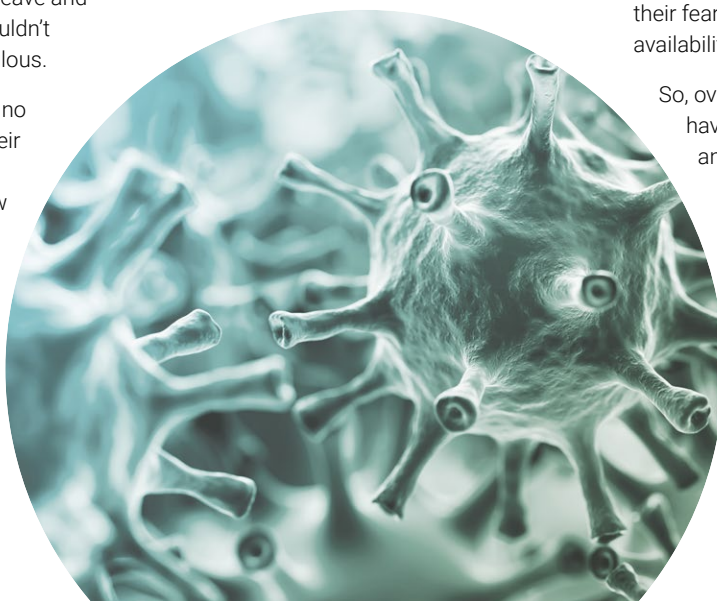
same! The response from student landlords was a mixed (but changing) one. Some have simply cited the contract and refused to budge stating, "rent reduction, what for?"

We have taken a more pragmatic and responsible position. At the end of the day, if the student HMOs have an all-inclusive rent but the students have returned home, we're not going to send a cleaner in and they're not going to use gas, electric or water. Yes, we could have pointed them towards their legal obligations, but decided to reduced the final term's rent proportionately and also gave them a further reduction as a good will gesture (**Raj, you're a big softie!**). What's been really helpful is having a very supportive local landlords association who ran regular webinars. As their legal expert said on one of the webinars, "yes you could take legal action for full rent, but it could take 18 months through the courts – plus, how would the courts view the landlord's hard-line position?"

Our student tenants have been pleased with our response, so we have left some good Karma out there. Goodness knows how we're going to deal with the new intake starting in September 2020 as all the contracts have been signed but will they show up? – TBC.

One of our HMOs is non-student in which two tenants vacated post-Covid. The remaining four have refused to allow other tenants to take up residency fearful of infection. I know what readers may be thinking – just do it Raj as contractual law is on your side. Yes, I guess I could enforce my rights but end up with the four residents moving out. Well that would be a bit of an own goal so we have left it at four tenants. I'm not sure what will allay their fears, but perhaps it could be the wider availability of rapid testing for Coronavirus.

So, overall, we have had challenges and we have dealt with them in a pragmatic and amicable manner even though this has led to reduction in cash flow. People talk about having "systems" and one of ours is having a good cash buffer, perhaps at the expense of another deal or spending everything one earns.



Raj

30 DEALS IN 30 DAYS CHALLENGE

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- Dedicated property platform including key documents for success in property.
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LIFE IN LOCKDOWN

ARSH ELLAHI

For this month's article, I thought I would share with the YPN community my experience of life in lockdown. We will have all experienced some changes, as well as come across some positives, which we can continue when we assume 'Normal Life' once again.

So, I ask you the question ... What has Lockdown done for you?

I would like to break this question down into segments.

SLOWING DOWN

Before lockdown I can honestly say that I was running around like a headless chicken. I was attending meetings here, meetings there, calls, coffees and life was pretty hectic. Lockdown has allowed me to reassess and actually confirm that business no longer needs to be like this.

In lockdown, my sourcing business has still remained pretty active. Admittedly, we are not doing the volumes we were before, however it is still very steady. My biggest challenges have been trying to get purchasers around to see properties. The issues have come from:

- 1. Investors who live quite a distance from the property and therefore cannot travel**
- 2. Tenanted properties where we have to abide by social distancing measures for everyone's safety**

I have found that getting hold of people has been a hell of a lot easier, and actually some people are pleased for us to get in touch. Prior to my call, their only other contact would have been the people confined within their four walls – and let's face it, we have all probably had enough of talking to them!

We have also found that conducting viewings via Facetime, video recordings and virtual tours of the property have helped massively, and have allowed investors to make an initial decision on the property. They have then proceeded based on the promise that they could physically view the property prior to completion. I ask myself, could this be the future?

I have also enjoyed holding all my meetings via Skype, Zoom and Facetime. Going forward, I do not intend to travel to meetings if I know that we can hold them virtually and still achieve the same outcome. I appreciate the benefit a face-to-face meeting still holds, but I intend to hold a lot more online and save myself a lot more time in the office or at home.

We have seen that a lot of the networking events have been holding virtual events and numbers attending have soared, with some even having over 1,000 people. Could this be the future?



ESTATE AGENTS AND AUCTION HOUSES

As I mentioned, virtual tours of properties could now become the norm. A particular segment of the property industry that has continued to trade all through COVID-19 is the property auction industry. They have had to adjust to a completely new way of doing business, and I was fascinated with the way they have adapted to change.

Previously, property auctions would:

1. Market their property online or via a catalogue listing the viewing schedule
2. Potential purchaser would then go and view the property
3. The buyers would then an auction day go into a hall and bid against each other

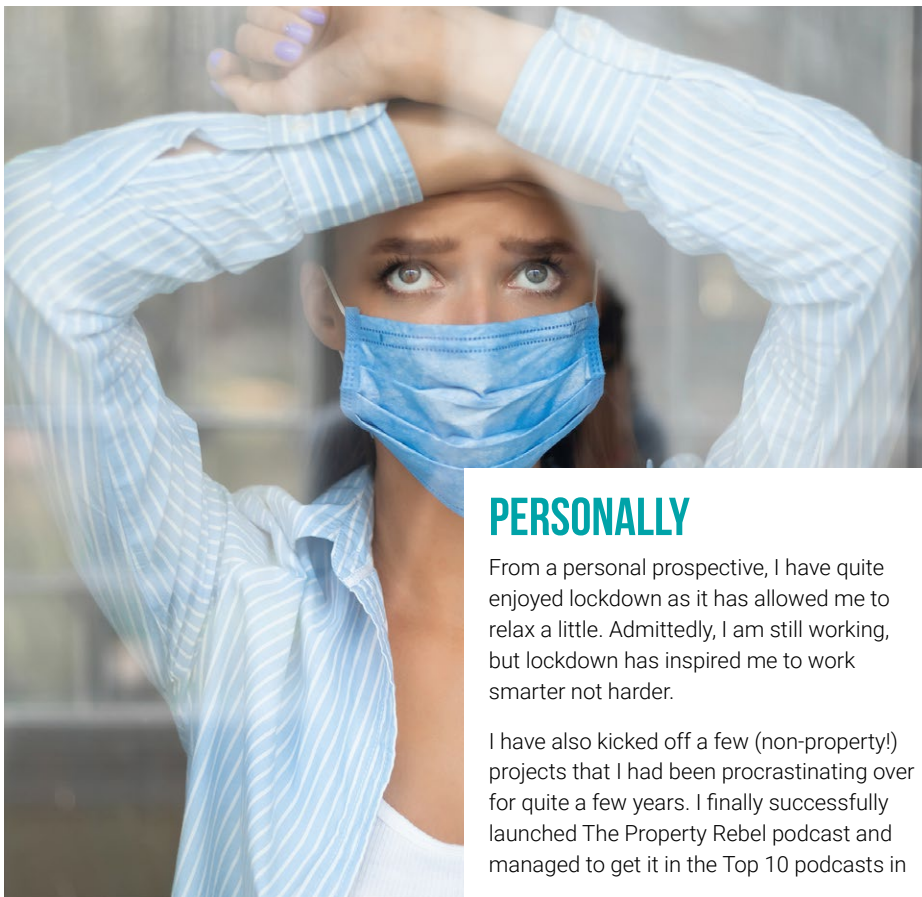
Auctions are renowned for not only getting cheap property, but for also for the potential of achieving way in excess of the market value. This is because many purchasers become emotionally engaged once they start bidding in the room. Their whole business model is based on multiple people bidding and getting carried away.

The more they sell, the more commission auctioneers earn because they generally charge a percentage of the sold value to the seller, but can also charge the buyer a percentage too. A very lucrative business. As a result of lockdown, the auction companies have not been able to conduct any viewings, therefore they would be reliant on the buyers watching a virtual tour or video of the property. However, having watched quite a few of these videos, there is a fair amount of the property that they do not show. For example, how could viewer and potential buyer determine whether the property has a structural defect? Or how can they try and determine

the level of works required to the property? Ultimately, this would have an effect on the amount the purchaser bids as they would have to leave some funds in the pot for contingencies.

As a result, the purchaser is almost buying blind. The purchaser would then bid on the property in an online auction and if they are successful on the day, they would be legally bound to purchase.

Auction companies have seen a massive downturn in sales. An average auction would sell approximately 80% of the offered lots, but recently they are achieving just 35-50% of the properties offered. Although I feel for the auction companies, this has created a massive opportunity for opportunists. As a deal sourcer, this has opened many doors as the auction companies and estate agents, who are now suffering from low sales, are entertaining conversations they were too busy to consider earlier in the year. As they say, every cloud has a silver lining.



PERSONALLY

From a personal perspective, I have quite enjoyed lockdown as it has allowed me to relax a little. Admittedly, I am still working, but lockdown has inspired me to work smarter not harder.

I have also kicked off a few (non-property!) projects that I had been procrastinating over for quite a few years. I finally successfully launched The Property Rebel podcast and managed to get it in the Top 10 podcasts in

the UK, which was a massive achievement. I now release podcasts every Tuesday, and content on my YouTube channel every Monday and Thursday.

Previously, I would have been too busy for this. But lockdown has also allowed me to discover what other skillsets staff members have beyond what they do every day. Little did I know that my PA is also very good at video editing and consequently now looks after a lot of my social media. Before I would have been doing this myself or outsourcing it to other companies, but as we had the time, it has worked in my favour. Time at home with my children has been priceless and a pleasure. Although I generally consider myself a good dad, I have loved having the chance to spend more quality time with them. We have enjoyed cooking and taking a greater interest in getting more active outdoors. We go out for long walks and bike rides, read, and they even help me in the garden.

In conclusion, life in lockdown will be whatever you make it. For me, so far it has been a positive experience and certainly something I will remember for the rest of my life.

If you have a question you would like me to answer in an upcoming 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.

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WHAT IS THIS 'NEW NORMAL'?



BILL MANN

I scrapped my original plan for this article.

At the time of writing, we are in our sixth week of lockdown, with probably more to come. It has become clear that lifting social distancing restrictions will be tightly controlled and a long process, and the recovery of businesses and whole industries will take a lot longer.

We are starting to see responses and behaviours change as collectively we move through the change curve. For example, there are a lot of people now in the 'blame' phase – quick to criticise individuals, organisations and the government for perceived failings. Talk is slowly starting to turn to a lockdown exit strategy and what the lasting impacts of the pandemic will be.

It is clear that life will never be the same again and we will have a 'new normality'. The term is usually applied to the end of the change curve, when we have reached acceptance and integration of the changes into our lives. Life will therefore have returned to a new sense of normality.

But what does this new normal look like? For the property investor there are three specific aspects for keeping a positive mindset at the moment that I want to highlight.

1 Frustration

We are all experiencing frustration with the lockdown and social distancing measures at present. It is not just being unable to get out and manage (non-essential) property or tenant issues, but projects are stopped mid-flight or severely constrained and markets and deals have slowed considerably. There is still much uncertainty and lenders are not taking any chances.

After the initial call to lockdown, there was an instant tactical response that we were all focused on. An initial adrenaline rush as our fight or flight response kicked in and we moved to secure our personal and business

financial safety. Now that has passed, and initial worries have at least subsided a little, many people are finding new routines to fill their days while we wait for the restrictions to pass. Patience is starting to wear thin and frustration rise. Here are three suggestions to overcome frustration:

The first is to use cognitive reframing to change your perspective and re-state your frustration in positive terms, for example:

- "I am bored with being locked in" becomes "I have now got the time to..."
- "I can't get out to fix my property" becomes "I am keeping my tenants safe by staying away"
- "My project is delayed" becomes "I have now got time to refine plans and prepare for the next phase"
- "My deal might fall apart" becomes "I might be able to get a better deal"

Secondly, shake up your new routine:

- Reach out to someone you haven't spoken to yet. No doubt you are speaking regularly to close family and friends, but we also have the time now to speak to others that perhaps we haven't seen for a long time. You will both feel better for it.

- Don't forget to take holidays. Just because you are at home doesn't mean you need to work seven days a week. Remember to book your days off and holiday at home. Cocktails in the garden instead of by the pool.

- Do something creative. A good friend has started to write a book, another is doing an online course and a third has a new business idea. My family have joined a virtual pub quiz, started on exercise classes and piano lessons.

And last, but by no means least, count your blessings. List three things that you are thankful for today. It will shift your mindset from focusing on what you cannot do at the moment, to what you have to be grateful for.





2 Empowerment

We won't fully understand what life will be like after the pandemic until we get there, but that doesn't mean we cannot get some insight now, or even influence the outcome. Change is a journey that we are all going through and each step of the way will bring new information. Sometimes that will have direct bearing on our lives, careers, and business, and other times not. We may make decisions based on that information which in turn will affect the journey we are on and the eventual outcomes.

For example, the shock of lockdown and impact on our businesses should have already caused you to consider the resilience of your business model and how it needs to be adapted in the future. You can start shaping your new normal now.

On a personal level, the changes may have just been a catalyst for you to reconsider how much you use your car or air travel, and the subsequent impact on the environment. Again, you can start shaping your own new normal now.

The new normal will evolve and appear as we go through the change journey. By identifying the options, opportunities and decisions we can make we start to form it. As you are reading this magazine you are probably used to setting goals, making plans and taking action. Your locus of control is towards the internal, ie your belief in controlling your own destiny.

The current situation is no different to the ambitions you had when you entered the property world. Where is your locus of control now? Has it moved?

3 Optimism

With every change, no matter how dire the circumstances, there are always multiple opportunities, big and small. The small opportunities are just as important as the larger ones because they give us positivity through the journey. Think of them as quick wins.

For example, there are a lot of DIY jobs getting completed that might never have been started, family members are getting to spend quality time together (double-edged sword, I know!), people now have the time to read that book that has been beside their bed for over a year, pick up an old hobby or perhaps start a new one. Whatever the small wins are for you, take them all – collectively they will have a positive effect to your mindset and mental wellbeing during this time. Just because they are not a big win doesn't mean you shouldn't take the small ones.

Then there are the big opportunities. These might arise tomorrow, next month, or next year. Businesses are having to re-invent themselves and work out how they thrive in the post-pandemic world. There are opportunities for new products, new services and new markets. Now is the time for innovation.

Many people are also taking this time to reflect on their own lives and what they want their own new normal to look like. It may be a change in work/life balance, a change in career or possibly starting a new business. Use this time to consider your own vision of the future and get in position to take

advantage of the opportunities that will arise.

There will be opportunities for property investors. It might not be clear exactly where and when they will arise, but they will be there. So, get in position mentally to take advantage of them. There are others that can advise or suggest options and strategies for investment, but for now consider this: as severe and difficult as the negative impacts of the pandemic have been, and continue to be, there will be potential and opportunity that is just as great as we come through this.

If that seems unlikely, just consider the growth and success of the German and Japanese economies after World War II, consider the industrial and technological advancements that came from the military research, or the new levels of international co-operation that had never been seen before. Combine this with the positive environmental impacts we are currently enjoying and there is much to be optimistic about but you have to hold a long-term view.

Once you accept the uncertainty that comes with change, a whole world of possibilities opens up. As you go through the change journey, you will have to accept the negative consequences, but embracing the opportunities – large and small – is up to you. Go for it and you will learn to not fear change but to welcome the opportunities it brings.



Bill Mann has been investing in residential property for several years. He has a portfolio of HMOs 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](#).

Watch his recent webinar on how to navigate change at www.thekeepcalmguy.com/replay

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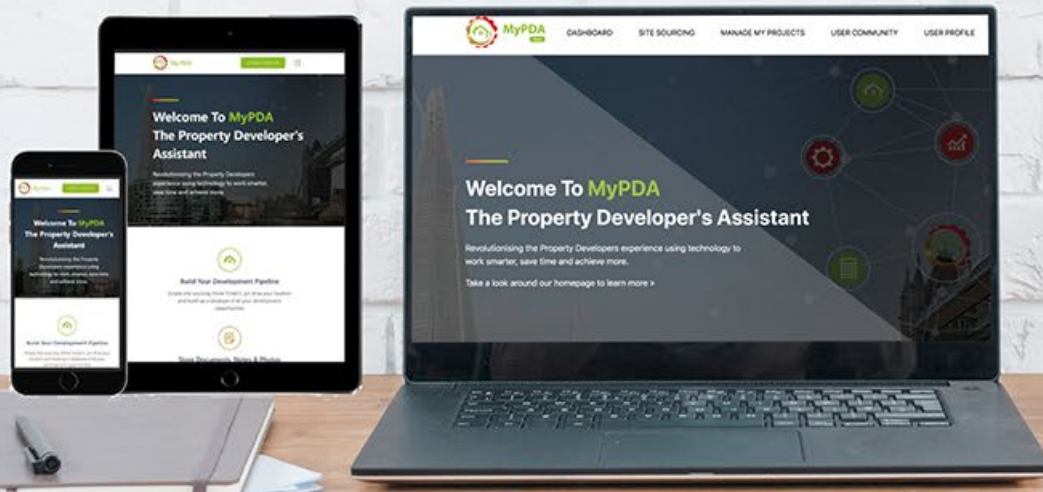
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LET'S HEAR IT FOR YOU!

Over the past 12 years I have written dozens of rants in the pages of YPN. Possibly hundreds. And the other members of the editorial team have also had their turn at venting their property spleen on this page.

On very rare occasions I have chosen to Rave on this page. And now is one of those times. Over the past few weeks I have reached out to my contacts in property to share how they have coped during this very uncertain and stressful period. Without fail these investors, developers, estate agents, brokers and other property professionals have been there to help me and YPN readers in our hours of need.

We are not out of the woods yet. At the time of writing (mid May) we are in lockdown limbo. Some people are returning to work, others are still working from home. Estate agents and letting agents are now able to conduct viewings and the property market is beginning to "unlock".

We don't really know what is going to happen to the property market – it's far too early to call. Property prices may tank, on the other hand pent-up demand may see a small surge in transactions in the short term. We don't really know.

What we **DO** know is that whatever happens opportunities will be available for people who are positioned to identify them and act upon them.

Personally I have (touch wood so far!) found that my portfolio of single let properties has been largely unaffected. The relatively affordable flats and houses where rents would broadly be in line with LHA rates (typically between £400 and £600 a month), seem to occupy a space where that rent has remained affordable. I believe that demand for this form of affordable accommodation will increase as we come out of lockdown. Sadly couples will split up, young adults who have been in lockdown with parents will be looking for their own space to live in. So I'm going to be concentrating on adding to this portfolio – most likely by converting commercial buildings that are no longer required into residential apartments.

I have spoken to many investors about what they will be doing. And their answers are wide-ranging.

From those who will concentrate on the housing benefit market (as this is a segment that from a financial perspective has not particularly been affected) through to others who will be upgrading their HMOs and moving into high end co-living spaces to cater for a market that has got fed up with substandard lockdown accommodation and is now happy to pay more for a better offering.

We will undoubtedly face challenges in whatever we choose to do as we come out of this. But if I have learned anything over the past 12 years it is that property people are incredibly resourceful, resilient and adaptable. We will always find a way in the face of adversity. So I for one, now more than ever, will be immersing myself in our property community to learn from others, avoid the mistakes and find the right path forward.

It's been a pleasure and a privilege to have been in contact with so many of our YPN readers over the past few months. We genuinely love hearing from you. It's been an inspiration to hear from those of you who are juggling a job or business, a property portfolio or development, often home-schooling children and coping with worry and anxiety not only over their own wellbeing and financial security, but also the worry of the wellbeing of elderly relatives or family members most at risk.

Everyone at YPN would like to say a big thank you to those who have stayed at home during this awful time and helped protect our NHS. And of course, we struggle to find the words to express our gratitude for the frontline NHS workers who put themselves at risk helping us when we are most in need.

It's clear that as a nation, indeed as a planet, we are not back to normal yet but working together I'm sure we will find a way forward in the "new normal".

RAVE OVER

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THE WOMAN BEHIND NHS HOMES

Interview: **Michelle Cairns**
Words: **Jayne Owen**

I came across NHS Homes in a BBC News article in April. A little research led me to Merilee Karr, chair of the Short Term Accommodation Association (STAA), and founder and CEO of award-winning luxury home accommodation business UnderTheDoormat.

In this Q&A session, she explains her perspective of the coronavirus impact on the serviced accommodation and broader travel sectors, and what led her to set up NHS Homes. For the full story, download Your Property Podcast episode 37: *"How will the short-term accommodation industry survive the COVID-19 crisis?"*

About NHS Homes

The concept was simple: people with empty properties in the serviced accommodation sector could offer their properties to NHS staff for free during the COVID-19 pandemic. NHS staff registered their need and owners registered their available homes at nshomes.co.uk. Registrations were coordinated centrally.



About Merilee

American national Merilee came to the UK to work for Shell after doing a Masters Degree in the Netherlands. Her role eventually evolved to include property management with responsibility for 12,000 petrol sites across 43 countries. Although she describes this as *"not the job you ever expect to do when you're growing up,"* it sparked an appreciation and love of property.

The global corporate experience proved valuable and she was later able to transfer her skills to the serviced accommodation sector when she set up UnderTheDoormat.

Knowledge of health and safety and other management issues were constructive in establishing a professional and systemised business model.

About UnderTheDoormat

A London-based company managing over 300 short-stay homes across the capital providing a fully managed service to individual owners and companies who have properties sitting empty for periods of time. Many of these are high-end second homes. The service covers every aspect including marketing via 30+ platforms, bookings, personal check-ins, cleaning, provision of linens and insurance.

The company offers a broad range of home accommodation with prices ranging from around £100 per night for a one/two-bedroom apartment to almost £800 per night for a four-bedroom penthouse in Mayfair.

under the doormat

"2020 was set to be our best year ever, both for owners and for us as a business"

STAA
Short Term Accommodation Association

Q&A with Merilee

[YPN] What was your first reaction when coronavirus struck and how did you deal with it? It must have been unsettling to see bookings drop off with so many properties on your books.

[Merilee] 2020 was set to be our best year ever, both for owners and for us as a business. Part of what we do is to offer distribution services to other companies, such as small holiday home providers, and we were working with a company in Italy to bring their residential portfolio online. Our discussions with them meant we had early warning signs before the pandemic set in here.

In a matter of weeks, we went from a world where everyone was planning their holidays to a world where companies were struggling with the number of cancellations coming through. It was incredible.

I think our sector was at the forefront of recognising the crisis was coming and had to adapt quickly.



Across the industry, we were helping companies prepare, making sure their policies were clear and maintaining customer confidence. It hasn't been easy because no one in the travel world has ever seen anything like this. Even looking back to 9/11 and the financial crisis, neither of those hit the whole world to the scale that this has. Companies in this sector are feeling the brunt of the impact.

The real questions are around how we recover, what further support is required from the government and helping consumers understand what they can do to make sure their favourite travel companies will still be around in the future.

How soon do you think we will bounce back to normal travel and bookings?

Right now, nobody knows, but industry experts are anticipating that domestic travel will come back first with international travel following later. We're expecting summer 2021 to be the point when we start to see some semblance of normality.

In the meantime, we might see some more midterm bookings but I think there will be shifts in supply as well as demand. That will play a role in how the market recovers. Some short-term rental landlords will realise this isn't an industry for continuity and guaranteed income, and while the peaks can seem really attractive, there is more risk involved than with long-term rentals. My business has never focused on landlords; we work instead with people who have second homes or pied-à-terres that are empty for periods of time but which they still use, rather than properties that are vacant 365 days a year. The former are better suited to short-term accommodation, while the latter are probably better for long-term rental.

If some owners revert to long-term rentals, a rebalancing of the supply through this period will help operators and the industry recover quicker.

How did the idea of NHS Homes come about and what was the catalyst to create it?

It came to my attention through a phone call that many NHS workers were worried about the health of their loved ones or the people they were living with. And it struck me that we as an industry were going to have a lot of homes sitting empty for a while. I could see there was an opportunity to do some good.

The last thing owners want is an empty property. A couple of days later we had written to all the owners in our portfolio and it was incredible how many wanted to be involved. As a company, we had the service and mechanism to make that possible, so "NHS workers" replaced "guests".

It was actually really simple but at the same time really exciting. This was something you could only do at scale if you already had the right processes and systems in place to manage it. What's been amazing is how many companies in our sector have chosen to help. Though normally competitors, we have come together for this initiative. Making 2,500 properties across the whole of the UK available to NHS workers for free in a matter of weeks is one of those things that sends shivers down your spine.

Reading NHS workers' stories is even more emotional. We had requests coming in almost immediately from people who had partners going through cancer treatments, who were living with vulnerable or elderly parents or flatmates with asthma or other conditions. They were working long hours and extra shifts, and we were able to help take away the emotional burden of worrying they might put others at risk, so they could focus on their job.

Everyone is benefitting, and the alternative would have been these homes sitting empty over this period. Though owners are not making any money from it, everyone knows it's the right thing to do.

How sustainable is that in terms of owners staying afloat as we move forward?

While the accommodation is free, we do ask for a contribution towards direct costs for cleaning, linens, and utilities, but these are at cost. After all, cleaners have to feed their families too, and we don't want owners to be out-of-pocket after providing the home.

I'm speaking with the NHS and the government about turning this into a sustainable solution. While owners might be willing to do this for two or three months, they will ultimately need an income from these properties. We need to find a commercial solution for workers who have to stay for longer periods, even if the rate is lower than what it would be in a normal world. So we're aiming to get as much government support as possible to make sure the sector is in a strong position to rebound after lockdown ends.

So far, I think the government has done a great job at responding to the crisis. The bigger challenge is what will happen as lockdown eases. We can only take essential bookings at the moment, so what will the timeline for the industry be for re-opening in full? How long before bookings start to re-emerge, or before the sector is back to



business as normal? CBILS doesn't work too well for our industry, so will there be other loans or initiatives?

There have been some announcements but the situation is constantly moving. It's now about closing the gaps where businesses have struggled to access the support available. In the longer term, we need to make sure that support continues while the sector recovers and we are not just heading towards a cliff edge later on.

What can serviced accommodation operators do now to prepare for recovery?

Routes to market will be really important. Operators may want to seek out new types of travellers that they haven't catered for in the past, and that will be more difficult if they have only worked with one or two channels to market. They may need to expand.

UnderTheDoormat has launched Hospiria to help smaller holiday home companies facing that problem. The service operates on a success basis, so they only pay when they get bookings. Other companies offer similar services, and I think this will act as a counterbalance to operating directly through OTAs, who have opted to protect consumers rather than property companies and owners.

Going forward, guests will book through the OTAs because of that protection. It will be important for property companies and owners to work with partner companies who can help them access those channels quickly to get to the forefront of guests' minds. It's going to be a while before we get back to the levels of bookings and occupancy we're all used to.

Tell us more about the STAA and what membership entails.

As an industry body, the STAA aims to enter discussion with the government and put forward the interests and position of the industry while helping members understand what access they have to government support.

We have launched a two-month free membership trial over this period. There's no obligation when people sign up, they can get involved and see what's available. A lot of companies and operators in the sector are feeling a bit isolated and don't really know what to do next, so it's the best time to work with them to help them gain a competitive advantage.

We want the industry to grow in a sustainable way and provide the tools to companies large and small so they can come out the other side of this as successful businesses. The government is doing a lot but as an industry body we must continue fighting to go in the direction we all want.

What do you anticipate with regard to regulations in the future?

I think regulators, other industries and consumers really want to see our industry professionalised. We have two choices – either we can have regulation imposed upon us, or we can be proactive and deliver this professionalism ourselves. With the latter in mind, the STAA has introduced accreditation and partnership with the Quality in Tourism organisation. I mentioned earlier how standards are becoming even more important.

Accreditation is not costly, and it helps business owners understand where their strengths and weaknesses are in comparison to others in the market. It also provides a stamp of approval following inspection by a third party, which increases consumer confidence.

Consumer confidence will be critical as we come out of this. If we as an industry can create that through things like accreditation there will be no need for heavy-handed regulation. We have a unique opportunity to use this next year to focus on standards and professionalism. If we can demonstrate that, we'll be in a much stronger position to avoid regulation.

What would you advise owners and smaller management companies to do to establish good business practice over the next few months and beyond?

There are a few key points:

Standards. You must have the right standards and apply them consistently. Accreditation will show that you believe in that and provide an independent quality mark.

Routes to market. Make sure you have the right channels to market, the right systems to enable you to take instant bookings, and the right pricing strategy. Dynamic pricing is going to be incredibly important. No one

is going to be able to work off a rate card in this new world.

Business model. Sharing the risk with owners through management agreements is how the holiday homes market has worked traditionally and that's a more flexible model to adapt as the market changes. The master lease model has been put under pressure and many companies will avoid the risk of taking out a lease on a property.

Is it still worthwhile for second home owners to let their properties as short-term accommodation after restrictions are lifted?

Even though we've seen 90% drops in revenue, people are still making bookings for essential travel. As lockdown eases, I think there will be some pent-up demand from people who want to get out and have a little luxury because they haven't been spending money. There's no better way to monetise your most important asset than by letting it out for an income when you're not using it yourself!

Is this the right time? Actually yes, because even if visitors are only starting to book for autumn or Christmas, each booking you get is extra income. Why wouldn't you do that? There are few risks as long as you have the right cleanliness standards, professionalism and partner with the right people. Owners might think they can do it all themselves, but with the emerging importance of professional cleanliness standards, as well as guests' requirements and the ability to reach large audiences, it's essential to work with a company you trust.

I think people will return to staying in serviced homes quicker than hotels because it gives them private space; they won't have to mix with strangers. Our industry is well-placed to give people some self-isolation while still spending time away from the home they've been locked down in for months.

The industry will rebound. It's just a question of time and how to get there. There are some incredible businesses in our industry, and many will come out of this stronger. It's hard to see that when you're in the eye of the storm but in 12 months' time we'll look back to where we are today and see how much has changed - hopefully for the positive.



Contact

STAA: www.ukstaa.org

NHS Homes: nhshomes.co.uk

Merilee and UnderTheDoormat:
underthedoormat.com

CREATE FOR COVID DESIGN CHALLENGE

Ten property developers take part in a 48-hour design challenge to raise money for COVID-19.

After the success of a recent design-focused video from their Property Talk YouTube channel Jade Bailey and Jonathan Ioannou decided to challenge some of their fellow designers and property investors from Instagram to design a room on a budget.

The **CREATE FOR COVID** property design challenge took place in early May. Challengers produced ten beautiful HMO room designs complete with products, price list and suppliers. So, if you need some inspiration for your next project, keep reading.

Create a unique experience with good design

With so many HMO rooms on the market, competition is fierce and tenants can afford to be selective. Good design can set your rooms apart and make you stand out from the crowd. Tenants expect quality and incorporating great designs into your properties can enable you to achieve up to "30% more than the average rental price", according to Creative Director and Founder of Beespace, Jade Bailey.

Passionate about design, Jade creates aspirational places for people to live in, explaining, "the difference between a creative concept and just 'items in a room' is when the small details connect to the overall look within the space so that everything looks and feels cohesive and ultimately creates a unique experience."

HMO tenants, by their very nature, are transient. You can't get away from that. But being in a well-designed house that's both visually appealing and comfortable (especially during lockdown when we've all been at home a lot more than usual) coupled

with great customer service certainly helps to increase tenant retention rates, and who doesn't want their tenants to stay longer?

Kick-start the creative process with a theme

Coming from a commercial retail design background Jade has loads of experience designing all kinds of spaces and by applying these principles into her own and her clients' properties she's able to create unique and memorable spaces that her tenants love.

When approaching the design Jade explains that she likes to start with a theme, which she can then apply to the total space, not just one room. A theme helps you to bring all the elements together cohesively, as well as making your properties stand out and growing your brand.

"Themes enable you to have cohesive design throughout your property, but they need to have longevity too and can't be too trend driven"

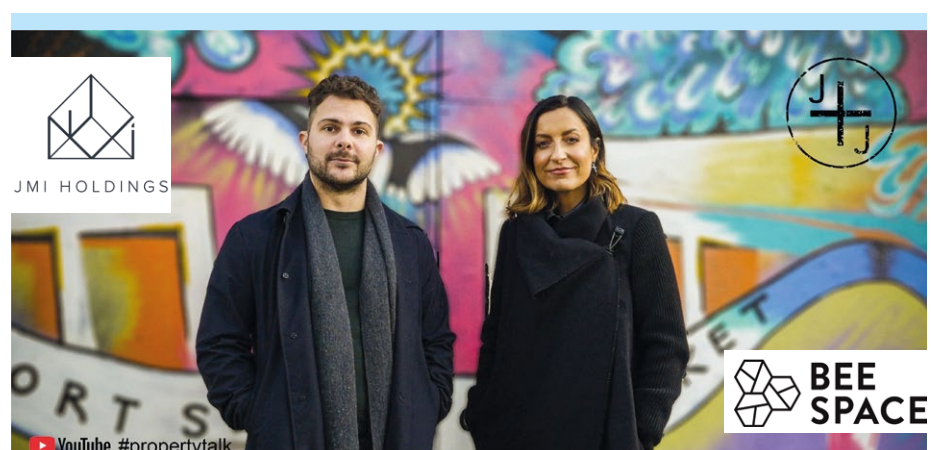
So the first place to start the **CREATE FOR COVID** challenge was with ten different themes, one for each designer, to creatively interpret in their own way. Some were a bit off-the-wall and needed more creative input than others and some were a bit more predictable and ones you might see being used already. The choice of theme was determined by pulling a name out of a hat during a live stream on Instagram.

Budgets

The next thing to set was the budgets. When it comes to investment properties there are always budget restrictions and these can often dictate what you're able to do. Coming from a design and architecture background, Jonathan, Director and Founder of JMI Holdings, explains that although he loves design, he's an investor first and foremost and the bottom line is key. If he needs to pull the money back out of the project post refurb, his budget will be more restrictive and that's just how it is.

Prior to working with Jade, Jonathan's approach was to focus on serviceability and durability, with the primary aim of being able to replace broken or damaged items quickly. At most his budget for furnishing and staging a room would be around £700 to £800 (not including wall coverings).

Jade explains she likes to work with a budget of around £1,500 per room (including wall coverings), especially for the first room. As she rolls out her concept over multiple properties the cost usually comes down to around £1,200 per room. While this might



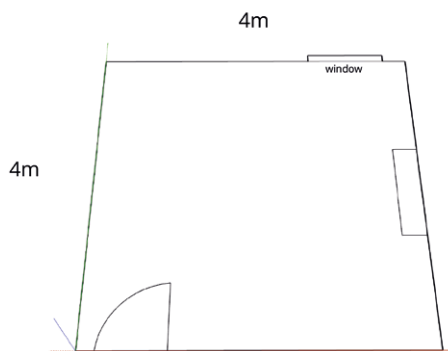
sound a lot, it isn't really and Jade is certainly not a fan of overspending. As Jade explains, "I still have vinyl in the ensuites and paint on the walls, I'm just leveraging my skill as a designer to make the property look and feel more experience driven".

Knowing where to shop and what to spend extra money on can be an important consideration, and both Jonathan and Jade agree the things you touch need to be good quality, so spending an extra few pounds on the door handles is totally worth it and it doesn't break the bank. It's also important to spend a bit more on the things that really matter and have longevity, such as good quality lighting from decent brands like Made and Dowsing & Reynolds.

Budgets given to the designers for the challenge ranged from £750 at the lower end to £1,500 at the top end. Designers had to buy everything in the room within this budget, including paint and wallpaper.

Other specifics provided:

- 4m x 4m room with wooden floor and chimney breast
- Items to be included: 1 x double bed, 1 x bedside table, 1 x feature light, 1 x bedside light, 1 x rug, 1 x pair cushions, 1 x throw, 1 x artwork, 1 x prop, 1 x wallpaper style



"Knowing where to shop and what to spend extra money on is an important consideration"

CREATE FOR COVID Challengers

Designer's names	Company name	Design Theme	Budget
Jade Bailey	Beespace	London Gangster	£750
Andy Graham	Smart Property	Retro Rodger	£750
Matthew Willcock	AM Living UK	Scandi Love	£750
Craig Sullivan	The Property Apprentice	Club Tropicana	£1000
Jonathan Ioannou	JMI Holdings	Dark Desire	£1000
Marc Turnier	Arc Developments	Nautical Wave	£1250
Mike and Victoria Stenhouse	Inside Property Investing	Hipster Heaven	£1250
Jemal Mazlum	ALS	Jungle Fever	£1250
Roland Symonds	Bricks and Daughters	Neon Nightmare	£1250
Rob & Sarah Hodge	Maygreen Investments	Northern Industrial	£1500

Creative interpretation

When the task was first set Jade wanted to extract out of everybody's creative brain, "What does this theme make you feel like and how will you interpret it" And the challengers didn't disappoint. Here Jade tells us how she approached her design.

"From a creative perspective, I like to fire up my imagination and then the creative process can really start. So I sat there and thought, "Right, London Gangster. When I visualise this in my brain, how does this feel?" I started to think about the Kray twins in black suits with black ties and white shirts. I imagined being in London's Soho smokehouses in the 60s. Then I thought about 60s material finishes like fringe and luxurious materials.

Item	Cost	Quantity	Supplier
Double bed	£185	1	Landlord Furniture Co
Bedside table	£33	1	Maison du Monde
Feature light	£99.75	1	Skulum
Bedside light	£48	1	Iconic Lights
Rug under bed	£32	1	Argos
Rug under chair	£30	1	Ebay
Pair cushions	£50	1	Min and May
Throw	£20.99	1	Wayfair
Artwork + frame	£33.96	1	Desenio
Prop/Chair	£149.95	1	Ebay
Wall vinyles	£33	1	Jade
Wallpaper	£32.50	1	Wallpaper Direct
TOTAL	£748.15		



Jade's London Gangsta design

"I'm known for a really bold, monochrome look with a strong colour palette and layered up materials, so it was important for me to bring my brand into my design too. I was never going to deliver a cliché concept, with pictures of the Kray twins on the wall and a gun lamp. Instead I wanted to do something that gives a nod to the concept without being too over the top.

"Once I'd got into the mindset of black and white the design started to come together really easily. And being on a £750 budget was a blessing in a way –

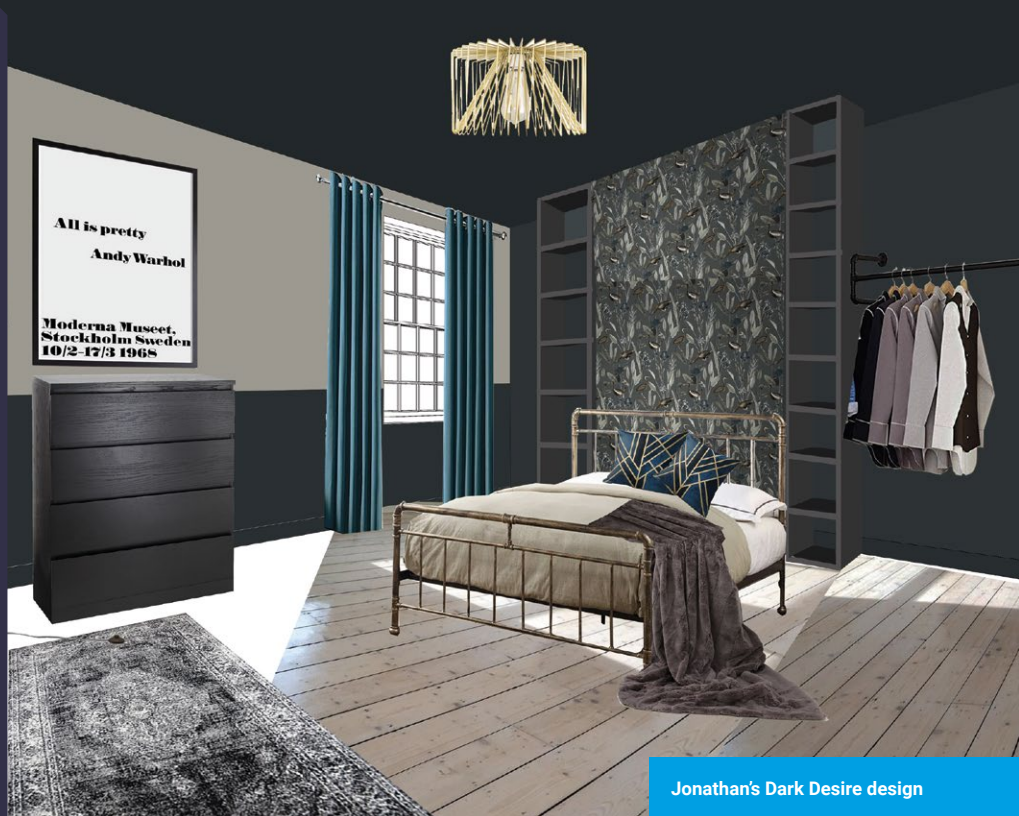
being restricted meant I could only go for key items and I had to make the work."

When it came to selecting furniture, Jade started off with the most expensive item – the green velvet bed, made by her favourite manufacturer Landlord Furniture Co. Then she went to her "go-to websites", such as ebay, Wayfair and Wallpaper Direct, to source everything else. It was important to make sure everything was easily accessible for anyone who downloads the document and Jade knows these sites have "quality and stylish items for a fair price".

Jonathan's approach was a bit different and he admits after toying with the idea of chocolate for a while (that's obviously what Dark Desire means to him!) he got most of his ideas from Pinterest. Nothing wrong with that. There's some great inspiration on there.

After starting with the colour palette and choosing a really dark colour called 'Railings' from Farrow & Ball, Jonathan then decided on gold and brass for the fixtures and fittings, as he wanted to achieve a luxurious feel. This then dictated the rest of the items in the room.

Jonathan explained he doesn't usually approach design in his HMOs this way, previously using a cookie-cutter approach. But this process and his sessions with Jade have helped to convert him, so on future projects he says, *"I'll always start by looking at the entire house as a whole first, instead of designing room by room"*.



Jonathan's Dark Desire design



Jemal's Jungle Fever Design

Eye-catching designs

The other challengers produced some really eye-catching designs too and all within budget. It wasn't specified in the brief but all of them provided their designs using some kind of software, such as Sketchup or 3ds Max. Of course, it's not necessary to do your own designs like this, Powerpoint also works well and is simpler to use if you're new to this. Craig from The Property Apprentice, produced his designs using Powerpoint and after the event admitted he really enjoyed the creative process and will be approaching his student houses like this from now on.



Craig's Club Tropicana design

Marc's nautical theme is just amazing. It's very subtle and delivered like a true design concept. It would have been easy to go with a cliché here, with boats and stripes, but as an architect Marc is a true professional, as you can tell through his designs. The coloured cladded wood on the wall and the ceiling really gives it a nautical theme without being too in your face.



Marc's Nautical Wave design



Maygreen's Northern Industrial design

MAYGREEN INVESTMENTS

Get the download

All ten designs and full product lists including wallpaper references and paint colours are available to download for free on the **CREATE FOR COVID** JustGiving page. All Jade and Jonathan ask is that you give a small donation which will be used to support NHS staff, volunteers and patients impacted by the Covid-19 crisis.

<https://www.justgiving.com/fundraising/createforcovid>

So, what are you waiting for? Get your download and 'Bee' inspired.

Higher budget = better functionality

It was interesting to hear that one thing that struck Jade when she was looking at the designs for the first time was that the rooms with the larger budgets have more functionality, with more furniture, some shelves on either side of the chimney breast or high level hanging rails, as in Maygreen's Northern Industrial design. With the biggest budget of the group Maygreen were able to add more functionality than the others as you can see in their design.

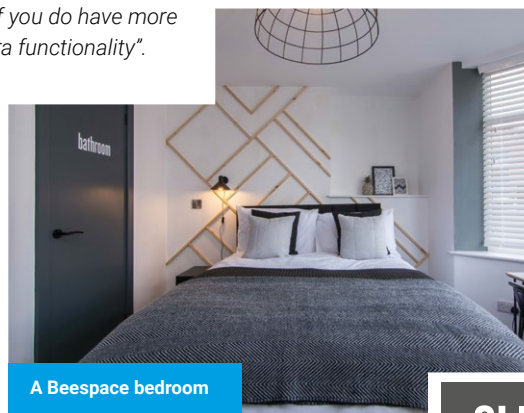
Functionality is key in HMO rooms, so Jade advises, "if you do have more budget look at utilising the small spaces to bring in extra functionality".

"The functionality's better when you spend more money"

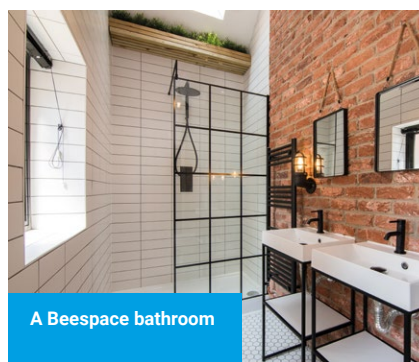
The importance of shopping around

An interesting takeaway from this is having the knowledge of what different suppliers offer and where you can buy certain items. Even though everyone was working to a different budget, all the challengers sourced from the same outlets, with Ikea and ebay being at the top of the list.

As you might expect the people with the lower budgets spent longer looking for items, because they were more restricted on price. Their search process tended to start by finding relatively high-ticket items, such as products from Made, and then spending time sourcing similar lower-priced alternatives. The trick is to find those alternatives, so you still get the look you're aiming for.



A Beespace bedroom



A Beespace bathroom

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CLICK HERE TO LISTEN TO THE FULL INTERVIEW

The audio recording for this article is available via the YPN App



A HIGH END INTERIOR WITHOUT A HIGH END BUDGET

SHAREEN ELLAHI

Former teacher **Shareen Ellahi** secretly had a passion for interior design and home styling, but had been too nervous to pursue it as a career. However, braced with the knowledge that everyone had to start somewhere, she started studying good design by attending courses, researching on the internet and networking with seasoned professionals to begin styling investment properties.

After testing her design skills on a holiday let in Cornwall, Shareen and her husband Arsh decided to do it again but on a different style of property investment. They recently agreed on a seven-year rent-to-rent contract on a very tired and abandoned property.

"It reeked of desperation and emotional hurt," she says. "You could see how neglected it was, and I think a lot of prostitution and drug abuse has happened in the property. There were holes in the floor and the neighbours had constant problems. I wanted to make sure it had a new lease of life, emotionally as well as visibly."

The Project

Although Shareen and Arsh hadn't purchased the property, it had been valued at £250,000. By the end of the seven-year contract, they estimated that it would be worth £350,000. A rent-free period of three months was agreed with the landlord to enable them to do the work to make the property habitable again.

In return for the rent-free months, Shareen and Arsh paid for the works to be completed. It made economic sense to do it as cheaply as possible while still attracting their chosen demographic with a high standard of finish.



Shareen wanted to create a place that felt like home for people and didn't feel like they were compromising on quality or standard of living. She felt there were too many inadequate and poorly maintained rental properties on the market and wanted to provide living spaces that were stylish, comfortable and met the needs of tenants.

The project progressed quickly and Arsh utilised his network of builders and contractors to get going. *"I was very lucky that I had Arsh to support me in getting quite a lot of that work done,"* she adds. *"I think the rent-free period was crucial to making this deal work and to making it effective."*

The house had originally been a six-bed HMO but only had one communal shower and two toilets. The kitchens from each room had to be removed along with the floorings and the building had some structural issues. After they started ripping everything out, it became clear that the house also needed an entire re-wire. They knocked through the original bathroom and separate toilet to create a bigger bathroom, which allowed them to create two shower rooms.



Demographic and Location

The house is a 12-minute walk to the train station, which had direct trains to London, Birmingham, Coventry and Warwick. With this in mind, they designed it for a professional demographic.

The location also had a demand for contractor accommodation. After crunching the numbers, they decided to split the property between an HMO and Airbnb model, with four HMO rooms and two for short-term accommodation. Within 72 hours of the two bedrooms being marketed on Airbnb, Shareen received two bookings.

Due to Coronavirus, one room is still available on Airbnb and the other has been filled by an international contractor drafted in to work during the pandemic on a three-month contract. While the other rooms were filled with professionals very quickly, the outbreak of COVID-19 meant that people who would have been interested in taking the remaining room have decided not to move.

Sourcing Materials

Shareen's idea on how to source furniture came after selling her own furniture on Facebook Marketplace. She realised that other people did similar and many items were still in very good condition, and she began wonder if she could utilise pre-loved and used furniture for her HMO.

Before sourcing furniture and materials, Shareen had a vision of what she wanted the room to look like. Once she had a visual representation – created through mood boards, Pinterest and images on Instagram – she then focused on what pieces would work in the room. She wanted her rooms to look clean and on trend, and concentrated on rustic textures such as wood, exposed brickwork and metal. Shareen also paid close attention to the needs of a rental market such as utilising space and creating discrete areas to sleep and relax.

From her visualised concept, she worked backwards. *"It helped me have a clear direction of what I was going to buy and how it was going to work,"* she advises. *"Do your research beforehand, create your mood board for each room and then just source according to that."*



The first thing she did was create a spreadsheet of everything needed in each room and communal area. It contained details of the item, its ideal dimensions, a budget and where it could be sourced from. As soon as something appeared on Facebook Marketplace or similar, she could contact the seller immediately. As soon as the sale was agreed, it would be marked on the spreadsheet and she'd arrange to collect it.

She had a storage space, which allowed her to find what she needed without worrying where to keep it until it was needed.

A good example of a discounted purchase is her first. She found two table-top sinks for £25 that had an RRP of over £100 each. They had been bought by the vendor for a project that never materialised and had been kept in a garage for two years. After purchasing them, her builders advised her they could be placed on worktops in the bathroom if they were watertight sealed. She sourced an offcut worktop for £12. In total, it was a saving of well over £100 each.

She also set up online alerts for when major brands or retailers had a sale. These notifications allowed her to buy shower doors for £60. Although there was often more legwork in coordinating picking up materials, she was saving a lot of money.

Some items were sourced brand new for hygiene reasons, such as mattresses, carpets and kitchens, at a good discount either through negotiating or shopping around. For example she had negotiated the price of seven kitchens from Howdens from £6,600 to £4,000. This price was still over

budget, so she approached an independent kitchen retailer who quoted £2,900 for kitchens at a similar spec.

She'd also set herself daily targets and budgets, like only wanting to spend £30 on a bedframe. *"And I would do it,"* she said. *"I'd pick up single bed frames for £10 because people needed to get rid of it quickly."*

Her method to source good-quality furniture ensured that she never had to compromise on quality of the finish. She adds: *"Pre-loved doesn't mean dated or that it's going to be rubbish. I was very selective with what I bought."* If a piece of furniture was the right style but the wrong colour or wood, she would either update it with chalk paint or work with her decorators to upcycle it by adding elements or sanding it back.

The building works and refurbishment took seven weeks, time that she took full advantage of to design and source the rooms.

Had she bought everything from Ikea or purchased a pre-designed HMO bedroom pack, Shareen believes she would have spent £1,500 per room. However, using the model of reusing and recycling, the total cost per room was closer to £250. Including all renovation works, labour and furniture, her original budget of £15,000 was underestimated. The overall cost was £21,300, and that took into account setbacks such as rewiring and joist problems and extra labour costs.

BEFORE



AFTER



Coronavirus Impact

Although most of the rooms had been tenanted prior to the outbreak, they needed to find a way to market the last couple of rooms while keeping themselves and their tenants safe. Shareen took pictures and created a virtual tour for marketing purposes, which were sent to anyone interested in taking the room. If they were happy to proceed, all contracts and itineraries were sent and signed electronically. When it was time to move in, the tenants were sent a code for the keybox outside to offer contactless move in and entry.

There was a flat at the back of the property and Shareen and Arsh had a couple of tenants who needed to be moved in by 1st April. When the tenants signed the contract, it was still a building site but they had seen the standard of the finished rooms, and paid the deposit based on that. They signed the agreement and paid the deposit in mid-March when it hadn't yet been finished or refurbished. To comply with government guidelines and get the apartment completed in time, Shareen came up with a plan: *"We'd have one trade in, allow enough time for that to settle, then I would go in. I'd make sure it was cleaned and disinfected before the next trade would come in."*

If she found any additional works that needed to be done during her cleaning visits, she'd take a photograph, annotate it, and send it along with voice notes to the tradespeople.

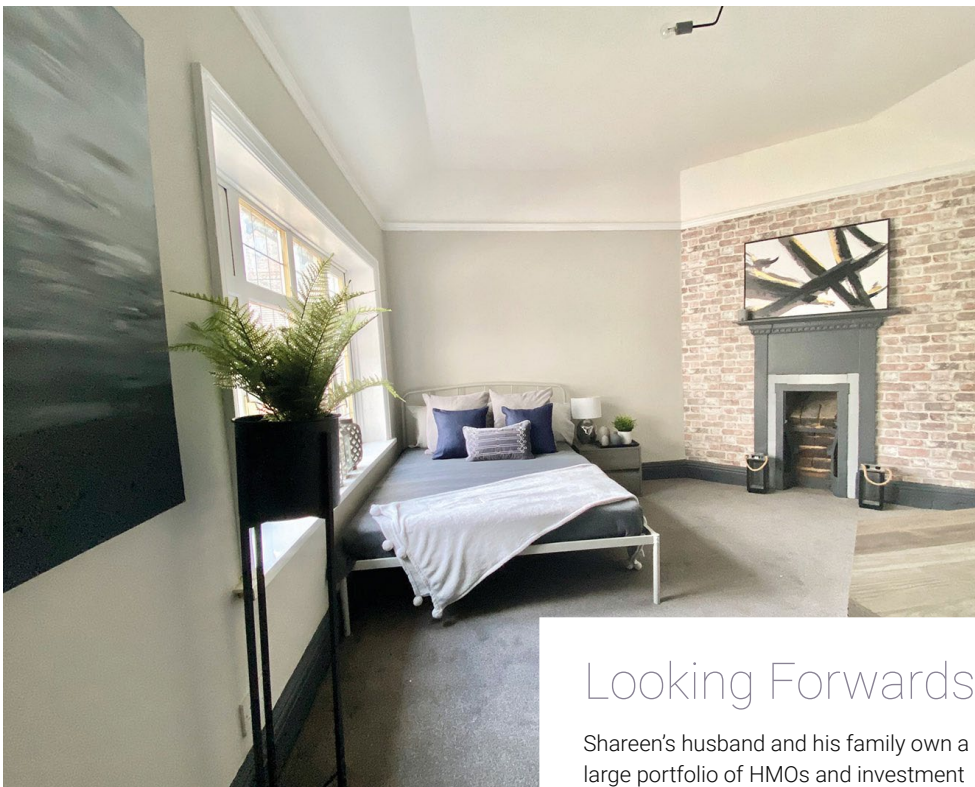
"It took longer than I wanted it to, but we made it work. Everybody pulled together to make the best of a tough situation and we got it completed by the 1st April as promised. There are still a couple of ongoing minor tasks to be completed due to lack of materials, but the tenants are incredibly understanding of the fact we're not able to get a lot of equipment and resources at the moment."



BEFORE



AFTER



Looking Forwards

Shareen's husband and his family own a large portfolio of HMOs and investment property. Having seen the success of her model, they are now considering re-vamping the entire portfolio to improve the standard of communal living.

However, looking at the larger picture Shareen believes there could be a slump in rentals and sales after the pandemic is over. Her method of upcycling, reusing and reworking what's already available will be an approach that other investors will benefit from to keep refurbishment prices low. *"I think going forward, being able to be smart with your décor will enable you to still create a project that is going to be budget friendly."*



Advice for Others

- The paint you use in the property has a big impact on how it will look, so do some homework. Get the right shade of white. It should have a warm undertone, not a blue one. It's important to know where the light comes into the room too because this will change the tone of the colours throughout the day.
- To make smaller spaces seem bigger, paint the skirting boards the same colour as the walls.
- Be creative with artwork, like adding a pop of colour to make it look vibrant or by having light coloured walls with dark skirting boards.
- Don't forget the doors! Use a bright colour to paint different aspects of the door, there are some great ideas out there for door designs.
- Know the minimum cupboard space from the local council, then utilise shelving above the kitchen units to maximise floor space and make the room feel bigger.
- Keep unique features. Shareen found an old fireplace in a bedroom and after blocking and insulating the chimney for £5, it was the first bedroom to be tenanted.
- Not everything has to be authentic. Like exposed brickwork but can't stretch your budget? Use realistic looking brick wallpaper.
- Farrow and Ball colours can be matched by cheaper paint brands like Valspar or Dulux and stick to similar tones throughout a building.
- Get a storage space. Being able to source materials and furniture without worrying about space was a big stress reliever for Shareen.
- Take advantage of trade accounts. LNPG offer some brilliant discounts for members and they're associated with many companies, as well as some furniture wholesalers offering trade discounts to landlords. She opened trade accounts to source furniture and went directly to the wholesaler. *"Once I got my trade account, I couldn't believe how cheap the furniture was!"*
- Find good decorators, builders and joiners. Or anybody who's good at doing woodwork and furniture alterations. Having them on side will enable more creativity with feature walls like adding panelling.

- Find inspiration. Instagram, Pinterest and magazines are great places to find it. Farrow and Ball provide plenty of helpful hints and tips on how to make colours work. There's also a huge network of property investors who are always willing to share their tried and tested ideas.

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FOUR INTERIORS ESSENTIALS FOR STUNNING (AND PROFITABLE) SPACES

Get the best out of your investment by applying principles of design and psychology

By Valeria Romano



Creating interesting and user-friendly interiors creates a win-win scenario where the investor gets the most for their investment and the user gets the best place to enjoy their lives.

Whether you are a seasoned investor or a newbie, a landlord or a developer, you are going to face the challenge of putting together interior schemes to present your homes to your target market.

In this article, I want to highlight the **four most important elements** to consider when you are putting together any interiors scheme, so that you can achieve a balanced, well-proportioned and user-friendly space. I will ...

... explain why it's important to create better interiors in your investment properties

... give you a quick outline of the psychology behind the use of the four principles

... and finally, clarify what these four principles are and how you can use them to your advantage.

Why should investors aim to create better interiors?

Let's start with understanding why it is important to consider your properties as products, and why you should pay attention to the type of product you offer on the market.

More than ever today, competition is a nemesis for you as a property investor. Without going into the specifics of what the general market rules to beat the competition are, let's just say that any competitive market will have areas of minor competition.

Specifically in the property market, if the average price for an HMO room or a serviced accommodation property sits within a certain range, most of the competition will fall within that range. There will therefore be two areas where competition is less fierce:

- below the average price mark, and
- above the average price mark

If you stay below the average price mark, you would struggle to make a profit. Consequently, the only option is to try and stay above the average price point and increase your profit margin.

There has been wide research into human behaviour around purchase decisions. The overall conclusion highlights that humans do not buy what they need – they buy what they want. In addition, the bigger the financial commitment, the stronger the desire for a product must be in order for them to commit to the purchase.

*"To stay on top of your market therefore, and ensure that your product is favoured against your next-door competitors, you need to distinguish your product in a way that taps into your target market at an **emotional** level, and win their contract."*

This is a bold statement indeed. And it is supported by observation of the marketing strategies of companies who pay particular attention to the details of their product and charge a premium price for it. Think of Apple and iPhones or La Mere cream (£1,500 per little tub/£310 per 100ml).

Beyond the premium, creating attractive and user-friendly places leads to a win-win situation. Not only do you maximise your profits, but you also engineer an environment where the end user's experience becomes what it is meant to be – practical yet enjoyable. For example, creating a lounge where watching TV is difficult or a kitchen where moving about is laborious thanks to badly placed obstacles defeats the purpose of the space, and it becomes far less conducive to psychological wellbeing.

More importantly, the difference in costs between creating a welcoming and user-friendly space and creating a less-than-ideal space is negligible. The real investment is in the planning.

Why do size and scale matter?

Whether you are creating a place for sale or for rent, there are several important principles that will help you build an attractive space. The four essential ones amongst these are **size**, **scale**, **proportion** and **balance**.

But why are these so important, and how can they help with your profit margins? To understand this, you need to understand a little about how the human brain works. Let's get technical for a moment ...

Cognitive psychology studies have taught us a lot about perception, preconceptions, and judgment perception.

The most widely known set of studies relating to size, scale, proportion and balance in spaces is the Gestalt psychology movement.

In brief, the German Gestalt movement focused on how we perceive reality. Their theories can be briefly summarised in four points:

- 1 Since the amount of information we perceive through our senses at any given point is overwhelming, we cannot process each piece of information separately. We organise it in **schemes** to make sense of it.
- 2 Schemes allow us to go beyond the actual information given. This happens in a very simple way – we arrange things in **groups**.
- 3 In every group, the whole is not equal to the sum of each **element**. Rather, a group is in itself a new element.
- 4 Our **knowledge** and **preconceptions** shape what we perceive as a group.

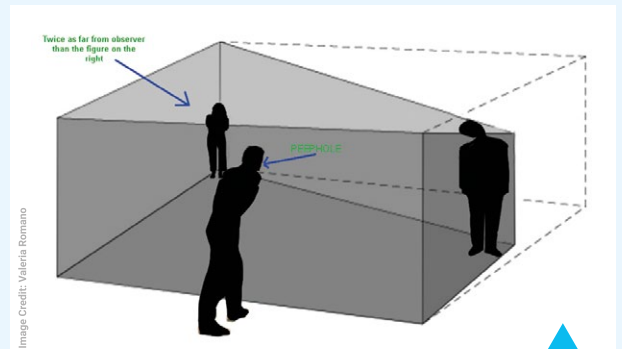
The most well-known study by the Gestalt movement relating to space and our perception of it is perhaps the Ames Illusion.

When someone looks into the Ames Room through a peephole, it appears that people change size as they move around it.



The Ames Room is specially built to make people appear to change size as they move around it.

In reality, these rooms are specially built and use odd shapes and patterns to fool our perception of the objects and people moving inside them.



The Ames Room uses shapes and lines to create the illusion of a certain space.

In the context of this article, they demonstrate well how size, scale, proportion and balance (the four essential principles of design) can be used effectively to change the perception of our interiors.

Ultimately therefore, the principles can help us achieve better profits.

How to use the four principles to your advantage

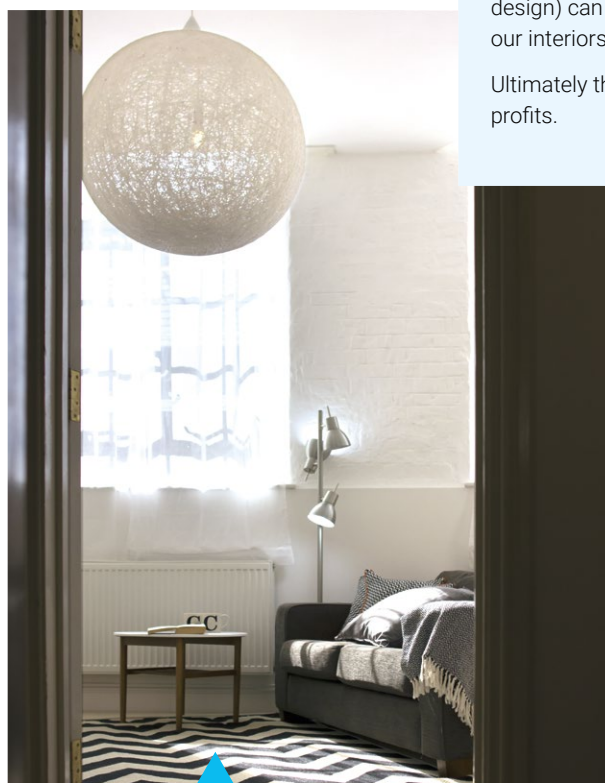
These four principles should by no means be considered as an exhaustive catalogue of design elements. But they are a good place to start when you want to improve any space with a view to attracting your target market.

SIZE

In design, many elements are measured in relative rather than absolute terms. This is because, in an interior scheme, the naked eye does not quantify absolute sizes.

For example, when we enter a room, we do not think: "this room is 2.3m by 3.4m." Instead, we react instinctively by acknowledging it's a big room or a small room.

Also, the perception of the size of a room will be influenced by what we've seen before entering it. For example, if we come out from a small bedroom into a medium-sized lounge, the lounge will feel spacious compared to the bedroom.



The scale of the pendant lights in this room is exaggerated to draw attention to the high ceilings.

However, the same medium-sized lounge will feel quite small if visited after a large kitchen-dining open-plan space.

At the same time, the size of the room will be instinctively measured by the relative size of the furniture and features in it. A huge fireplace will feel small in a massive room, while a standard Victorian fireplace will feel big in a small room.

This is why it is so important to choose the right size furniture, fittings and fixtures for the space in hand.

And when we talk about sizes of pieces, we not only take into account its size, but also its lines and style. For instance, a three-seater settee can be bulky or slim depending on its lines and overall style. But it is still a three-seater settee.

SCALE

Compared to the other principles, scale is one of the most difficult elements to use to good effect within interior design.

Scale relates not only to the range and size of pieces in the room, but also to the way that they relate to one another within the space, including any objects and people.

A space where everything is equally sized might come across as predictable and will not have a focal point to catch attention.

Throughout history, interiors are full of design features that are scaled to draw attention. Pillars, fireplaces, tapestries, ceiling roses and large cornices are all elements that have been used in the past to work as centrepieces.

When choosing what to put in a room, have a plan to consider the size of each piece in relation to the space you are creating.

Varying sizes will ensure that you'll draw the attention of the viewer to the best asset in that room.



Image Credit: Valeria Romano

A great example of scale: the 4m high ceilings of this space have been cleverly brought down to scale by the different heights and shapes of the large paintings, which allow us to ground the room and avoid a feeling of overwhelm.

PROPORTION

Proportion is closely related to size and scale. It represents the way in which all the elements of your design relate to one another.

If you have difficult-shaped room (long and rectangular, too small, too high, etc), the use of proportion can rescale it.

While proportion of furniture is the most important, décor such as rugs, curtains and wallpaper patterns can be used to change the perceived shape and size of a space.

Remember how the Ames Illusion works by playing a trick on human judgement perceptions and preconception? Proportions use the same principles to allow you to "correct" rooms of various shapes and sizes to make them look and feel more attractive.



The oversized wall art draws attention to the size of the wall and creates a point of interest that draws the eye in.

BALANCE

Balance refers to the state of equilibrium achieved by all elements in a space. The simplest and most of effective way of achieving this is through symmetry.

There are three forms of symmetry:

- **Axial symmetry:** where one side of a room is an exact mirror image of the other.
- **Radial symmetry:** a room has a central focal piece with design elements radiating out from it.
- **Asymmetric symmetry:** the use of equivalent (rather than matching) objects within a space. That can be achieved through colour, shape or size.

The space will dictate the type of symmetry that can be used, and each type will give the space a completely different feel. For example, asymmetric symmetry is very useful to achieve balance when a room isn't symmetrical in its construction, while axial symmetry gives a feeling of formality.

Balance is essential in achieving a welcoming and comfortable space. Awkward spaces that could be seen as a liability in the eyes of a potential buyer can be corrected through the use of balance.



Symmetry can be used in many ways to achieve balanced interiors. As with any creative art, once you know the rules, you can break them for an interesting result.

Conclusions

If you're a serious investor and want to achieve the highest return on your investment, it's important to find a way of presenting your product to attract those who are willing to pay a premium for something exceptional. Remember, putting together an outstanding room doesn't need to be expensive. The best investment is in the planning and knowing where to spend the budget.

Contact

This article should give you an idea about where to start, but if you're in any doubt or need any help, feel free to contact me.

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MINIMISING THE STRESS OF PROPERTY INVESTING

By **Rupal Patel**

There are so many things I wish I'd known when I was getting started in property. There were days when I would go down virtual rabbit holes trying to find out how to do something or where to source something and wasn't sure if I was on the right path, the wrong path, or any path at all. It all seemed so big and scary – and expensive! – and even though I was confident in my smarts, I was also anxious not to mess things up.

I know what it's like when you're trying to grow and have lots of other stuff competing for your time and energy. I know what it's like to fear your mobile because you're worried it might be a tenant calling with a problem and the anticipated stress of that unknown problem is too much. I know what it's like to have a big vision for where you want your property portfolio and business to go, but to also feel stuck and confused and paralysed.

I have been there.

So, for my next few articles, I'll be sharing tips that will save you some of that anxiety and stress and keep you from wasting precious head space and time. Now more than ever we need to make sure we have the fundamentals in our businesses right – or we need to go back and get them right – so use this time wisely.

1 Be selective about how you *invest* your time

I don't know about you, but it seems like during lockdown there have been **MORE** events, **MORE** workshops, **MORE** courses, and **MORE** Zoom calls than ever before. Cutting through the proliferation of temptations isn't easy, and it won't be any easier when we go back to whatever normal we will go back to. So, if you're not already good at being selective about how you invest your time, now is the time to start practising.

You can't be everywhere and you don't need to see everything or do everything. So here are two very practical tips for how you can



be selective: **1)** Don't sign up for anything – a course, a viewing, a coffee meeting, anything – you don't think is valuable enough to do **today**. After all, if you don't think it's worth doing today, why would it be more worth doing later? This one filtering mechanism has helped me reign in the eager-signer-upper inside and saved me countless hours of trying to fit too much into my diary.

And **2)** Pre-screen everything. For properties that means doing all of your due diligence – running the numbers, checking Google Maps, researching prices and rents, etc – at

home before you consider walking out the door to view anything in person. For events or workshops, that means doing all of your due diligence – doing taster sessions, checking testimonials, trying some free content, etc – before you sign up for something that will require days or hours of your time.

Time is the one thing none of us will ever be able to get or make more of, so be selective about how, where, and with whom you invest it.

2 Track Your Stats™

We are all very good at deluding ourselves about how much we are doing, how much effort we are putting in, and how “hard” we are working. More often than not, we think we are doing more than we really are, so to take the subjectivity out of it, it's important to Track Your Stats™.

What this means in practice is very simple. Use a plain-old Excel spreadsheet, piece of paper, or time-tracking software (I love Toggl), and break down your working day into 15-minute increments, and then fill in the activities you are doing during those time slots – 0830-0845: *financial analysis*; 0845-0900: *plan for call with agent*; and so on – and do this for the whole working day. It's also useful to **quantify** as much as possible (number of phone calls, number of viewings, number of properties analysed, etc) and once you've tracked everything for at least two weeks, you can review what your days **actually** look like.

Your results might surprise you, and it might not be pleasant. When I first started doing this five years ago, I had a massive wakeup call. My seemingly “long” working days were padded with hours wasted doing chores (one of the hazards of working from home, as we all now know!) and faff that I never realised was there. The hundreds of calls I thought I was making each week were actually just a handful. Yes, the harsh reality stung, but it was also a huge relief because suddenly I could see that any lack of results wasn't because I was unlucky or cursed, it was because I was working haphazardly and without a plan.

So I created a plan, set numerical targets for my days, and within weeks of changing how I worked we got a deal. It was only because I was willing to be honest with myself that I was able to course correct and save myself the stress and worry that came with wondering why nothing was happening.

We can all avoid the mental anxiety that comes from not knowing where the time goes or why the results aren't coming. Tracking Your Stats™ gives an **honest** picture of what you are or are not doing, so you can readjust and focus on the activities that will lead to getting the results you want.

3 Use the right experts at the right time

Do I need an architect? Should I call a structural surveyor? Will I need to get bridging finance? Questions like these come up a lot, and many investors think they need to hire expert after expert. But the thing is you don't; not always. The key is to hire the **right** experts at the **right** time.

Many typical refurbishments don't require consultants. Often, a good contractor will know what to do and how to do it without an architect's drawings (depending on the size and complexity of the project), and will bring in a structural engineer or building control when necessary. Each project will be different.

For most typical transactions, a good whole-of-market mortgage broker will do the trick, but other times you'll need to work with a specialist. Each type of lending will require a broker who has good relationships with those types of lenders, and very rarely will the same broker be able to find great vanilla mortgages and great specialist lending options, too.

So, get as smart as you can about what you do/don't need for each project, and then make sure the person you are working with or planning to work with has the right experience and expertise required for the type of deal you are doing. Don't shy away from paying for specialist advice, but be equally careful not to pay for advice that might be “overkill.”

You could waste a lot of time and money paying for specialists you don't need and waste potentially even more time and money **not** paying for specialists you **do** need. It's a fine balance, and there are no hard and fast rules because every property and every project is different. Do your due diligence, speak to people who have done your type of project before, and use the right experts at the right time.

These are just three of the ten tips I'll be sharing with you over the next few articles, so stay tuned to save yourself time, stress, hassle, and cash! In the meantime, be selective about how you invest your time, Track Your Stats™ and hire the right experts at the right time. You've got this, and I'm here to help along the way.

If you'd like to chat about property, or are interested in learning about my Launchpad Program™, please get in touch. You can reach me at **rupal@blueinfinityproperty.com** and get more tips on investing, business, and leadership on our YouTube channel: **www.youtube.com/blueinfinityproperty**





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FOLLOWING A REFURB PROJECT FROM START TO FINISH *Part 3*

In Parts 1 and 2 in the last two issues, Jesse Fossey Taylor of ForTheLandlords.com has talked about his experience of purchasing 189 Canklow, discovering there had been a fire and beginning the works before lockdown forced work to cease. He was nearly finished and, had everything gone according to plan, would have been moving in tenants by now. Read on for this month's update ...

RECAP

To catch you up, last month I talked about how we got the builders in, our estimated budget for refurbishment and how we had to go into the contingency fund for a new electricity cable. We were around 80% of the way finished by the time the pandemic hit, and I was considering whether to pause the works until it was over and safe to work again, or to keep inching forward and completing it in small teams to adhere to social distancing guidelines.

THE BUILD MUST GO ON ...

... or should it? My builder wanted to carry on with the work, but was prevented by the police. A council worker and a police officer turned up at the building and told the builders that the project was considered non-essential and that they had to go home. However, we've since found out that the rules are somewhat vague, and people are allowed to carry on working under two conditions. The first being that, as long as they comply with social distancing, works can continue. The second was that there were only were five categories or industries that had to close. As long as you weren't on that list, you could carry on working.

Anyway, instead of having an argument, my builder had another job to do, which was under a different jurisdiction. As we pay by stage payment, we reduced the number of stages to visit. Basically, the builders needed to get to a position where the work was substantially complete and ready for handover. The lockdown also meant that there was no new business or jobs starting, but old jobs could still be finished.

We recently had a team meeting to figure what to do, and we decided to carry on as we

are until there is a little more detail on how and when the lockdown will be lifted.

As some materials are readily available, we could probably start up work again. But it would be really frustrating if something doesn't turn up or something stops working – and these sorts of frustrations cost money.

MOVING ON ...

Seeing as there wasn't much to say about Canklow this month, I thought I'd share a little about another live project – Foljambe.

We acquired this via a housing association sale. I'm not entirely sure why housing associations sell their stock. I suppose sometimes they have legacy properties gifted, or they bought units from another housing association with properties in the wrong area. Sometimes it's simply to pay for development projects. We have a close relationship with this association and are now their preferred buyer of stock. The board of directors know and trust us, so we get first bid on properties. As long as it's an acceptable offer, it almost always goes through.

Foljambe was built in the first half of the 20th century. In its current state, we're projecting a rental income of £375 to £425. These numbers are produced on the day we agree the sale, so fast forward to the day the renovations are complete and it's rented out, the figure will probably be closer to £450 to £475. The numbers all work at £375 per month, so it will be fantastic if we can get £450.



Foljambe During



Foljambe Before



TIMELINE

Exchange	13th December 2019
Completed	24th January 2020
Work started	27th February (just before lockdown)
Contracted end date	27th March (obviously, this has been delayed)

TENANTS ALREADY?

We luckily have corporate tenants lined up for both Foljambe and Canklow. Two large infrastructure companies have been in touch, and one has ordered a further ten houses through us, two of which are Foljambe and Canklow. (Although nothing has been signed yet!)

The upside of the current situation is that it doesn't feel like we'll lose tenants if we don't get the properties finished in time. The companies aren't working at the moment, so they don't need accommodation immediately. It's ideal for us, because it's likely we'll both be going back to work at the same time.

Fingers crossed, I'll have better updates for next month. Until then, stay safe!

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

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PROPERTY INVESTING AND UNIVERSAL CREDIT

An Investor's Experience

Recent events with Covid-19 have really bought home the old message that “every tenant is just a redundancy away from potentially becoming a housing benefit claimant”. The government has reported that there will be over one million **NEW** claimants for Universal Credit (UC), which is the new system for receiving housing benefit.

Many of these will be tenants who have never made a claim before, so it's imperative that you or your agent engages with them and helps them through the process to avoid rent arrears racking up. Getting sound advice on all matters Universal Credit from other property investors is virtually impossible, as most don't want to operate in this sector. In this interview, Mark shares his property journey and his initial struggles in dealing with the welfare benefit system. By learning the system from the ground up, he has become somewhat of an expert in Universal Credit, allowing him to run his portfolio efficiently as well as enabling him to train other landlords and agents.

YPN: How did you get involved with property investing?

Mark: My parents had holiday lets in the lake district so I've always had an interest in property. By the time I was around 30 years old, I had managed to save enough deposit money to start purchasing some flats locally in Salford. I continued to save the rental profits as deposits and after around six years, I had built up a small portfolio of properties. At that time (2007-2008), the government introduced the Local Housing Allowance (LHA) system and it was fairly easy to work out how much rent (housing benefit) one could get via the LHA system. In my area, it was clear that the LHA rates were around 10% higher than market rents, so renting to welfare benefit tenants presented an interesting opportunity.

To incentivise accredited landlords to take on LHA tenants, the council also introduced a bond scheme – in essence they offered a paper bond (deposit) but one that could be cashed in after 12 months, regardless of any issues with the tenancy. More importantly, accredited landlords belonging to the scheme could opt to have the housing benefit paid direct. There was the odd mishap with payments which would then involve dealing with the council, but issues were fairly easy to resolve. At that time, direct payments were not guaranteed and depended on the tenant circumstances, but landlords on the bond scheme were automatically guaranteed direct payments.

YPN: How did renting primarily to welfare benefit tenants become a key part of your



business?

Mark: With the realisation that I could secure more rent through the LHA system, I started offering properties to the council when my private tenants vacated. Over time, I started to build a relationship with the council and it was a true win/win, as they needed properties to house their homeless tenants. They tried to ensure that I got the best tenants who they felt would look after my houses. Eventually, my whole system became highly leveraged as they often had a tenant waiting when one of my properties was becoming vacant. My local council was very keen that these tenancies ran smoothly, as they appreciated that I would continue to take on their tenants and this would avoid the costlier option to house them in temporary accommodation.

My portfolio consisted of flats and maisonettes, which were suitable for single people, couples and also smaller families.

My overall experience in renting to tenants from the council has been pretty good although I have had some instances where the properties were not looked after. Having said that, I have also had one or two issues with private tenants not leaving the properties in a good state. Ironically, the biggest benefit to me was that the rent

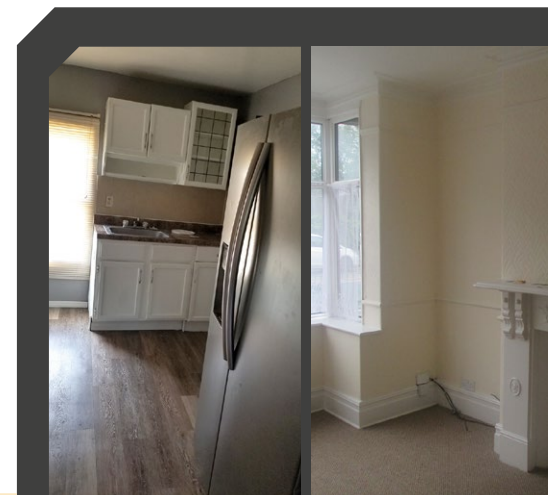
arrears were extremely low compared to the private rentals I've had. It's clear that choosing the right benefit tenants is very important and in some cases I have had tenants with me for many, many years and they really look after the property as it's their home.

In 2016, the government started to freeze the LHA rates as part of the austerity measures, so I then started looking at other strategies within the LHA sector and mainly focused on house shares, so that the combined housing benefit would still exceed market rents. As the LHA rates are broadly based on the number of occupants, I also started to buy three-bedroom properties with two reception rooms, which allowed one of the reception rooms to be turned into a bedroom to enable a claim for the higher four-bedroom LHA rate.

YPN: The old LHA system started to change to Universal Credit (UC) a few years ago so perhaps you could enlighten the readers about UC?

Mark: Universal Credit has been designed to replace and pool a number of the older so called “legacy benefits”. The main driver behind UC is to enable/encourage welfare benefit tenants to better budget their finances. Legacy benefits are a mix of being paid weekly, fortnightly, four-weekly or monthly and the government wants to merge many of these payments into a single, monthly payment to be paid direct to the tenant. The overriding aim of UC is to make benefit claims simpler and the rationale to pay the housing element direct to the tenant is to encourage greater financial responsibility.

Universal Credit is made up of six legacy benefits: child tax credit, income support, Job Seekers Allowance (JSA), Employment and Support Allowance (ESA), working tax



Universal Credit is made up of six legacy benefits: child tax credit, income support, Job Seekers Allowance (JSA), Employment and Support Allowance (ESA), working tax credit and finally, the key one for landlords, housing benefit (aka the housing element). Tenants will get the UC payment once/month which itself can create some budgeting challenges as, previously, they have been used to getting these benefits weekly/fortnightly. All new benefit claims will need to be made using the Universal Credit systems and this system is also applicable to existing tenants whose circumstances change.

YPN: What was the impact of UC on your own rental business and how did you deal with it?

Mark: I knew that Universal Credit was on the horizon a few years ago, but largely ignored it as other parts of my business were more pressing. However, due to a number of reasons, I quickly ended up with four or five tenants on Universal Credit – neither myself, my tenants or more importantly my letting agent understood the process and within a few months I was over £6,000 in arrears due to: (1) delayed payments from the DWP and (2) tenants not passing on the housing benefit element to me.

Those were tough times and wherever I turned, I faced a brick wall – actually, the main challenge was that I did not understand the process so couldn't ask the right questions to get to the root of the problems. I decided to make it my mission to understand everything I could about Universal Credit by going to local landlord meetings, meeting the DWP regional manager for Universal Credit (aka the partnership manager) and engaging with Bill Irvine who runs UC Advice. I also became part of the Private Rented Sector Universal Credit Engagement Forum, where social and private landlords meet the DWP regularly in London to discuss issues. Immersing myself in the UC process eventually led to improvements in my own business and to the development of a training package for landlords and agents.

Case Study 1

Coniston Avenue, Salford, Greater Manchester

BRIEF DESCRIPTION

Unfurnished three bedroom property with two reception rooms, one of which could be used as a bedroom.

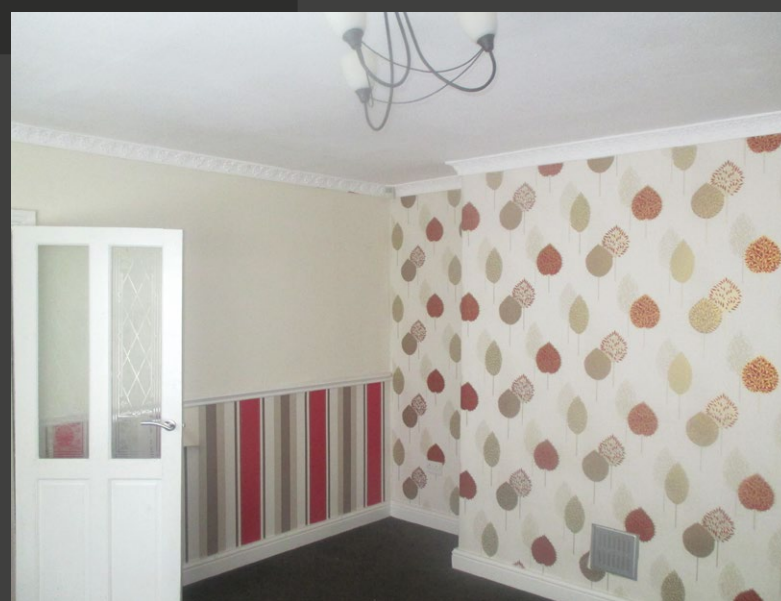
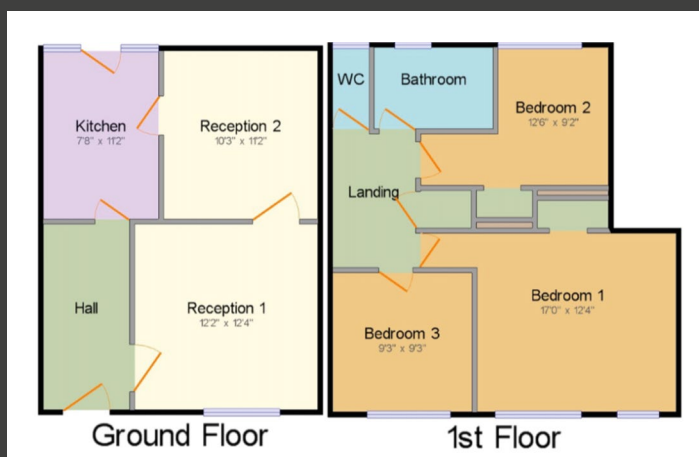
PURCHASE INFORMATION

Purchase price:	£70,000
Renovation:	£n/a spent approx £500 to enable Electrical and gas safety checks
Furnishing:	£N/A
Buying costs (Ltd company):	£857
Cash left in:	£19,117

RENTAL DATA

Mortgage/remortgage (loan amount):	£53,812
Interest amount:	2.99%
Monthly rental income:	£808
Monthly mortgage amount:	£134.10
Monthly running costs (insurance, maintenance, Etc):	£91
Net Monthly cashflow:	£582.90
Gross yield:	18%
Net yield:	5.8%
Return on investment (ROI):	36.6%

NOTES: Rental Bond of £808 cashed in after 12 months. By using the extra bedroom as a reception room, the rent could be increased by £213 which is the difference between the three- and four- bedroom LHA rates in Salford.





Case Study 2

Greenheys Road, Salford, Greater Manchester

BRIEF DESCRIPTION:

Three-bedroom unfurnished property let to two sharers.

PURCHASE INFORMATION

Purchase price:	£63,500
Renovation:	£n/a
Furnishing:	£n/a
Buying costs (Ltd company):	£2,336
Planning costs:	£n/a
Cash in:	£18,211
Cash left in:	£18,211

RENTAL DATA

Mortgage/remortgage (loan amount):	£47,625
Interest amount:	3.5%
Monthly rental income:	£883.80
Monthly mortgage amount:	£138.90
Monthly running costs (insurance, maintenance, Etc):	£100
Net Monthly cashflow:	£644.90
Gross yield:	22.3%
Net yield:	6.4%
Return on investment (ROI):	42.5%

NOTES: This property is let to two sharers over 35 years old on a joint tenancy. Each sharer can claim the one-bedroom rate of £441.91. The rental bond of £884 can also be claimed after 12 months



One of the biggest challenges in the process is engaging with the DWP, so here are three pieces of advice for YPN readers: (1) sit with the tenant when they call the DWP to authorise them to share critical information with you (obviously when the pandemic is over); (2) ask the tenant to grant explicit consent for the DWP to give information to the landlord (can be done via their online journal or by calling the DWP or through the job centre); (3) build a relationship with the Universal Credit partnership manager, whose role it is to engage with landlords.

YPN: With the old LHA system, direct payment of housing benefit to the landlord was at the discretion of the local council – what is the situation with UC?

Mark: There are a number of ways you can get direct payment. One is to make a formal request to the DWP once the tenant is two months in arrears or if a tenant has continually underpaid rent over a period of time. The other route is when the tenants satisfy tier one or tier two factors eg arrears, addiction, debt problems, gambling problems or family issues. Direct payments via this route are not guaranteed, but in these instances, the DWP should be strongly considering it. One advantage of the UC system is that as well requesting direct payment due to arrears, landlords can also request payments of the arrears through "third party payments" - put simply, DWP will apportion some of the tenant's other benefits (eg JSA, ESA) towards the housing element arrears until cleared.

Unfortunately, there are no guarantees with the UC system but my advice is to work with the tenant and try to formulate a solution to get direct payment. If the tenant is uncooperative then landlords will struggle, so should be wary from day one with non-compliant tenants.

Depending on the area, there may be other opportunities to mitigate rent arrears. In my case, I started working with the council on a pilot scheme for homeless tenants who fit into the tier one category. In this way, I was able to get direct payment from the outset of the tenancy. Initially, it was a painful process as the correct information wasn't getting delivered to the DWP and I wasn't always following the correct process. These days, things are running much more smoothly as I have managed to secure direct payments for pretty much all my tenants. The procedure to follow if landlords are facing arrears is to request direct payment via the Alternative Payment Arrangement (APA) system and I do believe that the DWP procedures are constantly improving. However, the reality is that the DWP want to pay the tenants direct if they feel that they can manage their finances.

If landlords are not working directly with the council, another way to secure direct payments is via Credit Unions, who often operate schemes that landlord and tenants can sign up to. These are called "jam jar" accounts and essentially, for a small fee, the Credit Union ring fences the housing element of Universal Credit to send directly to the landlord. The beauty of these schemes is that the landlord will be notified if the tenant tries to cancel the automated payment. Although a Credit Union scheme needs to be set up at the beginning of the tenancy, landlords could make it a requirement of every tenancy.

YPN: Not all tenants have moved over to UC – what are your thoughts on the full implementation of UC and how the process is being improved?

Mark: The movement of all claimants to UC from the old benefit system is referred to as managed migration and a pilot scheme has already been completed in one area. The aim of the pilot was to identify the issues and challenges, before going back to parliament to agree a timetable for full rollout. This was set to complete in 2024 but will probably be delayed further due to COVID-19. At this stage, landlords won't know the order in

which areas will be migrated but once they do, they really need to work with their tenants and engage with the UC system, otherwise arrears are inevitable.

I attend a lot of meetings with the DWP and I can sense their desire to get feedback and take increasingly pragmatic approaches to work more effectively with landlords and ensure problems are minimised to ensure that tenants retain their tenancy.

Although it's taken some time, one key area of improvement being implemented is the process of requesting direct payments. It's used to be a cumbersome paper-based system but a digital version is currently being piloted.

YPN: Perhaps you could take the readers through a typical scenario in the current COVID-19 outbreak?

Mark: The first thing to point out is that as an investor in this sector, I have seen no impact on my business as my rents are paid direct. However, with so many new claimants

due to the pandemic, the DWP is under huge pressure. Landlords whose tenants now need to claim UC will need to support them to make online claims and to ensure that they provide the correct paperwork to the DWP eg ASTs, IDs, utility bills etc.

The first step if someone has lost their job is to get online and start the UC claim. As a landlord I would be making sure that they take action (RB: get them to send screenshots of their application to confirm they have done it) and also assisting them with all the documents to send to the DWP. Normally, the next stage is an interview at the Jobcentre but with lockdown, they're just processing documentation without seeing the claimant which will speed things up. The first payment should be made five weeks after the claim so as a landlord, you need to ensure that the tenant advises you accordingly so that a monthly standing order can be set up.

Tenants can also claim for a Universal Credit Advance which allows them to get a payment straight away and it effectively becomes a 12-month loan that is paid back monthly by retaining some of their allowances over the ensuing months.

GENERAL WELFARE BENEFIT QUESTIONS

YPN: What sort of systems have you put into place for this type of business?

Mark: Unlike working tenants, most housing benefit tenants will struggle to provide the first month's rent in advance and the cash deposit, so I will always try and secure a guarantor. As most of my tenants come via the council, I try and gather as much information as possible from the council eg previous landlord reference, as you are effectively handing over a property without any money down. If you work with the council, they are likely to have a bond (deposit) scheme which could be a paper bond or cash deposit. To ensure I am systemised, I keep tabs of exactly when the housing benefit payment is due by staying in touch with the tenant and following up with the DWP or the council if the payment doesn't arrive – being really, really proactive is the key. It's important for landlords to gather the tenant's key personal information without which, it will be difficult to engage with the DWP.

YPN: What are the potential benefits of working with the local council?

Mark: I have worked with the council for around 15 years and have developed some

really good relationships. In the past I have had refurbishment grants of up to £20,000 for empty properties but this was conditional on the properties being leased back to them. As I have been part of their landlord accreditation scheme for many years, I have had access to their bond scheme and have managed to secure 40-50 paper bonds which have been cashed. The council has also funded several free boilers and issued numerous gas, electrical and EPC certificates which all saves money.

My current portfolio is a mixture (balance) of homeless tenants that come via the council and these properties are managed by my agents, or just handing the property over to the council for their lease scheme (R2R), which becomes fairly passive rental income once set up.

YPN: What's the direction of your business in the next few years?

Mark: In the last 18 months, I haven't increased my portfolio but have been making some changes to create more diversity including private working tenants, tenants on housing benefit or UC and properties leased by the council. In the future, my plan is to stick closely to the welfare benefit sector, but I am keen to explore more advanced strategies including HMOs. I have gained a tremendous amount of expertise in this sector, especially Universal Credit, and have developed a UC training package

which I have delivered to landlords, regional landlord's association and letting agents. The training can be delivered to letting agents at their offices and out of hours to avoid staffing issues and can also be delivered digitally. I will continue to develop and deliver this training package as there are several hacks, hints, advanced strategies and tips that landlords can adopt to ensure their universal credit tenancies are implemented successfully. Knowing how the system works, how to avoid the pitfalls and the best chance to secure direct payment is key.

CONTACT

If our readers want to find out more about what you do and ways of working with you, how do they get in touch?

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Direct: Mark_morris_uk@yahoo.co.uk

CLICK HERE TO LISTEN TO THE FULL INTERVIEW

The audio recording for this article is available via the YPN App



THE BUY-TO-LET MARKET OVERVIEW THE IMPACT OF COVID-19

BY CHRIS WORTHINGTON

Economist Chris Worthington addresses the questions that we're all asking right now – what will happen to the housing market? How will this affect landlords? Will there be an impact on rents? He draws from industry commentators and organisations to keep us informed of current thinking.

THE ECONOMIC CONTEXT

A recent report by Andrew Goodwin, chief economist at Oxford Economics, provides a useful economic context to the impact of COVID-19 on the property market. He commented: *"Our view is that you only get a price crash when you have a combination of high interest rates and high unemployment. Without the government's job retention scheme, mortgage holiday and monetary easing the risk of a crash would have been real but we are a bit more relaxed about it. We do think that there will be an increase in unemployment but not the sort of increase that we have seen in previous crises. Incomes are taking a hit so for two years we think house prices will soften and may fall by 2% but it's not the doomsday scenario it could have been. The big challenge is the exit plan and the extent to which the government economic aid programme remains in place."*



THE PROPERTY MARKET

The property market was effectively suspended on 26th March when the government issued guidance calling for people to delay moving during the lockdown. As a result, around 90% fewer homes are being listed for sale or sold. Weak demand will impact on house prices. John Bell, research analyst at Deutsche Bank, forecasts that UK house prices could fall by between 9% and 20% based on what happened in the global financial crash of 2007-2008 and the downturns of 1974-75 and 1989-93. Bell went on to say that low interest rates will cushion house price falls but there is limited scope to further reduce interest rates with the Bank of England base rate at the 300-year low of 0.1%. Capital Economics forecast a more moderate fall of 3% in UK house prices in 2020.

The latest UK Cities House Price Index published by Zoopla and property analyst company Hometrack reported a fall in house prices of only 0.1% in March but

demand for housing fell by around 70% with a sharp decline in demand starting before the lockdown. An estimated 373,000 sales are held up by the lockdown and completed housing sales in 2020 are expected to be 50% lower than in 2019.

The Index report concludes that *"there is a question mark over the speed and trajectory of a recovery towards normal levels in the months ahead. Low mortgage rates and the government wage package are positives but demand for housing will be challenged by a deteriorating economic outlook."*

However Lucien Cook, head of residential research at Knight Frank, remains positive commenting that *"house price falls can be contained to 5-10% in a low transaction market and over a five-year period prices*

could still rise by 15% across the country as a whole."

According to Knight Frank, the spread of COVID-19 and the lockdown will result in 56,000 fewer new homes being delivered this year despite some housebuilders returning to work. The impact on the sector has already been dramatic. Oliver Knight, research associate at Knight Frank, commented: *"Consumer sentiment will impact on recovery and the fact remains that house builders will only build what they can sell."*

In a welcome move, Rightmove has cut their charges to agents and housebuilders by 75% for four months starting from April and will *"continue to innovate to support buyers and sellers."*

CEO Peter Brookes-Johnson said: *"At Rightmove we are doing everything in our power to rise to the challenges of COVID-19. We have chosen to utilise our position to support our customers at this difficult time."*



“
Savills have noted that there is a long term established correlation between rental growth and income growth. The COVID-19 pandemic is therefore likely to result in lower rental growth in the short term with growth increasing as the economy recovers.
”

THE PRIVATE RENTED SECTOR

The finding in reports on rents in the private rented sector vary considerably.

One of the most comprehensive reports is the Quarterly Rental Market published by Zoopla. The latest report found that the change in activity levels has not yet filtered through to any notable adjustment in annual rental growth. However, demand in the rental market fell by 57% during March followed a partial bounce back in April. Once the lockdown restrictions are reduced, activity in the rental market will increase.

However, the total moves in the private rented sector are forecast to be around 25% lower than in 2020 compared with 2019. Rental growth has been rising steadily for the last three years but is unlikely to rise further in 2020.

Home.co.uk have recently reported low and falling stock levels of property available for rent with 14% less stock than a year ago. This is likely to be exerting upward pressure on rents, especially in London. However, it has also been widely reported that because of the sharp downturn in their market, many

holiday lets and short-term lets are coming back on the market as longer term lets.

Savills have noted that there is a long-term established correlation between rental growth and income growth. The COVID-19 pandemic is therefore likely to result in lower rental growth in the short term with growth increasing as the economy recovers.

Affordability of rents was a major concern before COVID-19, with private renters paying up to 45% of their income in rent compared with 19% for owner-occupiers paying a mortgage, and many renters have little or no savings to fall back on (Source: English Housing Survey).

The UK government promised a complete ban on evictions of tenants arising from COVID-19 and has stated that no new possession actions will be allowed to begin in the next three months and this may be extended further. This raises the question of how much forbearance the private rented sector can absorb if tenants are unable to pay rent because of illness or unemployment.

CONCLUSIONS

These are difficult times for landlords and BTL investors. There are very mixed views on future house prices and demand in the PRS appears to be volatile. It seems likely that rental growth will stall in 2020. Many tenants are faced with job insecurity and this will exacerbate affordability levels that were already high, especially in London.

BTL investors may well decide to look for more certainty in the key market indicators before revising their business strategy and planning new investments. This could be time well spent during the lockdown, but some investors may take a more optimistic view and consider a new investment at a time when lack of competition from other buyers provides a strong position to negotiate a price reduction.



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

IT'S NOT ALL DOOM & GLOOM!

BY MARK LLOYD

At the time of writing this article we are still in lockdown; however in England things are gradually lifting.

But what does the property market hold for the rest of 2020, and which strategies should you follow?

The general consensus is that the market will drop for the rest of 2020 with a recovery in 2021, so which strategies will work ... and why?

For the large part, the property market has come to a virtual standstill. I can't recall this having ever happened in the past. The most recent comparable would be the market crash of 2008/2009 when prices fell dramatically over 12 months and it took some time to recover. I purchased a large portion of our portfolio at this time – there were very few buyers but people still needed to sell. I think we will see something similar over the next six months, but not on as large a scale as in 2008/2009.

If we go back to basics, why do people become motivated sellers? Generally, there are two main reasons:

1. To reduce debt
2. To access cash (to buy another property for example)

These two things do not change just because the surrounding economy has changed. It didn't change in 2008/2009 and it won't change now.

BUY-TO-LET

I believe there will be some good opportunities to buy at a discount and in fact, this has already started to happen. For example, one of our mentees found a property that had been put on the market just before lockdown at £250,000. A couple of weeks later, his offer of £180,000 was seriously being considered. And this is in the South where, apparently, you can't get that level of discount (fortunately our mentee doesn't know that!).

During the credit crunch, vendors became fearful that the market would worsen further and were open to agreeing to a discounted price. This appears to be repeating, and vendors are contemplating offers they wouldn't have even considered before lockdown. You always need to understand their motivation for selling – if someone needs to sell, they need to sell, regardless of what is happening in the market.



HMOs

The lockdown has been a tough time for some HMO landlords. Trying to maintain social distancing while keeping rooms full has been a challenge. Could we see rents fall in the short term? Maybe. However, we can't get away from the fact that there is a shortage of rooms in some areas. Based on this, I think the HMO model will still be a good one for the rest of 2020, but with some short-term challenges. This is one of the strategies where a niche works really well – create your niche and stand out.

RENT-TO-RENT (HMO MODEL)

As with HMOs above, there could be good opportunities for the rent-to-renter here. There are a lot of empty student houses at the moment, which could provide a good opportunity in some areas. But there are a lot of empty single lets too. We have been negotiating with a landlord to get three months rent free followed by three months at 50% of rent, which should give us plenty of time to get the strategy working again after the lockdown eases. Of course, we have a break clause too to be safe!

RENT-TO-RENT (SERVICED APARTMENT MODEL)

A lot of SA operators suffered with lots of cancellations when the lockdown happened, and some are still suffering. I've never been a great fan of SA (sold ours several years ago when every man and his dog started doing it!) but in my opinion, the opportunity is to niche. If you find a niche, you may be surprised.



LEASE OPTIONS

I believe the next six months will be a fantastic time for this strategy for those able to take advantage of it. It's often misunderstood, but it's a very useful tool in the current climate and one of my favourites. Why? Because it is so flexible and can solve virtually any vendor problem. We did quite a few lease options in 2008/2009.

ASSISTED SALES

This strategy will still work but not as well and not in all areas. Be careful.

EXISTING NEW BUILD DEVELOPMENTS

I think this will get interesting over the next six months. A lot of developments have stalled, but are still incurring interest on their borrowings. This will start to hurt soon and put pressure on the margins of developers, which could uncover some opportunities for discounted purchases to clear stock. Keep an eye on developers in your area for opportunities.

NEWER/POTENTIAL DEVELOPMENT SITES

I believe it will be a great time to secure sites due to the uncertainty vendors will face. As developments may take 12-24 months to complete, I believe the market will have recovered by then to make it very profitable. Securing sites just for planning uplift will also be profitable, as again, you should be able to benefit from the uncertainty and the need some vendors may have for a cash injection.

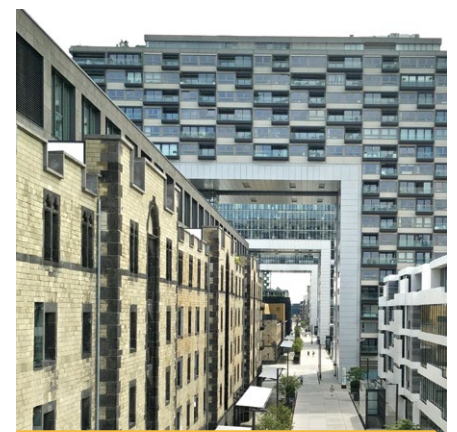
What steps should you be taking now?

In my opinion, your activity should consist of two things:

1. Look for deals
2. Look for investors

If you focus on these two activities, you will be ready for when the lockdown eases and can take advantage of opportunities as they arise. Don't worry if you don't have a deal yet, as finding investors is a constant cycle. You never know when that next deal will need funding.

Good luck, and see you next month.



Mark Lloyd is co-founder of **Property Master Academy** and one of the mentors behind their award-winning mentorship programme.

www.propertymasteracademy.co.uk



MAKING OUR PORTFOLIO BULLETPROOF

Right now, no doubt many of us will be feeling the impact of the COVID-19 pandemic on our property portfolio in some way or another. It could be tenants not paying, lenders not lending, inability to buy, sell or rent out properties, or tumbleweed in our serviced apartments, and so on.

"Only when the tide goes out do you discover who's been swimming naked." – Warren Buffett

The above quotation from one of the world's most successful investors highlights the point that we tend to see the greatest negative impact on investors when we face some kind of economic challenge, such as a recession. Well, in case you had not spotted this already and spoiler alert: we are about to enter into a very significant recession, if not a depression! This article aims to take us through some of the steps to prepare us as to what action we can take to help prevent us from swimming naked ... whether right now or in the future.

Threats to be aware of ...

Here are some of the major causes of a recession, along with their significant consequence:

- **High Interest Rates (eg 1973, 1980 & 1990) – High cost of borrowing**
- **High Inflation (eg 1973 & 1980) – Lack of affordability of housing/ rents**
- **Currency Shocks (eg 1990) – Devaluation of assets**
- **Lack of Liquidity / Credit Crunch (eg 2008) – Lack of financing**
- **Regional/Global Shocks (eg 1919, 1930, 1939, 1973 & 2020) – Reduced economic activity in general (and/or all of the above!)**



This COVID-19 recession is not characterised by high interest rates or high inflation; although all this QE will lead to inflation at some point down the line. Nor should we see too much of a currency shock; although there does tend to be a general flight to the dollar in times of global economic downturns. We did have a temporary reduction in liquidity as lenders struggled to cope with the sudden changes, but that has largely dissipated already, perhaps leaving a legacy of lower average LTVs. So, what will this recession look like for us then?

The most obvious answer is for a significant reduction in overall economic activity; mainly leading to reduced production, services and spending. This will lead to a shrinkage in GDP and an increase in unemployment, business failure and fear.

This could affect us as property investors in myriad ways ... a squeeze on tenant rental affordability, reduced property valuations and lower transaction volumes to name a few. However, there will also be some opportunities, you might be pleased to hear! We shall return to those opportunities shortly but for now, let's look at some of the threats to our portfolio along with some of the ways we can actively address these.

BULLETPROOF PROPERTY PORTFOLIO 20-POINT CHECKLIST

Short-term	Mid/Longer-Term
1. Monthly management accounts	11. Management average portfolio LTV downwards
2. Rent/bank reconciliations & cashflow forecast	12. Pay down debt
3. Enhance rent collection & void procedures	13. Fix interest rates mid-to-long
4. Build personal liquidity buffer	14. Repurpose or strategic disposal of assets
5. Check lender T&Cs	15. Tax planning & sheltering
6. Assess each property for potential to repurpose	16. Limit liabilities
7. Review alternative exit options	17. Multiple income streams
8. Claim alternative exit options	18. Rebalance across other asset classes
9. Defer or ditch non-essential expenditure	19. Focus on due diligence & security
10. Insurances assessment	20. Alternative capital sources



Here are some of the common threats to our portfolio along with some of the Primary Defences (PD) and Secondary Defences (SD):

- **High levels of gearing**
 - PD: Reduce our debt levels
 - SD: Manage LTVs to balance growth with debt
- **Low net cashflow**
 - PD: Invest primarily for yield/income
 - SD: Rent collection/monthly accounting & do our bank reconciliations
- **Exposure to sudden interest rate rises**
 - PD: Fix our loan interest rates
 - SD: Conduct a mortgage T&Cs review, avoid minimum LTV provision clauses, aim to fix

mortgage interest rates and renew mortgages over a staggered time period

- **Lack of tenant demand**
 - PD: Have multiple uses/exits to be able to pivot if we need to
 - SD: Adopt alternative strategies such as different tenant profiles (eg DSS) or property trading to diversify the risk
- **House price crashes**
 - PD: Have long-term fixed rate loans, and liquidity reserves of between 10% & 20% of our net equity position
 - SD: Add value/equity through improvements or 'forced appreciation' rather than more speculative capital growth, don't be tempted to overleverage and look to play the long game

OPPORTUNITIES AHEAD

Looking ahead, and to perhaps end on more of a high, there will be some trends and opportunities that this recession will bring about. So, even if you have been impacted by current events, there is perhaps some positive that lies ahead for us to focus on and perhaps even bounce back if we have taken a bit of a hit.

TRENDS AND OPPORTUNITIES TO OBSERVE

1 Buying at a discount

There will no doubt be some people that just need to sell during this time. They could be homeowners, investors or developers. So, getting ourselves ready to execute will put us in place to be able to act swiftly to capitalise on these opportunities to secure a discount from pre-COVID price levels. Whilst this might seem harsh to think of, we can still help the property owners, investors and developers to move on when perhaps they might face an even worse fate. The reality is that we will probably see a correction in prices, and sadly that means some people

will need to accept less for their properties. This will allow us to lock in price discounts at three to five-year prior price levels, ready for when the market picks up again.

2 Accelerated or emerging trends

If this pandemic has shown us one thing, it is that many of us can and have successfully worked remotely or from home. This is likely to continue to trend, as many businesses are looking at how they respond once the lockdown is finally lifted. This will drive the demand for larger residential properties (say with a study and fast broadband), probably with some outside space and likely not necessarily in a large urban area as well. We will see a greater drive for PropTech, with virtual, online and artificial intelligence emerging more rapidly than it already was. There will be greater need for personal space, along with an interest in health, wellbeing and sustainability, with demand for gardens, outside or nearby green space and access to more sustainable forms of transport. If you want to know more about some of these trends, then you might want to check out my book #PropTech to see where we are heading ... perhaps faster than I imagined when I wrote it! Equally, I would expect to see glut of offices and retail space

coming on to the commercial market, which could generate opportunities to convert to residential.

3 The rise of alternative financing

In 2008, the then P2P lender LendInvest emerged out of the Global Financial Crisis. It was an alternative lending platform that took advantage of the lack of liquidity among the institutional lenders. I would expect this to happen again this time around. Expect funding sources to emerge from crowdfunding, P2P, SSAS pensions, family offices/funds, private/JV finance and cryptocurrency, therefore.

4 Alternative property commercial models

Often when times are hard, new or alternative commercial models rise to the fore. I would fully expect to see greater opportunities for vendor/owner financing, lease and land options, assisted sales, JV rental models and so on. Sellers who are struggling to sell at their desired price or buyers seeking to acquire assets more flexibly could still transact, but not necessarily in a way that gives rise to a change in the title deeds immediately.

IN CONCLUSION ...

The purpose of this article is to help us identify and address threats that could affect us as property investors, be that now or in the future. We can take ownership and control of our own destiny to protect the downside therefore. In addition, there will be opportunities ahead as well, so being open and ready to act on these as they emerge gradually over the next three to 12 months would be a wise move.

Keep in mind, that many a football pundit would say that we cannot win titles and tournaments if we cannot play defence ... just ask Kevin Keegan! Once we have protected the downside by adopting some defensive measures, we can then play offence to take the opportunities that lie ahead for us.

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



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WORKING THROUGH THE LOCKDOWN

GRAHAM KINNEAR



It's several weeks since the lockdown commenced and it appears that most property folk have now moved through a cycle of incredulity, denial, worry and frustration, into the acceptance stage.

Whether the world will be a different place once the lockdown is removed remains to be seen, and there are certainly commentators better equipped than me to provide you with the economic forecasts of a post-COVID-19 world.

Instead, I am sharing my views relating to working through the lockdown in the hope that there is something useful which may aid you through this period.

Government guidance issued on 23rd March essentially prohibited the inspection and survey of occupied premises. Consequently, my firm's instructions dropped by around 90% overnight.

I decided very early on that my team and I should use this time productively to complete any tasks that had been started prior to the lockdown. It would be a waste to reflect afterwards that we had achieved nothing during this period. As a result, I refused to furlough any of my staff – we would fight on!

My first thought was that this so-called downtime could be used to focus on increased learning and personal development. We have therefore booked various courses over the coming weeks to enable us to complete our annual CPD obligations. Many of the face-to-face courses have been put online and many of the professional bodies are offering courses free of charge, so it is a perfect time to get some learning done.

We also identified that this period was perfect to review our online offering, and indeed we

are currently working with a programmer to build some additional software to assist our efficiency post lockdown. This period is perfect, as we have the time to both contribute to the look and feel of our new software and undertake the thorough testing that is invariably required with a software launch.

In addition, we are currently undertaking a review of our service offering to identify the popular, the profitable and seeing what change may be required. We have found that clients have time on their hands to provide feedback, and so we have been able to form a focus group to assist in reviewing our operations. We are already very client focused but a post-COVID-19 world is likely to require impeccable customer service if an organisation is to quickly thrive again.

"These tasks have brought the teams together in a way that would perhaps not have happened in normal circumstances, and so there appears to be a stronger bond and camaraderie around ongoing success through adversity."

In terms of current work to pay the bills, it is still there but we are just needing to hunt a little more to find it. For example, we are approaching retailers whose commercial EPCs have expired to arrange for a new one. This is an ideal time as the shops are largely closed and we are able to arrange for safe lone access. Aside from that, we have shifted our focus to promoting more desk-bound services such as planning applications and

SAP assessments. We have also launched a remote surveying service, which we undertake via video call.

We do not know what a post-lockdown world will look like, however we are confident that through our creative efforts during this period our business will survive to see it.

As some form of lockdown might continue for some time, may I therefore suggest that you review your respective businesses and identify the income generating aspects that you can undertake during this period? Put in the necessary groundwork now to ensure that you can thrive once this is behind us.

For those of you who wish to add to your portfolios, you may find some landlords keen to sell following a period of perhaps ad hoc rent payments or the inability to source a repair contractor. For those who fancy a development, there may, sadly, be some opportunities of sites returning to market where time delays have perhaps made the venture no longer viable. The number of housing completions this year will now be seriously below the target levels, and this may be a positive for those wishing to obtain planning or, as a consequence of reduced supply, those who rely on rental income.

In summation, I remain confident that ongoing efforts now will pay dividends in the future. I wish you well with your endeavours however above all, I wish you safety and good health.



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

Graham is the author of "The Property Triangle".





COVID-19: THE FINANCIAL IMPACT

By property tax specialist **Simon Misiewicz** FCCA, MBA

Although some of this information was covered in last month's issue, **Simon Misiewicz** is revisiting the subject as the rules, criteria and levels of support are being adjusted frequently, and some new initiatives have been introduced since we went to print in mid-April.

There is no doubt that there are going to be some financial issues for landlords across the country due to Coronavirus. Landlords may be faced with the following financial issues:

- **Non-payment of rent by their tenants**
- **Self-employment income that has dried up as their customers will not allow them to work**
- **Be employed and be furloughed or indeed made redundant**

Readers of YPN will be positive and look for opportunities. In doing so, they ought to be getting as much support from banks, local authorities and the government as possible:

- **Houses will be put up for sale and may be a little cheaper, as many people have lost their jobs and may need to downsize**
- **People may move out of a whole house and wish to move into a shared house to reduce their living expenses**

- **People like me who are nervous about COVID-19 will not want to get on a plane until there is a cure. As such demand for holiday homes and serviced accommodation in the UK may increase**
- **The government and banks will put more money into the economy to stimulate the market**

So what support is out there for landlords?

Business Support – Coronavirus Business Interruption Loan Scheme (CBILS)

The government will provide the following:

- **Loans up to £5m**
- **Interest-free for 12 months**

Eligibility of the Coronavirus Business Interruption Loan:

- **Fewer than 250 employees**
- **Business is UK based, with a turnover of no more than £45million per annum**
- **Operate within an eligible industrial sector**
- **Have a sound borrowing proposal, but insufficient security to meet the lender's requirements**

Business Support – Bounce Back Loan

This loan facility allows businesses to get finance in place between £2,000 and £50,000.

Loans may be switched over to the more favourable terms of the Bounce Back Loans if you have obtained the Business Interruption Loans Scheme of £50,000 or less.

The 2.5% interest rate after the first 12 months of the loan is much less than that of the Business Interruption Loans Scheme. No capital or interest payments are required for anyone securing this loan within the first 12 months.

The criteria for the Bounce Back Loan are as follows:

- **Is based in the UK**
- **Has been negatively affected by Coronavirus**
- **Was established on or before 1st March 2020**

There are some types of businesses that are not allowed to apply for the loan:

- **Banks, insurers and reinsurers (but not insurance brokers)**
- **Public-sector bodies**
- **State-funded primary and secondary schools**

The Job Retention Scheme

Employers are encouraged not to make people redundant but to keep them on the books. The furlough process means that employees will continue to be an employee but will be paid by the government as below (lower of):

- **£2,500 per month per employee**
- **80% of their gross monthly wage (commissions and bonuses must be ignored for this calculation)**

The employee in which claims are made against must have been employed on or before 19th March 2020.

The Job Retention Scheme was initially open until 30th June but has now been extended to 30th October.

A NOTE TO COMPANY DIRECTORS THAT ARE TO BE FURLOUGHED

Business owners who are salaried directors may be furloughed if they are unable to work or generate revenue as a result of Coronavirus. In this case, company directors should not do any type of work that generates revenue or provides services to or on behalf of their company.

Self-employed Income Support Scheme

The government announced an income support scheme package to help those who are forced out of work. This scheme will allow self-employed persons to claim a grant worth (the lower of):

- **80% of their trading profits (last three years' average)**
- **£2,500 per month**

You can apply if you:

- **have submitted your Income Tax Self Assessment tax return for the tax year 2018/19**
- **traded in the tax year 2019/20**

Retail and Hospitality Grant Scheme – Business rates

You may be entitled to a government grant to help you pay for business rates on your commercial property. This was outlined in the government support initiative due to Coronavirus. There are criteria that you must meet as follows:

£10,000 government grant to pay for business rates

- **Must be in the retail, hospitality or leisure sector**
- **Must be based in England**
- **The business rateable value is less than £15,000**

£25,000 government grant to pay for business rates

- **Must be in the retail, hospitality or leisure sector**
- **Must be based in England**
- **The business rateable value is more than £15,000 and less than £51,000**

You will not be eligible for the retail and hospitality grant funding if you have a rateable value of over £51,000.

HOW TO APPLY FOR THE RETAIL AND HOSPITALITY GRANT?

The grants are issued by your local authority and they will write to you directly.

- **are trading when you apply, or would be except for COVID-19**
- **intend to continue to trade in the tax year 2020/21**
- **have lost trading/partnership trading profits due to COVID-19**

CRITERIA WHEN CLAIMING THE SELF-EMPLOYMENT INCOME SUPPORT SCHEME

The self-employed person must:

- **Have less than £50,000 profit from their last self-assessment tax return**
- **50% of their total income is driven by their self-employment income**

You can now apply for the Self Employed Income Support Scheme online using your government gateway.

Property investors will not come under the self-employed category and will not be able to claim for this grant funding.

Delay payment of income tax and VAT

If you are concerned about being able to pay tax due to COVID-19, call HMRC's dedicated helpline:

- **Self Assessments tax on 0300 200 3822**
- **Other personal taxes on 0800 0159 559**

VAT DEFERMENT DUE TO CORONAVIRUS

HMRC is allowing taxpayers to defer the VAT payments that were due to be made between 26th March and 30th June 2020.

You do not need to inform HMRC if you wish to defer payment. If you pay by Direct Debit you should cancel this with your bank.

Any VAT deferred payments need to be paid by 31st March 2021.

PAYMENTS ON ACCOUNT FOR 2020/21

Ordinarily, you would be expected to make a second payment on account for your 2020/21 income tax liability on 31st July 2020, if you made a payment on account on 31st January 2020.

HMRC has deferred this payment requirement automatically. You do not need to contact HMRC. You simply do not pay the second payment on account. You will need to pay your overall tax liability by 31st January 2021.

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MORTGAGE UPDATE:

THE POST-CORONAVIRUS LENDING LANDSCAPE

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

As we start to see some restrictions lifted and the property market resuming, I thought I would cover some potential areas where I anticipate an impact on lending moving forward, and how to prepare for obtaining BTL/investment mortgage finance.

There are many unknowns about how this crisis will affect the mortgage market going forward, but I would expect greater scrutiny of circumstances during underwriting, especially for portfolio landlords.

Let's look at some of the potential impacts on lending requirements:

First-time landlords/ Non-portfolio landlord investors

For lending in this sector, I would anticipate the minimum extra requirements. There are many lenders available without a minimum income requirement, and the key factor to obtaining proof of income is to ascertain whether you are a lower or higher rate taxpayer.

Employed (PAYE) – The lenders will continue to ask for your last three months' payslips as a rule, and the only unknown will be around applicants who are still furloughed. There will obviously be further underwriting assessment, but we are seeing lenders' temporary criteria being updated to include the use of the income for assessment.

Self-employed/company directors –

This is area I expect further underwriting requirements to be requested. Historically the lenders would work on the previous tax return, but these figures are now over 14 months old and they will want to get a more up-to-date assessment. I would expect some lenders will start to ask for last three months' business bank statements in addition to the normal tax calculation requirements.

I would, however, expect this to have less of an effect on the BTL investor mortgage market as it does not demand the affordability requirements of the residential main residence market.



Payment holidays are another area that could have an impact on lending, and each lender will no doubt amend their criteria to how that will happen. I have already seen lenders changing criteria to temporarily state that they won't lend if someone has had a residential mortgage holiday, until three months' full monthly payments have been made again.

"I think this will be an area we will have to review. These really are unprecedented times, and as lending and the market settles over time, we will start to see criteria from lenders changing."

Many new investors have contacted me over the past few weeks about getting themselves into a financial position where they can start looking at new purchases when the property market reopens. Preparation is going to be even more key as lending resumes and lenders amend criteria and no doubt internal credit scores. As a reminder, here are some key points to get yourself in the best possible position ...

If you are planning to invest in your first property this year, there are a few key things you need to do to prepare for your purchase:

- **Engage with a specialist mortgage broker and complete an initial financial assessment.** By completing the initial financial assessment, you can flag up any issues in your personal circumstance that need addressing before you start viewing properties and submitting offers. I always prepare my clients so that they are ready to apply for finance as soon as an offer has been accepted to avoid any unnecessary delays.
- **Discuss with your broker how your anticipated property investment strategy works from a finance point of view with your individual circumstances so you know the limitations.**
- **Prepare your personal paperwork so you have all of the required documentation that the lender is going to require to hand when your offer is accepted.**
- **Obtain copies of your credit reports to ensure all is accurate and up to date.**
- **Check your credit reports to ensure you are on the voter's roll if you should be and the address history reported is correct.**

Self-employed or company director

Now is the time of year to submit your personal tax returns for 18/19, and once these have been submitted it's vital to ask your accountants to send you your tax calculation summary and tax overview to confirm the tax paid. Lenders do request both documents, and it can save you time if you request these and hold them in your personal file so you have them to hand when applying for finance.

If you already have rental income shown on your tax returns, it's also a good idea to keep a copy of the full SA100 return to show a breakdown of the rental income reported, even if there are expenses offsetting the income.

I would always recommend having ready on file your last two years' tax calculation summaries and overviews, should you be asked for these.

Portfolio landlords

If you are classed as a portfolio landlord under the PRA regulation (*a portfolio landlord is an investor with four or more mortgaged BTL properties – if you are looking at your fourth purchase, you would also fall under this regulation*), then the impact on lending and criteria will no doubt create greater underwriting requirements.

One key area for portfolio landlord underwriting is that lenders are required to undertake additional underwriting assessments to include the overall performance of the portfolio and have a great understanding of the investor's property business and strategy. For many lenders, the additional underwriting requirements include the completion of assets/liabilities statements and business

plans. This is one area where we will have to see what the impact is for investors who have taken payment holidays, as one key area of most business plans is addressing rental voids.

We all know these are exceptional times and we can only see what the impact will be, but my hope is that lenders will be a little more understanding.

I would anticipate lenders will start to request sight of the last three months' rental bank statements so they can review the very latest performance of the portfolio, but I will keep you updated throughout the next few months and will review any lender changes for you.

Reviewing your interest rates

Whilst we are all still at home, now is a perfect time to review your portfolio and interest rates. It's important you have some type of tracker to flag when your interest rates are ending, and you are likely to drop on to expensive variable rates. It's always a good idea to include the product details and end dates within your property portfolio, and review any rates that are ending three months before the end date.

If you need a template, please email me and I will send one over to you. I am also happy to help you move forward by reviewing your portfolio and diarising your product end dates, and I can flag these up to you three months before they end. We can assist with reviewing product transfer options with the existing lender or whether a refinance is the better option.

With the introduction of the portfolio landlord regulation, more investors are finding that when they come to the end of a fixed rate with their existing lender, the quickest and easiest option is to stay with that lender and take a new fixed rate.

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

As independent brokers, we are able to assist with this process for you and I would always recommend reviewing your options available with your current lender along with the options to refinance to another.

Just taking a product transfer with your existing lender can be quick, and at times, free. Therefore it's important that you consider this option and don't allow your loans to go on to expensive variable rates.

I believe if you are looking at obtaining any type of BTL/investment property finance over the next few months, it's vital to keep in close contact with your broker. I am available to work with any new investors who would like assistance. Just drop me an email or give me a call, and we can arrange an initial introductory call or video meeting to discuss your individual circumstances and type of finance that would work for you and your property strategy.

As always, any questions let me know and stay safe.

Stuart



Keep an eye out on the YPN app for more updates

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PROPERTY PORTFOLIO PROTECTION (PART 1 OF 3)

By **Gareth Morgan**, First Financial Solutions Wales

PART ONE: SOLE TRADERS/ PROPERTY OWNED IN PERSONAL NAME

I've been an avid reader of YPN for a long time now. I love reading about people's success stories and how they have done it. One of the common themes behind every story is a real strong WHY. This is the reason why people get up in the morning, work late at night, cram in viewings/meetings/networking events around their 9-to-5 and family life to get them closer to some specific end goal.

Usually the reason will broadly fall into one of these categories: more time, more money or more freedom.

- Time will allow them to do things they want to do and this is usually along the lines of **"spend more time with family, friends and loved ones."**
- More money will allow **"more travel, earlier retirement and be able to provide for the family."**
- More freedom will mean **"living life on your own terms, making your own decisions on how you spend your time and money."**

They are all interlinked. Time and time again I read: *"I want to build wealth to protect my family, I want to build a portfolio to leave a*

legacy to my children and grandchildren." This is great and inspiring to read, yet in reality I see that people don't take the correct steps in order to best protect that legacy.

This series of articles is designed to give you some clarity, along with some things to consider in terms of continuity planning, depending on the structure of your property business if you are looking to pass on your portfolio on to future generations.

The three main structures are portfolios owned personally, self-employed or partnerships, and LLPs and limited companies. This month, we're going to look at properties owned personally.

Historically, most property portfolios have been owned in personal names as there were lots of different ways to reduce the tax burden for an investor. Plus, mortgage finance was much easier to source in your personal name.

We're all aware the government has reduced these benefits massively over the past few years, and this has led a lot of newer investors to start their portfolios via a limited company. Also, a lot of existing landlords have incorporated their personally held portfolios. This is not the subject here, but

something to consider as your tax/legal set up will determine how and what tools you can use to properly protect your assets. Talk to your property accountant for advice.

Personal ownership structure

Sole Trader:

- Simplest business entity compared to a limited company
- No formal process to establish
- Full entitlement to profit and liable for all losses and taxation
- Income tax is paid whether profits extracted or not
- Personal responsibility for all obligations and debts
- Creditors can call on personal assets, even on death
- Inseparable in law from the individual
- Can employ staff

ADVANTAGES:

- Anyone can set up in business
- Few legal formalities
- Simpler tax treatment when compared to director/shareholder of a limited company
- Lower NICs than combined employer/employee NICs when salary or bonus drawn by a company director
- Full control and lower compliance costs compared to a limited company
- Full profit entitlement
- Confidentiality
- Cheaper mortgage rates
- Annual exemption for CGT purposes on a sale of a property

DISADVANTAGES:

- Unlimited liability
- Mortgages repayable on death
- No business partner to share responsibilities (when ill or on holiday)
- Potentially not as tax efficient following Section 24
- No opportunity to save NICs and tax when compared to a shareholder/director who may be paid in dividends rather than salary

The biggest problem we see for landlords who own property personally is how they pass the portfolio over to their loved ones on death. Without proper planning, the portfolio that you've worked so hard to build over the years with plenty of blood, sweat and tears can all come crumbling down and cause more heartache and pain for your loved ones than had you died without the portfolio.

Here are some questions that you may want to ask yourself in regards



The biggest problem we see for landlords who own property personally is how they pass the portfolio over to their loved ones on death. Without proper planning, the portfolio that you've worked so hard to build over the years with plenty of blood, sweat and tears can all come crumbling down and cause more heartache and pain for your loved ones than had you died without the portfolio.

Here are some questions that you may want to ask yourself in regards to the future of your portfolio and your legacy:

You might want to think about the people who will be picking up the property business should something happen to the main driver of the business.

- How prepared are they?
- Simple things such as: do they know where the spare keys are to the properties?
- How are the properties managed?
- Do they have a relationship with the property management company?
- Who is the accountant/banker/insurer?
- What are the people left behind's own capabilities? Are they good enough? What are the implications of potential poor continuity capability?
- Do they know about the ongoing legal, tax and IHT implications and are they prepared for the costs?
- Will they need to make people redundant? Can they do that?
- How much will additional advice cost from solicitors/accountants/financial advisors?
- How would their cash flow be?
- Do they have access to bank accounts and finance?
- What are the cost implications if one of the mortgagees passes away and the mortgage company recalls the debt?
- The number one rule in the planning process is getting rid of the debt on death. That way, there would be no lenders chasing mortgages and forcing sales at a discount. The family can relax, knowing that these things are taken care of, which will

then give them time to grieve and make their next plans for the properties in due course when they are ready.

We get told that the price of a policy is expensive. But if you compare buildings insurance of circa £30m per property, to the cost of rebuilding the house in case of a fire (circa £200,000) or a £25 per month HomeCare cover for boiler breakdowns, then the benefit of costs are not even close. Take a look at the example in the Case Study.

The key thing to remember in all of this is **WHY** you are doing what you're doing. Life insurance isn't for the benefit of the investor – although it does give peace of mind while alive – it's for the benefit of your loved ones who are left behind in order to maintain their wealth and lifestyle. Ultimately it's about having money at the right time to buy your family more time to make the decisions they want to make, rather than forcing them to make quick and potentially uninformed decisions. The life insurance can also easily be set up in trust, so that the proceeds stay outside your estate for IHT purposes and pays out quickly on your death.

I hope this article has given some food for thought. There has been no legal, tax or financial advice given, but it just shows how many things you need to consider in the planning of passing over your estate.

Seek out some specialists that can help you with this. If any questions have popped into your head on the insurance element, then please get in touch. Everyone's circumstances are different and unique (that's the beauty of property investing!), and so what may be right for your friend or colleague may not be right for you.

Stay safe and positive,

Gareth



Case Study

Here's a story of a landlord with no life cover who owned and self-managed 27 houses at 73% LTV in his sole name. He built his portfolio using the buy, refurbish, refinance model. His wife didn't work as she was looking after the kids, who are now 11 and 13. They're too young to get involved with the day-to-day running of the business, although he wanted them to take over in the future. He died aged 49 as a result of a heart attack.

Portfolio value: £2,300,000

Mortgages: £1,679,000

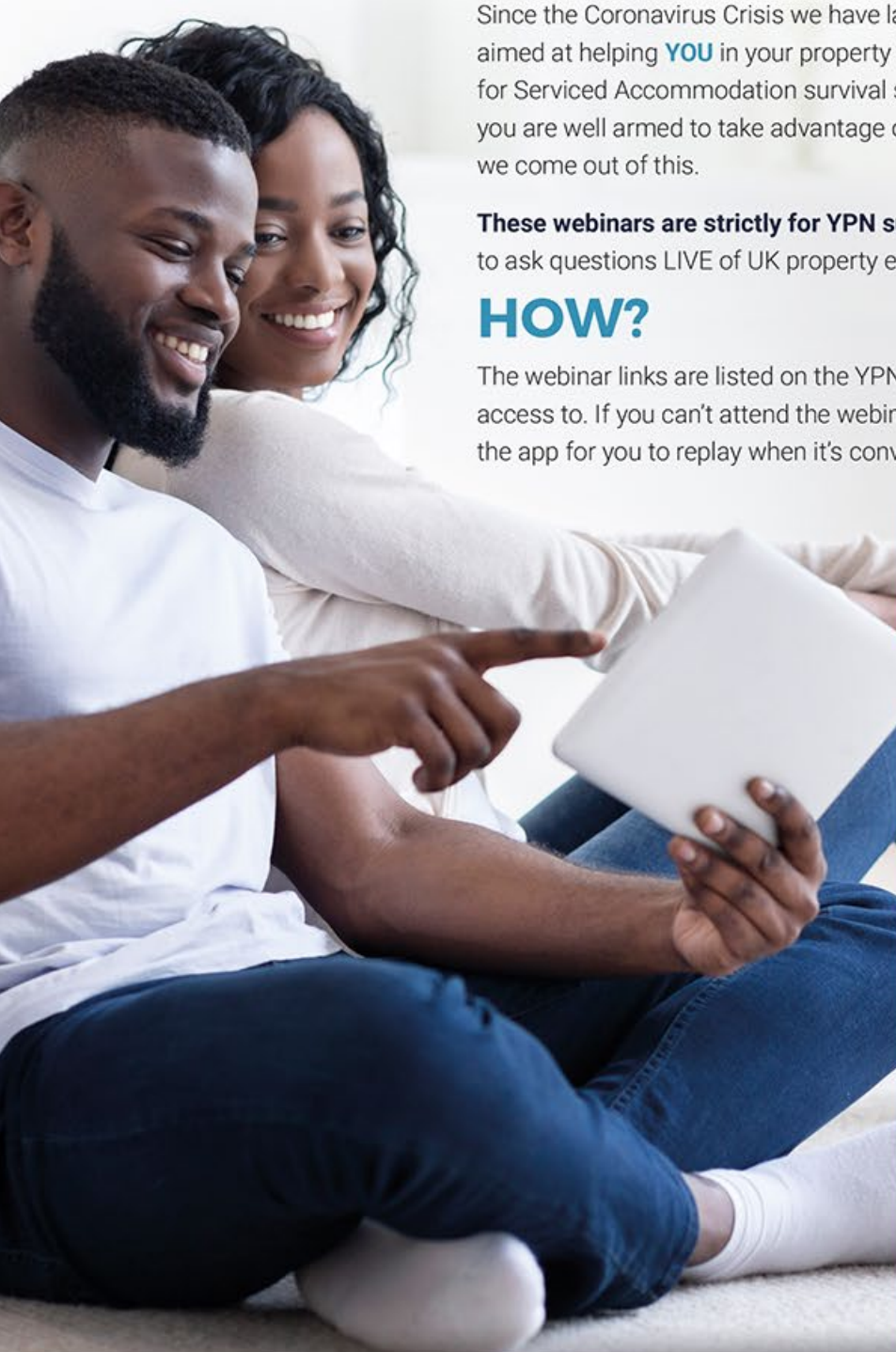
Equity: £621,000

Cashflow: £7,450 per month before tax

This investor felt that he didn't need life insurance as there was plenty of equity in his properties. On his death, as all the mortgages were in his personal name, the lenders called in their loans. Some were more understanding than others, but it raised many issues:

- The wife was grieving and had to look after the children.
- She had previously had very little to do with the portfolio and didn't know where to start with dealing with things.
- The majority of the information was in his head, and there were no proper systems in place.
- She now had to work out how to pay back 27 mortgages, most of which were tenanted. This would mean either having to sell the properties with tenants in situ quickly, which would likely mean having to sell at a reduction of the market value. Alternatively, having to give notice to the tenants, then sell the properties but suffer from cashflow issues until the properties sold. (If we assume a 15% drop in values due to the nature of the sales, then that would only leave £276,000 of equity before all costs such as: potential early redemption penalties on the mortgages, potential Capital Gains and IHT tax issues, estate agents fees, solicitor and accounting fees etc. You can quickly see how a small amount of planning could have transformed this situation.)
- The price of a level £1,679,000 life insurance for a non-smoking 45-year-old male is £146pm (based on good health etc). Not a lot of expense from his cashflow for peace of mind and his family's future.

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

LEGISLATION UPDATE: WHERE ARE WE NOW?

By Mary Latham

THIS MONTH'S UPDATES:

- Tenants and rent-free periods
- The Social Security (Coronavirus) (Further Measures) 2020
- Evictions
- Coronavirus Act 2020
- Section 21 changes
- Section 8 changes
- Claiming outstanding rent online

As I begin this article, I am very sensitive to the fact that Government has put support in place to help people survive loss of income. However, that did not apply to all landlords and has left many of our colleagues struggling financially.

I know that the newly formed NRLA have made HMCLG aware of the gaps in the support systems that may impact upon landlords' ability to continue to offer homes in future. I wish them luck because I believe we will be needed more than ever as we enter into a brave new world.

Legislation changes that will have the biggest impact on our business ...



RENT

Many tenants believed they had the 'right' to a rent-free period because they heard that landlords had been given a mortgage payment holiday.

Some of those tenants made this request because they believed this meant they could live rent free. They didn't understand that the payments would still be due and deferred for a future date.

STUDENT TENANTS

One group of tenants who stand out in all this are students, who thought they should be singled out for special treatment. Many landlords are struggling with houses where students have left belongings behind or have moved out completely before the end of their contract because universities have closed down. Students often pay termly in advance; the last term's payments in some cases have not been forthcoming.

Let's look at the rent issue first. I will talk about where those landlords stand in terms of possession later.

Eva Crossan Jory, Vice-President for Welfare, National Union of Students (NUS), wrote to NRLA and Universities UK (UUK) asking for several concessions, the main one being:

- Landlords should offer a no-penalty early release from tenancy contracts for the current and next academic year.

Ben Beadle, Chief Executive of NRLA, replied:

"I note also that the Minister for Universities has confirmed again in a written parliamentary answer that the Student Loans Company

will continue to make scheduled tuition and maintenance payments to students ... the government's advice makes clear that: 'Tenants should continue to pay rent and abide by all other terms of their tenancy agreement to the best of their ability.'"

NUS requested:

- Any tenants who are financially impacted by the coronavirus must have their rents subsidised, significantly reduced or waived entirely for six months.

NRLA replied:

"For those students who are financially impacted as a result of the coronavirus outbreak we would support the NUS' calls for extra support for their finances in much the same way as those who are employed have been offered. However, we see no justification for private landlords to be asked to subsidise the rents of their tenants regardless of their educational or employment status when in many cases the providers of accommodation are as negatively impacted as the rest of society."

NSU requested:

- Suspend all rent increases for the next 12 months

NRLA replied:

"We would urge all landlords to think carefully before imposing any rent increases whilst the

crisis continues. I genuinely do not expect this will be a widespread problem"

Nicely played, Ben Beadle! Worth quoting if you are still receiving requests from students or their parents.

Chief Executive Alistair Jarvis said in his reply on behalf of UUK:

"We agree that it should not be assumed that student loans are sufficient income for all students in the current circumstances and additional financial support should be made available by the government, in addition to university hardship funds. Universities and government also need to be mindful that Covid-19 may have a long-term financial impact for some students, after the current restrictions ease."

He makes a very important point: if students need financial support because of COVID-19 it is the government, not private landlords, who should provide that support as they have done for most other people. The sentence above is worth noting for all of us who let to students, especially the ones who rely on part-time work to fund their living expenses.

Students have been some of my favourite tenants over the years, but it makes me angry to think that the NUS felt it was appropriate to play the "poor student" card at a time like this. It does them no credit, especially since many landlords see the profligate lifestyle some students enjoy while other young people just survive day to day.

THE SOCIAL SECURITY (CORONAVIRUS) (FURTHER MEASURES) 2020

This came into force on 30th March 2020.

Landlords with tenants on benefits shouldn't have had to deal with loss of income issues because standard allowances (the element which doesn't include rent) were increased. For people who cannot work because of COVID-19 and are not getting other government help, Universal Credit may now be available to them.

Allowances were increased as follows:

"Universal credit – standard allowance modification 3.(1)

- (a)** £342.72 for a single claimant aged under 25;
- (b)** £409.89 for a single claimant aged 25 or over;
- (c)** £488.59 for joint claimants both aged under 25;
- (d)** £594.04 for joint claimants where either is aged 25 or over."

(Source [legislation.gov.uk: bit.ly/YPN144-ML1](https://legislation.gov.uk/bit.ly/YPN144-ML1))

There are important amendments here on [legislation.gov.uk: bit.ly/YPN144-ML2](https://legislation.gov.uk/bit.ly/YPN144-ML2).

You will find a whole range of government guides on financial help during COVID-19 on the gov.uk website: [bit.ly/YPN143-ML4](https://legislation.gov.uk/bit.ly/YPN143-ML4).

The government has taken extraordinary measures to keep the supply of income going, enabling people to keep spending and preventing a total economic collapse.

Tenants may be cautious but they must pay their bills, including rent, to protect their future security and keep money circulating. If your tenants haven't claimed the financial support which is available to them, it's worth doing the homework for them and supporting them to make a claim, including providing the means to get online if they haven't got their own.

In my experience it's the people who have never claimed benefits who struggle to ask for that help and they can often come across as aggressive when the subject is broached. That's pride, and we need to respect them while explaining how COVID-19 has forced many people to claim who have not done so in the past.

EVICCTIONS

The **Coronavirus Act 2020** came into force on 25th March 2020 and will expire on 24th March 2022 (there is provision for that to be earlier or later). The Act will be reviewed after six months.

It contains several items that will be of interest to landlords and letting agents: [bit.ly/YPN144-ML4](https://legislation.gov.uk/bit.ly/YPN144-ML4).

Please check which parts of the Act apply to the country in which you are letting.

EVICITION NOTICE



SCHEDULE 29 RESIDENTIAL TENANCIES IN ENGLAND AND WALES: PROTECTION FROM EVICTION

Beginning 26th March and ending 30th September 2020 (this is not cast in stone).

Section 2 (7) covers assured shorthold tenancies:

"7 Section 21 of the Housing Act 1988 (recovery of possession on expiry or termination of assured shorthold tenancy) is to be read, in relation to notices given under subsection (1) or (4) of that section during the relevant period, as if—

- (a)** *in subsections (1)(b), (4)(a) and (4E)(b) for 'two months' there were substituted 'three months'."*

HOW DO I REMOVE A DELINQUENT TENANT?

Section 21

- Make sure that you use the correct Form 6A. It has been changed for COVID-19, and you can find it here: [bit.ly/YPN144-ML5](https://legislation.gov.uk/bit.ly/YPN144-ML5).
- The plan is to use this Form with the three-month notice period until 30th September 2020 (this may change).
- Make sure all the documents that must be given to a tenant to enable the use of Section 21 have been given, and that you have proof you have done so. I have covered this in past articles.
- Keep your eye on the timing because the notice will expire if you don't enforce it within six months from date of service.

Section 8

Section 8 Notice 3 has also been updated to reflect the changes made because of Covid-19. Here's the link:

[bit.ly/YPN144-ML6](https://legislation.gov.uk/bit.ly/YPN144-ML6).

If you are planning to use Section 8 please read Section 5 on the form: *"Notes on the earliest date on which court proceedings can be brought."*

This is more complicated than Section 21 because there are different notice periods depending on the ground or grounds which you intend to use.

Ground 8 *"rent arrears"* (eight weeks or more) is likely to be very popular. The notice period for that is three months from service of notice to earliest date of court proceedings.

Of concern are the additional restrictions placed on using Ground 7A *"conviction for serious offence"* and Ground 14 *"anti-social behaviour"*.

I don't trust myself to comment on the requirements for Ground 14A *"domestic violence"*. This is expected to increase because of lockdown. Please be supportive of the victims in these cases. Unfortunately the Section 8 process is not helpful.



Returning to the issue of Students and in fact any tenant who has moved out leaving belongings behind or who has made it clear that they intend to return:

- **You haven't got legal possession unless the tenant has surrendered the tenancy. This can be done by email. It can be done by one of a group on behalf of the whole group. All keys need to be returned to the landlord or agent or left in the property.**
- **The end date of the contract doesn't change this.**
- **Non-payment of rent doesn't change this.**
- **Only a court order changes this.**

Full rent is due and if not paid, can be part of a recovery process.

Try to avoid the possession process. There are other options that are legal, but which must be dealt with sensitively.

- They may have left their belongings because they left in a hurry but do not intend to live in the property again. In this case you need them to surrender the tenancy by email.
- **Arrange to help them collect their belongings either now or at a later date. It's worth keeping their belongings in the property for them if it means they give you possession.**
- Too many student landlords haven't dealt with students who don't move out at the end of the tenancy, and have no idea that simply asking them to go is Illegal Eviction – a criminal offence.
- **They may want to leave but have no money for a deposit because they owe**

you rent and know that you will withhold it. It's worth offering them the deposit back. Even if they owe rent, you can still take action to recover your losses.

- It's often worth offering a few quid to help them to move on even when they owe you rent, now more than ever, because you are not likely to get a court order until winter, and unlikely to regain possession until the end of the year because of the COVID-19 changes and delays. If it's a student property, that may mean a 12-month void.

They may be nervous because they have no family in the UK and are unsure about returning home. This is a difficult one and there is no easy answer other than to leave them where they are until they can sort themselves out or find them alternative accommodation if you have tenants who want to move in.

There may be agents with properties they haven't been able to let, who may be able to help with short term accommodation to avoid issues with possession.

CLAIMING OUTSTANDING RENT ONLINE

Money Claim Online is still available but the transformation of the current **MCOL** to **Online Civil Money Claims (OCMC)** has been ongoing since spring 2018. The pilot is expected to come to an end in June this year.

The eventual objective is to enable claims of up to £25,000 to be fast tracked from start to finish online. For the time being the maximum is £1,000.

It will be more important than ever to have good documentation and a paper trail:

"When OCMC is in full operation, there will be an online end to end process. This means that, in addition to the filing online of claim and defence, the directions questionnaires will be completed online, the order giving management directions will be online, the parties will upload their evidence online in accordance with the timetable and deadline specified online, and, following a determination on the merits – which may be online or not according to circumstances to be determined – an order will be generated online.

*[...] came into force on **14 April 2020** and apply in relation to all claims submitted to the court on or after **11.00 am on that date**. Enable a judge within the OCMC pilot to consider Directions Questionnaires online and make directions irrespective of the value of the claim."*

Full details here, on the Courts and Tribunals Judiciary site:

bit.ly/YPN144-ML7.

"Although these modifications are being expedited in support of the COVID-19 effort, they are being made as part of the ongoing process of building the Online Civil Money Claims process under Court Reform and as such, unless varied, they remain in force under the current terms of PD51R, which has a review date of 30 November 2021."

Tenants who agreed to defer rent payments but who have broken the agreement may find that the changes have been made by the time you decide to claim. It's worth keeping an eye on this because I believe the sheer volume of claims (not only outstanding rent claims) will force them to speed up the process to release the logjam.

I have learned a lot during this time, especially when I was given notice by one tenant and temporarily left with three empty properties as others returned to their families. I hope that we are out of lockdown as you are reading this and that you are once again enjoying spending time with the people you care about.

I don't want to "go back to normal" – I'm looking forward to a "brave new world"!



@landlordtweets



Mary Latham Landlord



TIME TO DECLUTTER?

Have you ever had a spring clean, delivered half your wardrobe to the charity shop, blitzed your garage or deleted 50% of your Facebook 'friends', and felt so much lighter for doing so?

I think we can all agree that over time, especially in busy times, most people (but not all) tend to clutter up their life with what is generally referred to as 'stuff'. Personally, I've never been a fan of 'stuff' and have been on a crusade this last year or so to lighten the burden of 'stuff' in both my personal and business life. The result is a feeling of being more streamlined, more efficient, having more time and definitely feeling lighter and calmer.

Coronavirus took most of us by complete surprise, and caused more than a little disruption to our daily lives. But being the eternal optimists, we're always looking the positives in every situation. One obvious positive in this situation is now having the time to analyse your business, scrutinise how you spend your time, evaluate your systems (or lack thereof) and examine your expenses in minute detail. In short; you now have the time to seriously de-clutter your life and indeed your business.

We've been doing this over the last month and now know without a doubt that we will emerge stronger – like a phoenix from the ashes – when we return to any type of normality.

2. BE CLEAR ON YOUR STRATEGIC OBJECTIVE

The reason we launched our rent-to-rent business was to quickly replace our income with a recurring and totally predictable chunk of money that would land in our bank accounts on the first day of every month. We also wanted to get away from the daily nine-to-five grind and create a lifestyle business to be proud of. We wanted this business to fit around our lives and not the other way around, as most people are forced to do.



1. CLEAR THE DECKS

This may/may not apply to you, but the first thing we decided to attack with a vengeance was to totally declutter and clear our desks followed swiftly by our (computer) desktops. If you want to implement good time and money saving systems into your business, how can you hope to do so when you are faced every day with, what is for many, an overwhelming mess. Rule: You must be ruthless. If you struggle to get this done, then work with a logically minded lockdown buddy who won't have the emotional attachment to your 'stuff'.

3. STREAMLINING WITH SOFTWARE

Ok, we need you to be honest now: hands up if you're still trying to run your business with antiquated and inadequate spreadsheets?

We did this for a year and then started to look for the perfect software to run our property business. Alas, it was a fruitless search as the perfect software just didn't exist. Everything was either too clunky or too expensive, so we created our own (albeit with the assistance of some of the planet's top software engineers at Citrix). The software we use is called **The Engine Room**, and you can try it for a month for free.

We created an operations manual called the **Cookbook**, which you can also download for free. Software should serve one purpose and that is to make your life easier and assist you in reaching your strategic objective.

The Engine Room has e-signing capabilities, which means we've been paperless in our business for a number of years, so no shelves of box files, and best of all, no sitting around waiting for a new tenant to read the contracts before signing them. If you have time on your hands, why not give the Engine Room a trial run?

4. UNMUDDLING DAY-TO-DAY SYSTEMS

Most property businesses will depend on people paying money into your account on a monthly basis. We've set things up so that all of our 127 customers pay their rents on the first day of the month and we check the bank on the second day of the month. People being people, rents don't always get paid. You can deal with this in two ways: you can panic, get emotional, lose sleep and lash out ... or you can implement a system.

Our system to deal with late or missed payments is a simple series of messages: email, text message, WhatsApp and an old-fashioned paper letter delivered to the property. We don't have to think what to do, we just implement the process. The key to this is to act immediately. If you don't send the first message within 24 hours of any missed payment, all that you are doing is training your tenant into thinking that it's acceptable to pay the rent late. Be firm and of course, in these difficult times, be fair.

5. DECLUTTERING THE PROPERTIES

This could be physically decluttering any build-up of messy possessions in communal and outside areas (which might be making it harder to let the rooms) or it could be de-cluttering messy systems that are consuming your precious time.

This might include lugging around large bundles of keys instead of utilising a streamlined master key system and/or dashing all over the place on evenings and weekends delivering keys, instead of installing central key safes. We can almost guarantee that spending time setting up these simple systems during the lockdown, will seriously declutter your mind.

When I managed the properties myself, I used to enjoy decluttering and organising the notice boards in each house whenever we popped in. There is a legal requirement as to what should go on the notice board, and to make this easy for our new and any subsequent property managers, we created a perfect (and very tidy) pinboard, took a photo of it and added it to our systems. We ask tenants not to clutter the notice board with a multitude of menus and we police it ourselves.



6. GIVING CLUTTER-FREE INSTRUCTIONS

When Emily and I started our rent-to-rent business, we knew we'd need a cleaner and possibly a gardener, but couldn't really envisage the day when we'd be employing a property manager (PM).

Instructing cleaners and gardeners is easy; you more or less point and say "do that". Employing a PM is different as the work is so varied and changes from day to day. A mistake we made in the early days was assuming our PM knew what we wanted, and so we failed to give him crystal clear instructions.

Our next mistake was to overwhelm him with instructions by giving him way too many responsibilities too soon. All this resulted in misunderstandings, low productivity and frustration. I was relating this to an older and more experienced mentor who gave me some priceless advice. She said: "Francis, imagine you are speaking to a young child. Be absolutely clear about what you need to achieve, don't overload them, use simple language, and always ask if they have any questions." We have used this simple formula when creating clutter-free instructions and systems within our business, as what's obvious to us may not be to the next person.

COVID-19 UPDATE

As soon as we realised the seriousness of the situation, we set about significantly reducing clutter in every possible way we could (see last month's YPN!). We're happy to report that this is now saving us close to £3,000 pcm. By the end of May, our rents will be down by almost £5,000, and although a loss of nearly £2,000 pcm is a bitter pill to swallow, we have a big enough cash buffer to uphold the promise to pay a guaranteed rent to our lovely landlords for the term of the contract.

The upside of this is that we've already been offered several more deals when COVID-19 eventually fades away. Any short-term losses we are currently experiencing will more than pay us back in the future. In some ways, it's like planting seeds for a subsequent harvest. Our best advice is still to stay calm, keep talking to your tenants and landlords, and work together to resolve any difficulties you might be experiencing.

CONCLUSION

Lockdown will hit some people a lot harder than others, and that's due in the main part to how you handle it within yourself and your business. If you're trapped at home with little to do, use this time to declutter your business so that you will come back stronger and leaner.



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

BAD LANDLORDS DAMAGING VALUES

By David Lawrenson of LettingFocus.com

David Lawrenson gets cross about incompetent landlords who, through neglect, damage local communities by failing to look after their properties.

I have two properties in South Bermondsey in London. And the tale of how they have performed over the years is interesting.

One is a two-bedroom maisonette with its own front door to the street.

(I rarely buy flats that don't have their own access as I hate shared hallways, but that's another story.)

This flat is on an estate that has always been well managed. There's a resident management company whose directors have lived on the development for years, and are all active in running the management company.

I also own a two-bedroom freehold house just around the corner from this flat. This

house has its own lounge, whereas in the maisonette, the kitchen is part of the lounge. The total floor space is about 7% bigger than the flat, plus it has its own nice little garden, whereas the flat has no garden of its own. Both have their own parking spaces.

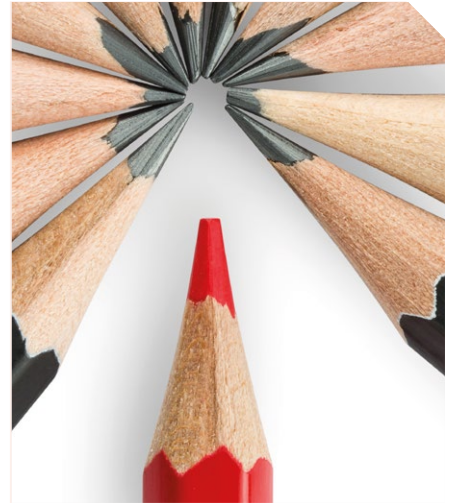
The freehold house is valued for sale by the market at about the same level as the maisonette leasehold flat.

But the freehold house, as it is a little bigger – and freehold – ought to be worth more.

Normally, even if they had the same floor area, a freehold house would be about 10% to 15% more expensive to buy than a leasehold house.

The achievable rent should be about 10% higher too, mainly on account of there being a private garden, which people in central London are prepared to pay extra for.

“The freehold house is valued for sale by the market at about the same level as the maisonette leasehold flat.”



SO WHY THE DIFFERENCE? AND WHAT HAS ALL THIS GOT TO DO WITH BAD LANDLORDS?

Well, the reason for the difference in price is, in my view, directly due to **bad landlords**.

On the estate where the flat is, there are several rented properties. The area is close to London and at the right price, places let fast. But the management of the estate is so good, landlords are all kept to a certain standard. There are no dumped sofas or rusting bikes left on the street and there are no abandoned vehicles. Discipline is enforced by the appointment of a caretaker who actually lives and owns a flat on the estate, and who does a lot of the grounds management for a salary of about £4,000 a year. He is a real bonus and knows everything that is going on. Plus, the external maintenance of the windows and the exterior decoration is carefully planned, regular and good value – and this all keeps the flats looking great visually from the outside.



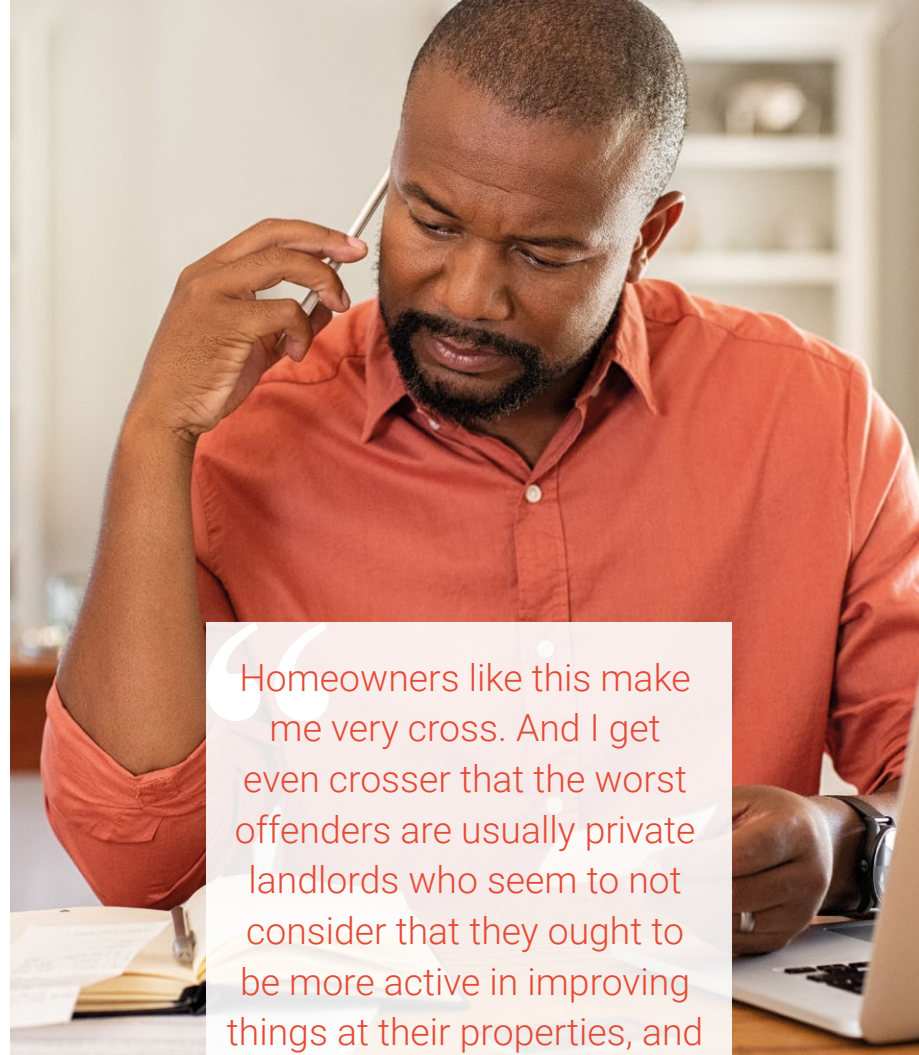
This is a marked contrast to the freehold house just around the corner.

The house, of course, has a good landlord – me! But it suffers, because too many of the houses (and a few flats) around it have bad landlords who make no attempt to look after the exterior of their properties.

There is peeling paint and rendering on most outside walls of the neighbouring properties and most windows and private bin stores have not been painted in years. The utility boxes have all long since lost their doors or hang forlornly, half on, half off. The same for the doors to the bin stores. The bins are often overflowing. Any grassed areas in front of the houses are mostly unkempt and overgrown with weeds and bushes, and are full of dumped litter that is never cleared. Communal car park spaces are full of more dumped rubbish and sometimes also untaxed, dumped vehicles. You get the picture!

All this explains why freehold houses like mine there, only sell for the same as the leasehold maisonette. It is annoying and frustrating.

Local landlords by their actions, or rather inaction, have brought down the quality of the area, its look and feel. Their actions have made it a much worse place to live.



Homeowners like this make me very cross. And I get even crosser that the worst offenders are usually private landlords who seem to not consider that they ought to be more active in improving things at their properties, and making sure their tenants respect other people and the community in which they live.

There is, of course, little that can be done about this, as none of the things that these landlords are doing (or not) are illegal.

I have written to a few owners (where their addresses were available from the Land Registry) asking politely if they would clean up a patch of grass, get rid of the sofa in the front garden or remove an abandoned vehicle from their parking space. But I have never got a single response. The few good local owners I speak to know the area is going down, but they are also powerless to do anything.

Homeowners like this make me very cross. And I get even crosser that the worst offenders are usually private landlords who seem to not consider that they ought to be more active in improving things at their properties, and making sure their tenants respect other people and the community in which they live. They fail to see that by looking after their properties better, they would get better rents and their properties would be worth more too whenever they come to sell.

But the fact is, most of these landlords will be letting through agents who don't care either. In this part of London, demand is so

strong that any half competent agent could let any old property. It is all too easy. The agents are fixated on

getting places let fast and getting their fee. Most give no consideration at all to the local area or the local environment.

Worst of all, these agents and the landlords they work for, give all the good landlords like me a bad name – and bring down on our heads more legislation, more rules, more regulations from government. Thanks a lot!

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"*.



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

HMO Q&A

With Rick Gannon

Hi everyone, and welcome back to my monthly question and answer feature. If you are new here, this is where I take some frequently asked questions regarding the HMO strategy and answer them all in one place.



Q. COVID-19 has caused many businesses to shut, which will likely result in higher unemployment. How strong do you think the HMO market will be when things start to get back to normal?

A. This is a great question. We haven't experienced a pandemic like this in our lifetime, so it is hard to predict.

My thoughts are that whilst we are likely to see a drop in the economy and a rise in unemployment, people will still need affordable places to live and tenants will need to have flexibility to be able to move

around to seek work. Mortgages may be harder to obtain with higher thresholds to reach, and this may make it harder for first time buyers to get onto the ladder.

There are likely to be fewer jobs, and may even attract a lower wage/salary than before while businesses continue to heal. All of these factors, I believe, will make for a strong future rental market, specifically HMOs.

The all-inclusive HMO model will allow tenants affordable living, with just one payment to budget for each month. Only time will tell of course, and I look forward to seeing things evolve.

Q. I really want to begin growing my business and want to start with some marketing campaigns but I'm worried. Campaigns can be expensive and I don't know if now is the best time to do this because of the pandemic. What would you suggest?

A. I understand that many people are desperate to get things moving and start all aspects of their business again. This is a tough one, and I have my own thoughts on this. Currently many landlords are as confused as we are, and many are waiting for the "new normal" to unfold before they decide to make any decisions on what to do with

their current portfolio. This may mean that they are just not in the right frame of mind at present.

Together with not being able to view property, not being able to get surveys or valuations done and not being able to get trades or supplies to conduct any refurbishments, it makes for a tough time to market right now.

My best advice would be to wait until we are out of lockdown and for everything to start turning again, then begin your campaigns, this way they should have much more of an impact.

Q. I have seen lots of conflicting advice online regarding checking in tenants during the lockdown, and some landlords appear to be conducting business as normal. What are the rules regarding check ins during this time?

A. Yes, I have seen this too. It's fair to say that everyone will run their business differently. There is no legislation in England as such that stipulates landlords can't check tenants in at the moment, although the Ministry of Housing have issued guidance to landlords, which states:

"We recommend that landlords and tenants engage constructively about access to a property, and that it is only proposed for serious and urgent issues. Follow the Government's latest guidance on distancing measures necessary to help stop the spread of the virus."

This means that no one should visit the property to conduct viewings, or anything else which is not urgent and health and safety-related.

Home buyers and renters should, as far as possible, delay moving to a new home while emergency measures are in place to fight coronavirus.

If moving is unavoidable for contractual reasons and the parties are unable to reach an agreement to delay, people must follow advice on maintaining strict separation to minimise the spread of the virus."

These are guidelines and some landlords are sticking to them while others are not. It is a difficult time for a lot of landlords right now, and with the ever-increasing void situation we are all looking to the government for answers.

That's it for this month, if you have any questions for the next edition then please feel free to drop the team here at YPN a message or contact me directly in the HMO and Property Community Group on Facebook.

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

Rick



MEDIATION TO EASE FRUSTRATION

By **Paul Shamplina** founder of Landlord Action and brand ambassador for Hamilton Fraser



There are no two ways about it; the rental market is in the middle of a financial storm caused by the coronavirus outbreak.

Last month, renters' unions called on the government to suspend rents for the duration of the COVID-19 crisis. Landlords argue that they are being forced to bear significant financial losses, while tenants feel that government schemes intended to support them fall inadequately short of what is needed.

Last month, we carried out a survey with 537 landlords. It revealed that since the government measures to prevent the spread of COVID-19 were introduced on 23rd March, 74% of landlords have been contacted by tenants saying they will struggle to pay their rent. Similarly, 36% of landlords said they would struggle to pay their mortgage if their tenant did not pay rent this month.

The main problem is that there simply is not a one-size-fits-all approach to this. Many tenants are facing reduced hours at work or even unemployment, whilst the vast majority of private landlords, many with mortgages, rely on their rental income to pay their own bills and support their own families. They too will be facing the same challenges of job losses. Landlords who take a mortgage holiday to help struggling tenants are concerned about harming their own finances.

With that said, it is really important that landlords do what they can to sustain the tenancy if possible, bearing in mind the court system is suspended and if a tenant vacates, there is a worry the property could be empty for a while.

"We are awaiting the Government's decision if they will extend the Courts Eviction suspension after 25th June, but I'm sure they will also announce the new Pre-Action Protocol procedure"

Therefore, it is about working together in a practical way, understanding each other's limits and supporting one another as best we can to get through this.

The government has been urging landlords and tenants to come to agreements, and this is likely to continue in the future. The Ministry of Housing, Communities and Local Government is looking to strengthen pre-action protocol requirements and extend this to possession claims in the private rented sector. This will put the onus on tenants and landlords to negotiate and reach an agreement, rather than go to court.

With this in mind, I would advise landlords who were already struggling to communicate with the

tenants before lockdown to consider mediation. With the reality that life will not return to 'normal' for some time, it looks unlikely that landlords will be able to gain possession of their properties for six to nine months, or more.

With our support [Landlord Action], the Property Redress Scheme has recently launched a mediation service for residential and commercial landlords (or their appointed letting agent) and tenants, to

aid finding a resolution over issues that have arisen during a tenancy.

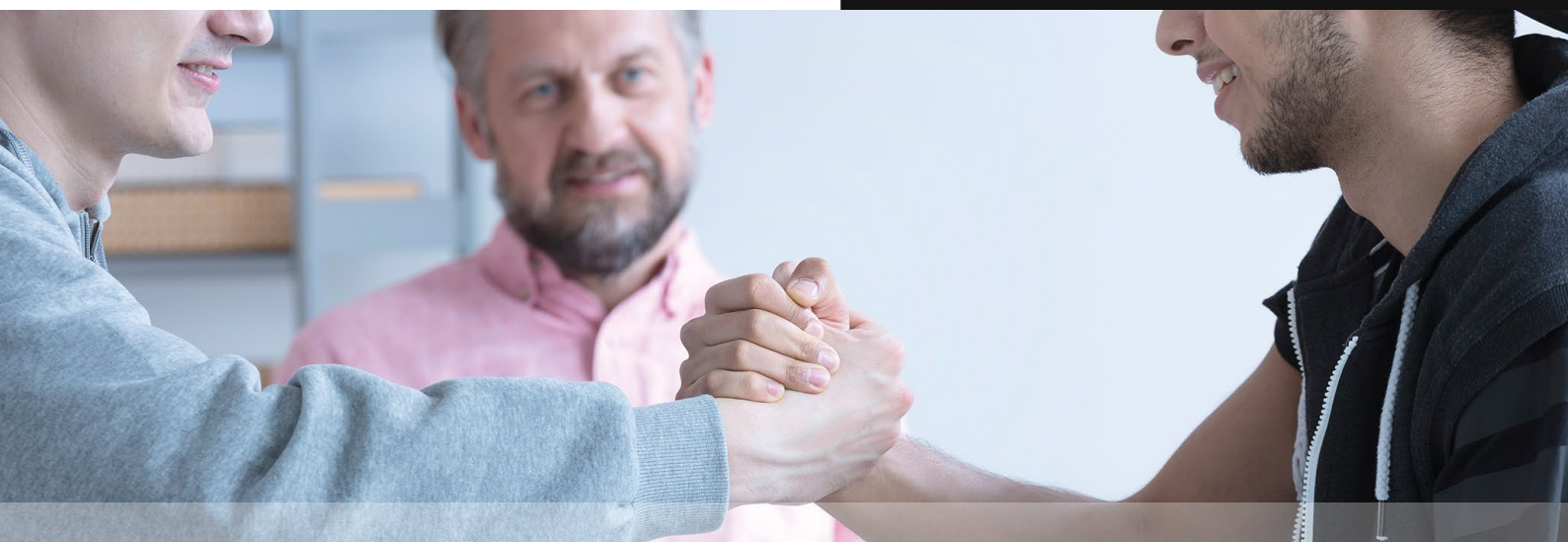
Mediation is a voluntary, without prejudice and confidential process, which allows disputes to be resolved much quicker and with less cost than court. As a landlord, it also enables you to demonstrate to the court that you have attempted to resolve your issues before coming to them. Professional mediators are completely impartial and if your tenant is willing to engage with them, it can be an efficient way to reach a fair agreement.

For those landlords in a position to be flexible and come to some kind of payment agreement with their tenant over rents, Landlord Action has drawn up Rent Repayment Agreements for landlords providing a template which enables you to set out agreed terms of the repayment with your tenant.

Remember, good tenants do not become bad tenants overnight. These are extraordinary circumstances, and everyone is impacted in some way. Landlords who work with their tenants throughout this difficult time will strengthen their relationship and be far more likely to maintain the tenancy in the long term.

<https://tenancymediation.theprs.co.uk>

Contact: **Mediation@theprs.co.uk** or **0345 362 3127**



SUPERCARGE YOUR PROPERTY BUSINESS!

Stephanie Hale reveals how publishing a book can be the quickest and easiest way to supercharge your property business.

Why?

Because it is a great way to tell other people what you do and how you have done it. And on top of that, it can be a brilliant way to:

- build your brand
- be seen as an acknowledged expert in your chosen field
- add credibility to your social profile
- showcase exactly what you have achieved
- meet JV partners

But plenty of things can get in the way of actually sitting down and writing – there always seems to be something more important. It's easy to put it off, saying things like ...

"I just don't have the time", "I don't know where to start" Or maybe even ... *"A book? Me? I could never do that ..."*

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BY DAVID LAWRENSON

SUCCESSFUL PROPERTY LETTING

HOW TO MAKE MONEY IN BUY-TO-LET

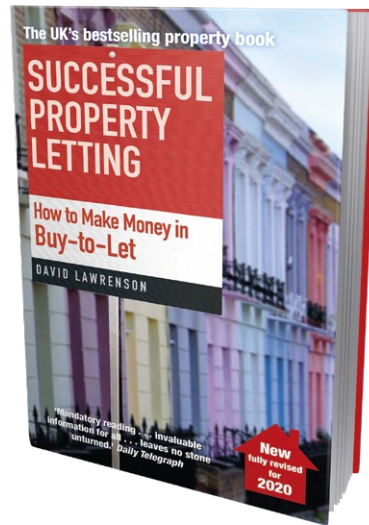
It's often said that you can't judge a book by its cover. But if a new edition of the book is published every few years to take account of changes in the industry and it has an INDEX (to show it's really well organised), one starts to make a judgement. Added to that mix are recommendations of the book from the NLA and Daily Telegraph. In this latest update, David highlights all the compelling reasons to consider BTL as an investment strategy.

In the **introductory chapters**, David highlights the overall aim of the book, which is to advise the reader about where to buy, what to buy and how to buy, plus aspects of being a landlord including legislation and taxes. He argues that despite all the changes, eg regulations, Brexit and institutional investments, BTL remains a compelling investment. He discusses the ways to make money in property and advises on how to calculate the true income from the investment.

Chapter three starts to chart the detailed process by discussing "How to find the right property." This includes buying in the right location (area) for your target tenant type and setting the property up accordingly. Ideally, the property should have good rental demand and capital growth prospects. You need to become a detective and evaluate the local areas through resources such as the local council, local agents and local people. This can be combined with lots of online resources, eg Rightmove, Streetcheck.co.uk.

Having defined an area, next up is deciding which type of property meets tenant demand – letting agents are a great place to start. Due diligence is key to ensure you buy the right investment for the area. The next section discusses leasehold versus freehold with ample advice around the typical due diligence the reader should undertake. David also discusses new properties versus old, new developments, off plan and buying at auction. Setting up alerts via Rightmove and agents is the next step to identify the ideal property and then combine this with due diligence and negotiation. The final section discusses aspects of BMV properties and the systems one can set up to identify motivated sellers.

The **next two chapters** cover the buying process and getting the property ready to rent out. Clearly, financial and legal aspects



should be discussed with your professional team (your broker and solicitor respectively), but David provides clear guidance of each part of the process. Different types of mortgages (finance) as well as the overall conveyancing process are also described. A key part of any BTL investment is refurbishing and preparing the property for rental and David draws on his years of experience to discuss, amongst other things, how to deal with builders, architects and surveyors, and legal regulations and compliance therein.

Chapters six to nine discuss many aspects of the tenancy to include:

- 1 getting the tenancy agreement correct;**
- 2 finding the right tenant;**
- 3 managing the tenancy;**
- 4 dealing with difficult tenants.**

In **chapter six**, the different types of tenancies are discussed with the most common one, ie AST, discussed in some detail. David highlights the recent and significant changes such as the new tenancy format in Scotland, data protection/GDPR, and he also provides great tips including the use of a House Guide template. In the next chapter, the author explores the various options of finding the tenant including, letting to friends (don't!), letting to social housing organisations, using the services of a letting agent (including how to find a good one and what they should be doing). Whatever process you use, getting a good tenant is critical. If self-managing, David provides details of when and where to advertise, what to say in the advert, screening potential tenants and undertaking referencing.

In **chapter eight**, David covers all aspects of managing the tenancy. This includes "managing the managing agent" if you are using one. Apart from the exciting arrival of rental payment, there are a plethora of other things that landlords need to be mindful of including regular inspections, management of maintenance and dealing with problem neighbours. In the next chapter, dealing with difficult tenants is discussed including the eviction process, claims for money owed and so on. Tenancies are a heavily regulated area so every action that a landlord takes must be compliant with the law. This sections also includes a useful Q&A.

Although the book is about investing in BTLs, on occasion a landlord may sell, so chapter 10 discusses the various aspects involved in selling. Tax is where your accountant should be a valued part of the team, but nonetheless, it's worth having a good grasp. Topics covered include income tax, changes to the tax relief system, capital gains tax, incorporating into a limited company and SDLT. The chapter is full of very useful tips. The final chapter aptly named "jet to let" highlights various considerations one should be aware of when thinking of investing abroad.

WHO IS THIS BOOK FOR?

This was one of the first books I ever read as a budding property investor. It's not a quick read and is full of details, but somehow David has created a blend of easy-to-read detail (the devil is in the detail!). Although the title of the book is BTL, many of the concepts relate to other investments, like HMOs. **This book is a must-have for all budding investors – I don't make these recommendations lightly!**

Further resources

Website & Blog: www.LettingFocus.com

YPN: Regular feature by David Lawrenson

Book reviewed by:

Raj Beri



www.rajberi.co.uk Email: raj@rajberi.co.uk

Book Details:

Available from **Amazon** Date published: **2020**

WHAT SHOULD YOU BE DOING NOW?

SIMON ZUTSHI

As the property market is opening its doors once again, I thought I'd give some guidance on how to kickstart your investing and make the most of the next six to 12 months. Some of what is written is also being shared with my Property Mastermind delegates, and I'll provide some further advice depending on where you are on your property journey.

First of all, let me give you my view on the property market. Over the next few months, it might feel like there is a mini property boom. This is because there is massive pent-up demand from people who wanted to buy but were unable to due to the lockdown. There will be a lot of activity and I believe that most people have now got over the initial lockdown and are generally feeling more positive.

However, if we look back to what I was saying in my articles at the beginning of 2020, there are more landlords than ever thinking about retiring early for several reasons. Some are due to the effects of the Section 24 tax changes, and now with potential issues around tenants not being able to pay rent, there will be more landlords who have had enough.

Combine this with the fact that those who were considering it before the lockdown have decided to start investing but may now be put off due to uncertainty surrounding property prices. Added to this, is the probability of the UK slipping into recession meaning that property prices will come down at the end of 2020 and into 2021.

Whenever I share this view, I'm always asked how much I think the market will drop. I have absolutely no idea, but I don't think it will be as bad as 2009. However, some investors may fear that it will be just as bad if not worse and will be motivated to sell their property quickly.

Well then, where does all this leave you and what should you be doing?

No matter your property investing experience, I suggest that you focus on raising some capital so that you're ready to move when you find good opportunities.



If this means re-mortgaging your own home or any other properties that you own, you should probably start this process now before prices drop. Otherwise you may not be able to release as much money as you'd like. It might take longer than you expect, so don't wait until you find a good deal, otherwise you may miss out due to timescales.

"My other recommendation for everyone, is that you should learn as much as you can about purchase lease options (PLOs)"

It's not really a strategy, but more of a tool that can be used alongside any other strategy such as BTL, HMOs, SA, commercial, and so on. Look out for next month's article in the July edition of YPN to find out why the next six months will be the perfect time to use them.

And now for some more specific advice on what you should be doing now, based on your current level of experience ...

New investors (zero investment properties)

If you don't have any investment properties just yet then the most important thing is to build your knowledge and gain confidence through education. Reading this magazine from cover to cover every month is a great start. I also recommend you subscribe to property podcasts (hint: I have a weekly one called The Property Magic). Podcasts are great... because they're a completely free resource with hours of content.

If you want to accelerate your property journey, then you might want to consider taking some training, but always do your research. Not all training is as good as it should be. While most people aren't back at work, use this time to gain the knowledge you need to quickly and confidently move forward with your investing.

All that's left is to pick one strategy to start with! You can't do everything, so it's best to find one strategy that fits your personal resources. If you are not sure, then take our strategy profile test here:

www.strategyprofiletest.com

Starting to invest close to where you live or work is probably the best place to start. However, it is possible to invest remotely as long as you tap into local contacts who can help you on the ground.

Some experience

(one to three investment properties)

As you have at least one property, you already know what property can do for you. It's time to step up the number of properties! A few questions to consider:

- Are your existing properties giving you the return you want?
- Is your current strategy right for the current market conditions?
- Are you going to stick to this investing strategy, or is it time to learn how to use a more suitable strategy?

If you have run out of your own deposit funds, don't worry – it happens to all investors at some point. You already have some investing experience and a track record, so reach out to the people you know to see who has any money sitting in the bank. You can work with people on a JV or through a private loan. Also, make sure you raise your personal profile through social media so your contacts can see that you know what you're doing when it comes to investing.

If you have purchased through estate agents in the past, now is a great time to reach out to them and let them know you're back in the market and ready to buy. Many sales that were agreed before the pandemic will have fallen over, and the sellers may be even more motivated to get a sale agreed. Don't wait for estate agents to contact you, be proactive and reach out to them.

It's also important to reach out to your tenants; make sure they're okay and understand where they are now regarding employment. If they are on furlough, they should still be paying rent, even if it is a slightly reduced amount. Make sure they know that a rental holiday doesn't mean a rent-free period, but rather the rent needs to be paid at a later date. Always best to get something rather than nothing.

If any of your properties or rooms are empty, then concentrate on filling them. Do the properties need some work doing to them to get them up to scratch? Are they desirable for the type of tenants you want to attract? Where there is an oversupply of rental property, you need to make sure that your property is better than average.



Portfolio landlords

(four or more properties)

Once you have four or more properties, you are considered to be a portfolio landlord. Whilst all of the advice in the previous section for landlords with some experience is still relevant to you, there are some extra things you should consider.

I think it's wise to review your portfolio every six months to check that it's performing for you as well as you expect. There are several parts to this:

1. Does each property generate enough monthly profit for you?
2. Could you refurbish it, extend it or repurpose it to make it more cashflow?
3. Do you need to renew any of your mortgages to better products and release any equity at the same time?
4. Are there any properties that you should consider selling, so that you can reinvest in a better property?

In addition to this six-monthly review, I believe that, as a more experienced investor, you should be looking to step up to the next level of investing. What would that look like for you?

Assuming you want to increase your portfolio, I recommend you focus on following up on all the past deals you've looked over the last six to 12 months. Have they been sold or are they still for sale? If they're still for sale, then a sale might have fallen through and the sellers are much more motivated. It's worth revisiting to see if there is a mutual win-win.

To reiterate what I said above, there are going to be some fantastic deals over the next six months. The question is, how many of these do you want to do?

I hope that this month's article has given you some practical advice about what you should be focusing on now. And to get ready for what I believe could be one of the best buying opportunities of this decade.

Invest with knowledge, invest with skill

Best wishes,

Simon Zutshi

Author Property Magic
Founder, property investors network

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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 😊



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available to download from
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HOW TO PROTECT YOUR MONEY AND FAMILY DURING THIS CRISIS

By **Marcus de Maria**

During this time of crisis, it can be difficult to see the wood for the trees as we immerse ourselves in the fear and panic of what is going on around us, rather than looking at the bigger picture.

Our government is leading us through this challenging time in the best way they can, and by listening to their advice we are doing our bit for the nation. So, as we spend our working days at home, let us take the borrowed time of not having to commute to do something that will serve us.

I cannot stress enough how important it is to use this time to benefit you. Now is a good opportunity to learn about trading and investing.

In this current climate, we can see the stocks of a company dropping 30-40%, but what does that really mean? Surely, the company themselves have not lost 30-40% of revenue? Or 30-40% of their workforce or infrastructure? No, they still have those assets. This drop is the stock market's way of reacting to the short-term effect the COVID-19 pandemic is having.

Now, for those of us who know a thing or two about trading and investing, we know that this drop in the market is not something to fear, but instead an opportunity to get in low and reap the rewards as the market goes back up again. Because when this pandemic is over, the economy will spring back to life – businesses will start making money again and the stock market will recover.

Another important lesson to be learnt during this time is how to manage your money in order to protect yourself, your family and your finances during a period of crisis.

It starts with accepting that having just one or two online bank accounts will not serve you. You need to have at least six or seven different accounts to be able to manage your money effectively. Why? Because we don't just do one or two things with our money. We invest it, we donate it, we use it for food, we spend it on having fun, we buy a gym membership, and so on.



So, I urge you, right now, to go online and set up several online accounts with your bank because doing this changed my financial life.

Let me put it this way: you get invited out to dinner, drinks and the cinema with some friends. You've already been out three times this month, and it wasn't cheap, but your current account is looking healthy. You've got the money, so why shouldn't you? Wrong!

Because now, when it comes to the end of the month and you have bills to pay and a family to feed, you could really do with that £100 you spent on that night out.

However, if you'd have had an account for fun where you put 10% of your income each month, you'd have seen that you'd already spent your fun money this month and had no more funds until the next.



It really is that simple. You divide your money amongst these accounts and easily monitor your outgoings to live within your means.

Now, you may be struggling financially during this period. Some have lost their jobs or are taking a cut in wages, you have more mouths to feed at lunchtime, you're using more electricity being at home all day, every day and so on. But do not dwell on it. Instead use this difficult time to drive you towards making the change you need in your life.

One simple way of doing this right now, is to switch off from the negativity and switch on to creating your financial future. Build your support network, involve your family, discuss your finances and shift your mindset – particularly if you have children.

Children's brains are like sponges, even when you think they're not listening, they are. And there is so much negativity and scaremongering going on right now that they are going to be frightened. The last thing they need is for you to be frightened too. Try to engage them in activities that will help you on to achieve this financial stability.

Be strong, learn from this time, strengthen your network and make the active decision to thrive from the crisis.

To discover more about how you can use trading and investing as a vehicle to thrive in this crisis, download a **FREE copy of my book, *The Lunchtime Trader*, here <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.	HMO	House of Multiple Occupation
ADR	Alternative Dispute Resolution			HNWI	High Net Worth Individual a certified high net worth investor is an individual who has signed a statement confirming that he/she has a minimum income of £100,000, or net assets of £250,000 excluding primary residence (or money raised through loan a secured on that property) and certain other benefits. Signing the statement enables receipt of promotional communications exempt from the restriction on promotion on non-mainstream pooled investments. (Source: FCA)
AI	Artificial intelligence			HP	Hire Purchase
APHC	Association of Plumbing and Heating Contractors			HSE	Health and Safety Executive
ARLA	Association of Residential Letting Agents			ICR	Interest Cover Ratio
Article 4	An Article 4 Direction removes permitted development rights within a specified area designated by the local authority. In many cities with areas at risk of 'studentification', there are restrictions on creating HMOs so you will have to apply for planing permission. Check with your local planning authority.	CGT	Capital gains tax	IFA	Independent financial advisor
AST	Assured Shorthold Tenancy	CML	Council for Mortgage Lenders	IHT	Inheritance tax
AT	Assured tenancy	CPD	Continuing Professional Development	IRR	Internal Rate of Return
BCIS	Building Cost Information Service – a part of RICS, providing cost and price information for the UK construction industry.	CPT	Contractual periodic tenancy	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)
BCO	British Council for Offices	CRM	Customer relationship management (eg, CRM systems)	JV	Joint venture
BIM	Building information modelling	CTA	Call to Action	JVA	Joint venture agreement
BMV	Below market value	Demise	A demise is a term in property law that refers to the conveyance of property, usually for a definitive term, such as premises that have been transferred by lease.	KPIs	Key Performance Indicators
BPEC	British Plumbing Employers Council – qualifications, assessments and learning materials for Building Services Engineering sector	DHCLG	Department of Housing, Communities and Local Government (formerly DCLG – Department for Communities and Local Government)	L8 ACOP	Approved Code of Practice L8 – Legionella Control and Guidance
BRR	Buy, refurbish, rent out	DoT	Deed or Declaration of Trust	LACORS	Local Authorities Coordinators of Regulatory Services
BTL	Buy-to-let	DPS	Deposit Protection Service	LHA	Local Housing Authority
BTR	Build-to-rent	EHO	Environmental Health Officer	Libor	London Inter-Bank Offered Rate
BTS	Buy-to-sell	EIS	Enterprise Investment Scheme	LLP	Limited Liability Partnership
C2R	Commercial to residential conversion	EPC	Energy performance certificate	LTV	Loan To Value
CCA	Consumer Credit Act	FCA	Financial Conduct Authority	MCD	Mortgage Credit Directive (European framework of rules of conduct for mortgage firms)
CDM	Construction Design and Management	FHL	Furnished holiday let	MHCLG	Ministry of Housing, Communities & Local Government
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)	FLEEA Cover	Insurance cover for Fire, Lightening, Explosion, Earthquake and Aircraft impact, but no other perils. Some times issued for a property that has been empty for some time	MVP	Minimum viable product
		FPC	Financial Policy Committee	NALS	National Approved Letting Scheme
		FRA	Fire risk assessment	NICEIC	National Inspection Council for Electrical Installation Contracting
		FSCS	Financial Services Compensation Scheme	NLA	(former) National Landlords Association, merged with RLA to become NRLA
		FTB	First time buyer	NRLA	National Residential Landlords Association
		GCH	Gas central heating	OIEO	Offers in excess of
		GDP	Gross domestic product	OMV	Open market value
		GDPR	General Data Protection Regulation		
		GDV	Gross Development Value		
		GOI	Gross operating income		
		HB	Housing benefit		
		HHSRS	Housing Health and Safety Rating System		

ONS	Office for National Statistics	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) Certified: individual who has a written certificate from a "firm" (as defined by the FCA) confirming he/she is sufficiently knowledgeable to understand the risks associated with engaging in investment activity. Self-certified: individual who has signed a statement confirming that he/she can receive promotional communications from an FCA- authorised person, relating to non-mainstream pooled investments, and understand the risks of such investments. One of the following must also apply: (a) Member of a syndicate of business angels for at least six months; (b) More than one investment in an unlisted company within the previous two years; (c) Working in professional capacity in private equity sector or provision of finance for SMEs; (d) Director of a company with annual turnover of at least £1m within the previous two years.
OTA	Online travel agent	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-notice for up-to-date information.		
PBSA	Purpose-built student accommodation	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-notice for up-to-date information.		
PCA	Property Care Association, a trade organisation for specialists who resolve problems affecting buildings	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
PCOL	Possession claim online	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: 1. Prescribe the nature of development 2. Compensate for loss or damage created by a development 3. Mitigate the impact of a development (Source: planningportal.co.uk)	SME	Small and Medium-sized Enterprises
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.	SA	Serviced Accommodation	SPT	Statutory periodic tenancy
PI insurance	Professional Indemnity insurance	SAP (assessment)	Standard assessment procedure	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.
PLO	Purchase lease option			SSTC	Sold Subject To Contract
PM	Project manager			TPO	The Property Ombudsman
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)			UC	Universal credit
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)			UKALA	The UK Association of Letting Agents
PRS	Private Rented Sector			USP	Unique selling point
R2R	Rent-to-rent			VOA	Valuation Office Agency
REIT	Real Estate Investment Trust				
Reserved Matters	A planning term: outstanding details of an outline planning approval to be resolved by a separate "reserved matters" application, see https://www.planningportal.co.uk/info/200126/applications/60/consent_types/6 for details.				
RGI	Rent guarantee insurance				
RICS	Royal Institute of Chartered Surveyors				
RLA	(former) Residential Landlords Association, merged with NLA to become NRLA				
RoCE	Return on Capital Employed				
ROI	Return on Investment				
RP	Registered Proprietor, refer ring to the name on the title of a property Land Registry				
RSJ	Rolled-steel joist – steel beam				
RTO	Rent to Own				



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 want 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 handed properties back to landlords, others return to the single let market, or change their business model altogether.

But some will be in preparation for post lockdown and the New Normal.

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 months, 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 is 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.

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.

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 **Stuart Scott** and **Carly Houston** 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 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**.



UPCOMING AUCTIONS

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LONDON

Town & Country Property Auctions

London 2-Jun-20 12:30 Marriott Hotel, 140 Park Lane, London, W1K 7AA

BidX1 3-Jun-20 9:00 Online Auction, .

Harman Healy 4-Jun-20 12:00

Kensington Town Hall, 195 Hornton Street, London, W8 7NX

McHugh & Co 10-Jun-20 11:00

The Montcalm Hotel, 34-40 Great Cumberland Place, London, W1H 7TW

Auction House London 15-Jun-20

12:00 London Marriott Hotel, Regents Park, 128 King Henrys Road, London, NW3 3ST

Savills (London - National) 18-Jun-20

The London Marriott Hotel, Grosvenor Square, London, W1K 6JP

Barnard Marcus 23-Jun-20

Grand Connaught Rooms, Great Queen Street, London, WC2B 5DA

WEST MIDLANDS

Butters John Bee 1-Jun-20

Online Auction, The Best Western, Moat House Hotel, Festival Way, Stoke-on-Trent, ST1 5BQ

Auction House Birmingham & Black Country 4-Jun-20 18:00

Walsall Football Club, Bescot Crescent, Walsall, WS1 4SA

Auction House Staffordshire

9-Jun-20 19:00 Stoke City Football Club, The Britannia Stadium, Stanley Matthews Way, Stoke-on-Trent, ST4 4EG

John Earle & Son 22-Jun-20

Henley Golf & Country Club, Birmingham Road, Henley-in-Arden, B95 5QA

Town & Country Property Auctions West Midlands 24-Jun-20 19:00

The Mecure Telford Centre Hotel, Forgegate, Telford, TF3 4NA

EAST ANGLIA

Auction House East Anglia 3-Jun-20 11:00

Online Auction

Auction House East Anglia 4-Jun-20

14:00 Online Auction, The Willow Suite Muthu Belstead Brook Hotel, Belstead Road, Ipswich, IP2 9HB

Auction House East Anglia 5-Jun-20

12:00 Dukes Head Hotel, 5-6 Tuesday Market Place, Kings Lynn, PE30 1JS

Cheffins 17-Jun-20 14:00

Clifton House, 1-2 Clifton Road, Cambridge, CB1 7EA

Brown & Co 26-Jun-20 12:00

Assembly House, Theatre Street, Norwich, NR2 1RQ

NORTH WEST

Venmore Auctions 1-Jun-20 13:00

Online Auction, .

Auction House Cumbria 4-Jun-20

12:00 Online Auction, Coronation Hall, County Square, Ulverston, LA12 7LZ

Auction House Cumbria 4-Jun-20

18:30 Online Auction, Coronation Hall, County Square, Ulverston, LA12 7LZ

Auction House North West 18-Jun-20

13:00 Online Auction, Bolton Wanderers Football Club, Macron Stadium, Burnden Way, Bolton, BL6 6JW

Andrew Kelly Auctions 24-Jun-20

Rochdale Football Club, Sandy Lane, Rochdale, OL11 5DR

North West Property Auction - IAM

Sold 24-Jun-20 Village Urban Resort, Rochdale Road, Bury, BL9 7BQ

Town & Country Property Auctions

Wrexham 25-Jun-20 18:30

Grosvenor Pulford Hotel & Spa, Wrexham Road, Pulford, CH4 9DG

Town & Country Property Auctions

Cheshire & Wirral 26-Jun-20 19:30

The Cheshire Saleroom, Withyfold Drive, Macclesfield, SK10 2BD

EAST MIDLANDS

Town & Country Property Auctions

East Midlands 3-Jun-20 19:00

Colwick Hall Hotel, Racecourse Road, Nottingham, NG2 4BH

SDL Auctions Graham Penny

(Nottingham) 4-Jun-20 11:30

Nottingham Racecourse, Colwick Road, Nottingham, NG2 4BE

SDL Auctions Graham Penny

(Leicester) 9-Jun-20 11:30

Online Auction, .

Auction Estates 18-Jun-20

14:30 Nottingham Racecourse, Colwick Road, Nottingham, NG2 4BE

NORTH EAST

Auction House North East 9-Jun-20

19:00 Ramside Hall Hotel, Carville, Durham, DH1 1TD

Pattinson Property Auctions

17-Jun-20 Newcastle Falcons Rugby Football Club, Brunton Road, Newcastle upon Tyne, NE13 8AF

Pattinson Property Auctions

25-Jun-20 Newcastle Falcons Rugby Football Club, Brunton Road, Newcastle upon Tyne, NE13 8AF

Pattinson Property Auctions

29-Jun-20 Newcastle Falcons Rugby Football Club, Brunton Road, Newcastle upon Tyne, NE13 8AF

Agents Property Auction

30-Jun-20 Newcastle Marriott Hotel, High Gosforth Park, Newcastle upon Tyne, NE3 5HN

SOUTH-EAST HOME COUNTIES

Auction House Sussex 4-Jun-20

14:30 The Hove Club, 28 Fourth Avenue, Hove, BN3 2PJ

Auction House Essex 9-Jun-20

19:00 Crondon Golf & Country Club, Stock Road, Stock, CM4 9DP

Auction House Kent 10-Jun-20

19:00 Mercure Maidstone Great Danes Hotel, Ashford Road, Maidstone, ME17 1RE

Connect UK Auctions 11-Jun-20

13:00 Holiday-Inn London-Gatwick Airport, Povey Cross Road, Horley, RH6 0BA

Clive Emson Essex, North & East

London 15-Jun-20 11:00 The Chelmsford City Racecourse, Moulsham Hall Lane, Great Leighs, Chelmsford, CM3 1QP

Clive Emson Sussex & Surrey 16-

Jun-20 11:00 Hilton Brighton Metro-pole, 106-121 Kings Road, Brighton, BN1 2FU

Clive Emson Hampshire & Isle of

Wight 17-Jun-20 11:00 Solent Hotel, Rookery Avenue, Fareham, PO15 7AJ

Fox & Sons (Southampton)

18-Jun-20 13:00 Macdonald Botley Park Hotel, Winchester Road, Botley, Southampton, SO32 2UA

Nesbits 18-Jun-20

Royal Marines Museum, Eastney Esplanade, Southsea, PO4 9PX

Clive Emson Kent & South East

London 19-Jun-20 11:00

Clive Emson Conference Centre, Kent County Show Ground, Maidstone, ME14 3JF

YORKSHIRE AND THE HUMBER

Mark Jenkinson & Son 9-Jun-20

14:00 Online Auction

Pugh & Company 11-Jun-20 12:00

Leeds United Football Club, Elland Road, Leeds, LS11 0ES

Regional Property Auctioneers

24-Jun-20 Doncaster Rovers F.C, Keepmoat Stadium, Doncaster, DN4 5JW

Yorkshire Property Auction - IAM

Sold 25-Jun-20 Cedar Court Hotel, Denby Dale Road, Calder Grove, Wakefield, WF4 3QZ

NORTH WEST HOME COUNTIES

Romans 1-Apr-20 13:30 Green Park Conference Centre, 100 Longwater Avenue, Reading, RG2 6GP

Town & Country Property Auctions

Beds, Bucks, Herts & Northants

22-Apr-20 12:00 Hampton by Hilton, 42-50 Kimpton Road, Luton, LU2 0FP

SOUTH WEST

Hollis Morgan 10-Jun-20 19:00

Online Auction, .

Symonds & Sampson LLP

11-Jun-20 14:00 Digby Hall, Hound Street, Sherborne, DT9 3AA

Cooper & Tanner Auctions

16-Jun-20 The Standerwick Centre, Frome Market, Standerwick, Frome, BA11 2QB

Taylor & Fletcher Stow on the

Wold 17-Jun-20 North Cotswold Saleroom, Lansdowne, Bourton on the Water, GL54 2A

Clive Emson West Country

18-Jun-20 11:00 St. Mellion International Resort, St. Mellion, Saltash, PL12 6SD

Maggs & Allen 18-Jun-20 19:00

The Bristol Pavilion, Nevil Road, Bristol, BS7 9EJ

Town & Country Property Auctions

Dorset & Hampshire 24-Jun-20

18:30 The Village Hotel, Deansleigh Road, Bournemouth, BH7 7DZ

WALES

Paul Fosh Auctions 10-Jun-20

The Cardiff North Hotel, Circle Way East, Llanedeyrn, Cardiff, CF23 9XF

All Wales Auction - South Wales

Auction 24-Jun-20 The Village Hotel & Leisure Club, 29, Pendryallt Road, Cardiff, CF14 7EF

All Wales Auction - North Wales Auc-

tion 25-Jun-20 M-S Parc, Parc Gwyddoniaeth Menai, Gaerwen, LL60 6AG

SCOTLAND

Wilsons (Scotland) 2-Jun-20

Dalry Auction Complex, 6, Kilwinning Road, Dalry, KA24 4LG

Wilsons (Scotland) 16-Jun-20

Dalry Auction Complex, 6, Kilwinning Road, Dalry, KA24 4LG

SVA Property Auctions Ltd

24-Jun-20 14:00 Edinburgh Marriott Hotel, 111 Glasgow Road, Edinburgh, EH12 8NF

Auction House Scotland 25-Jun-20

14:00 Radisson Red Glasgow, Finnieston Quay, 25 Tunnel Street, Glasgow, G3 8HL

Wilsons (Scotland) 30-Jun-20

Dalry Auction Complex, 6, Kilwinning Road, Dalry, KA24 4LG

NORTHERN IRELAND

Wilsons (Northern Ireland) 10-Jun-20

Mallusk Auction Complex, 22, Mallusk Road, Newtownabbey, BT36 4PP

Wilsons (Northern Ireland) 24-Jun-20

Mallusk Auction Complex, 22, Mallusk Road, Newtownabbey, BT36 4PP

IS THIS THE END OF THE 9-TO-5?

We keep hearing that life is not going to be “back to normal” for a long time. Instead there will be a “new normal”. But what will that look like? What is going to change over the next year or so?

I'd like to see the end of the 9-to-5 working day as the norm. To my mind, it's an outmoded construct, a historical hangover dating back centuries to times when the only way of doing business was by talking to another person, in person. For that to happen, all parties had to be available in the same place at the same time.

Today, this is not the case. While there are exceptions, though I personally think they are few and far between, thanks to technological advancement we can communicate with anyone anywhere in the world at any convenient time. It really doesn't need to be between the hours of 9am and 5pm.

One of the remarkable things about lockdown is that the world has more or less come to a standstill. Collectively, across many countries, we have had an enforced period of having to do things differently. Thousands upon thousands have been furloughed. Thousands more have worked from home. The ones who have had to continue going to the workplace have done so under very different circumstances, to an environment that is much quieter or – especially true for NHS staff, carers and others on the front line – frantically busy or even dangerous.

What is evident is that many sectors that do not depend on face-to-face interaction have been able to continue operating. Teams have worked remotely yet successfully. Necessity, it is said, is the mother of invention and the companies and businesses who were faced with a change-or-bust scenario suddenly found the wherewithal to transition to a different way of working.

Moreover, using this newfound awareness to break the “9-to-5-in-the-office” construct would ease the commuter snarl, which in turn would improve time-efficiency and mental health. And – drumroll please – it would do a whole heap of good for the environment.

I've heard companies – or more accurately, the bosses thereof – argue in the past that they didn't trust staff to work from home. Or that it would be too difficult to make it happen. Or that everyone needs to be in the office for the business to operate properly. Really?

“Over the past two months, people have proven that they can work differently. Businesses can handle the change and perform well – even better in some cases”

As I said, there will be exceptions. Getting a haircut over Zoom will never be possible. But the point here is, what really HAS to be done between 9 and 5 any more? Even my hairdresser is open until 7pm most evenings and until 9pm once a week (or were before lockdown and I hope they will be again).

The 9-to-5 has become a rigid rule that in recent history has become a victim of itself. I can cite plenty of examples, but as we're talking about property, let's look at this sector.

Buyers who have lost out on a property because the agent would only do viewings between 9 and 5 and you were in a 9-to-5 yourself and couldn't get time off, please put your hand up. Or when your deal was delayed because one or more parties wasn't available to sign at 4.30pm and the solicitor only

worked 9-to-5? Both of these frankly unnecessary annoyances have happened to people I know within the last few months.

As we gradually come out of lockdown, I'd like to see a new, more flexible construct for business and work. Again focusing on the property sector and the processes that investors encounter daily, a couple of random thoughts: first viewings by video as the norm; estate agents, letting agents and surveyors operating shift systems to reduce 9-to-5 appointment-haggling when half the people are not around; digital signatures for completions; downloadable legal packs for all on-market properties, not just auction listings.

Years back, pre-internet, I worked for a mortgage lender with shift systems covering 8am to 8pm. It worked extremely well, and it meant that we could talk to customers when it was convenient for them.

I accept this is an impossible model for one-man/woman-band businesses. Yet there are options here too – what is the best time for your customers? Do you need to be available to customers all the time, or can you arrange certain time blocks for calls/visits and adjust the rest of your work for times that you work best?

Over the past 20-odd years, for better or worse, the real working day has expanded from 9-to-5 to 24/7. That's evident from online shopping and the rise of the property portals. Some have moved with the times but too many business systems have not adjusted and are stuck in centuries-old habits. I hope now, since everyone has had time to think and reflect, that businesses bound to these outdated habits will move a bit faster and end the tyranny of the 9-to-5.

Jayne





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"It's important to keep furthering your education."

Sham, Harrow



After 20 years of experience in property, Sham wanted to step up his property game and Sourced Franchise stood out among other property training providers.

Apart from access to over 70 training days a year, another aspect of the Franchise package that stood out to Sham was access to funding through the Peer to Peer Lending Platform, Sourced Capital. "I think the peer to peer platform takes doing deals to another level," Sham says.

The franchisee secured and structured 5 different property deals, within just months of joining the network. "I see things in a different light now," Sham admits. "I can identify investment opportunities much easier and I don't worry too much about the funding."

"Sourced have a large database of investors."

Chris, Alderley Edge



Chris and Lisa have turned multiple properties into HMOs, sold a variety of packaged deals to investors and got into developments along the way.

Having their business ambitions set high, the couple was open to new partnerships that would take their property venture to the next level. "When I found out about the funding Sourced Franchisees have access to, I realised how extremely beneficial joining the network might be for my business," Chris says. "Another deciding factor was access to the huge network of investors. The HQ team market my deals to their investor database, which has taken deal trading to another level".

In April alone, the Alderley Edge franchisees sold 3 property deals, each within days of being marketed.

"I wanted to get back into property."

Andrew, Ipswich



Andrew used to own a construction company in Spain and years later, he found himself wanting to get back into property. He started looking into the variety of options that could give him a head start in the industry.

Sourced Franchise provided Andrew with the full package of resources he needed: a comprehensive training programme, ongoing support and most importantly, exclusive access to funding that is based on the GDV of projects, unlike traditional financing options.

"I attended the Refurbs and Flips training at Sourced HQ and this is the strategy I am currently focusing on, but my plan is to move to 'New Build' next, making the most of the funding I have available through Sourced Capital," Andrew admits.

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