Issue 133 July 2019

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YOUR PROPERTY NETWORK

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3 ALTERNATIVE METHODS OF FUNDING PROPERTY PROJECTS

- BONDS
- PRIVATE FINANCE
- CROWDFUNDING

Investors share experiences and case studies of raising finance for bigger deals

TRACKING A £1.9M CONVERSION PROJECT FROM BEGINNING TO END

From tumbledown chapel to 30-bed HMO, an investor reveals the full story

"I LIVED IN MY HMO!"

What a reader learned from living with his tenants

PLUS ...

SHOW ME THE MONEY!

Looking at projects through the eyes of a lender

Welcome TO YPN

Yet again we are in the midst of political commotion. The prime minister has resigned and as we go to print, the conservative leadership contest is the top headline. It will be some weeks yet however before we know who our next prime minister will be.

As property investors and developers, we may not be in a position to influence the political outcome, but what we can do is be aware of the conditions within which we operate. Now is a time to make sure we have plenty of margin in our deals, regardless of the investment strategy, and have more than one exit strategy lined up. Adaptability is important for survival when the environment is prone to change at what feels like the drop of a hat.

Flexible financing plays a big part in remaining adaptable with property deals, and this month we look at three alternatives to bank and commercial lending. These may be of particular interest to investors who want to scale up their projects and portfolios, but private finance and crowdfunding are options that can be relevant to you at an earlier stage than you might think.

Here at YPN, it's our job to help you keep up to date with strategies that are relevant and deals that work even when the world is shifting around us. In this month's pages, you'll find some important planning updates at local and national level, together with some sound advice on appointing builders, mitigating tax and landlord legislation. And lots more!

Be persistent, be flexible and stay in the game!

Jayne Owen

EDITOR

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BEGINNERS

DEVELOPMENT & REFURB

INVESTING

FINANCE

LANDLORD

EDUCATION

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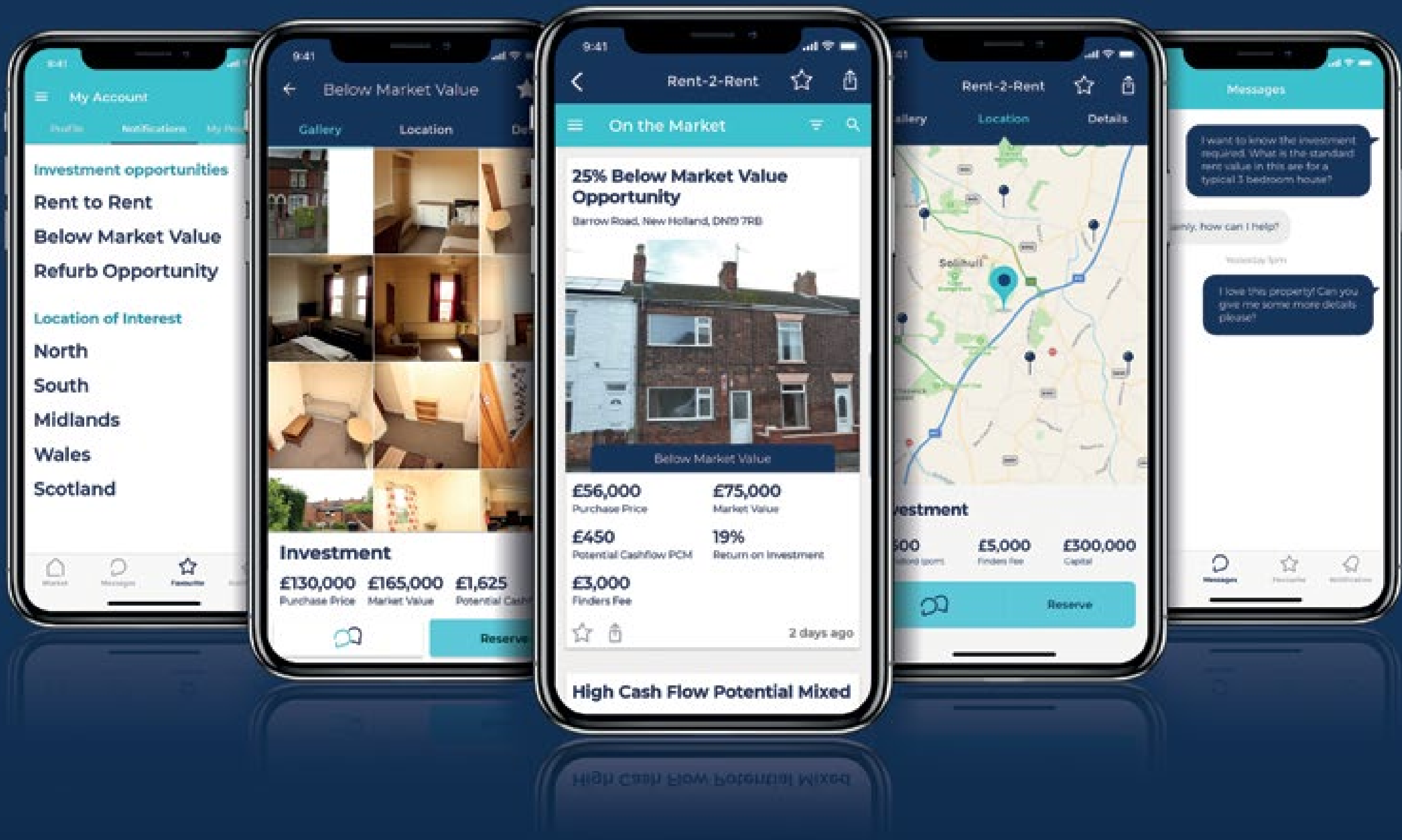

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MONEY MAKES THE WORLD GO ROUND ...

Money makes the world go round. Not just a line from a song, but an absolute truth in the world of property investing and developing.

No matter how much money you start out with there will come a point when you run out. Your cash is tied up in other projects and an absolute killer of a deal comes along – just at the wrong moment.

In the past you might have tottered along to the local branch of your high street bank – but the chances are it's now been turned into a wine bar ... or maybe luxury apartments by a property developer. Maybe even you!

Bank finance has been around for eons for property projects. But banks seem to wane in their appetite for lending. Doesn't matter how good your deal is, it might come along at a time where banks are "off" property. Or they may agree to finance with one set of terms and conditions one day, only for them to have an about-face or add in a load of terms and conditions, lower the loan to value or switch the product at the last minute. The days of a relationship with your bank manager are in the main sadly gone, and we are more often operating in a "computer says no" world.

Personally, I hate "traditional" banks. They are set up to make money for their shareholders and have little or no regard for customer service.

So what's the alternative? Well it turns out that these days there are quite a few! Long-term low interest rates have meant that savers get little or no return on cash in the bank and are therefore increasingly looking at alternatives to stop their savings eroding through inflation. Here in the UK the Great British public still has a love affair with property and investments that are asset-backed with property are often perceived "as safe as houses".

In this edition of YPN we consider three different ways that investors are raising funds through non-traditional methods.

Our editorial team interview developers that are using crowd funding, private investors' finance and the creation of a corporate bond to assess the pros and cons of each.

They consider the cost of finance, what projects each type might be suitable for and how much of a track record you need to demonstrate to access funds. Once again we speak to the developers who are walking the walk, and who are willing to talk through their projects and the reality of funding them in these ways.

Ant

ALTERNATIVE METHODS OF FINANCE

BONDS GLENN DELVE

Interview & words: **Angharad Owen**

Glenn Delve's business, Ocea, specialises in converting commercial properties. Glenn got in touch with YPN to tell us about his new venture – creating a bond to finance his developments. But what even is a bond? How does it work? Isn't it only for big corporations? Read on to find out more about how this method of raising finance can apply to property.

BACKGROUND

Since prior approval came out in 2013, Glenn's main strategy has been commercial conversions. His first deal was in 2014 – an office conversion into nine apartments – and since then, he has scaled up his business and is now on his 20th conversion. He scaled gradually, and has slowly worked his way up to his more recent projects comprising 95, 83 and 71 units.

He focuses on one-bedroom apartments of 35-37sqm. He doesn't like to go any smaller than 30sqm as flats of less than this size aren't mortgageable. Once they start getting above 48sqm, it will likely become a two-bed. However, Glenn prefers to stay in the one-bed market as that's where affordability is at its best in his investment area.

Until recently, the flats have been sold upon completion. But they are now aiming to hold a number of units from each development to create alternative revenue streams. It would also be favourable to the banks as they would be able to see some assets on the balance sheet.

COSTS OF DEVELOPMENTS

Over the years, the costs of developments have increased as the business has scaled. In 2014, smaller contractors for smaller schemes were being used, and therefore the cost of build was lower. But now they are doing large projects and using large contractors who have higher overheads, and the overall price per square foot goes up due to the higher costs.

Although people may expect that the costs would decrease when doing large developments given the economies of scale, Glenn has found the opposite. But as the deals get bigger, so does the level of protection needed, including design and build (D&B) contracts with professional contractors, which enables a significant part of the risk to be passed on to them. At the point of signing the contract, they are agreeing that they have the relevant information to provide a fixed price and deliver the scheme within budget, thereby providing much-needed security for the developer. Ocea has an in-house quantity surveyor and project manager who calculates a cost estimate for every scheme, which allows them to have a good idea of what to expect during the tender process.

Glenn's role in the company has changed over the years. In 2014, he had a high level of responsibility as he was guiding his team on what he wanted to achieve. Now, Ocea has 11 members of staff and a wider professional team of 10-12 people. Glenn is now director, and his role is much more defined as he mainly focuses on generating, negotiating and financing deals, using both debt and equity.

WHAT FINANCE WAS USED UP UNTIL NOW?

Do I find the deal first or the investor first?

The age-old question. Glenn has always felt that he is serving the investor and they are a part of his customer base. If he has a deal that presents well, offers a good return and security, then he is providing a solution.

Finding investors isn't a worry for Glenn. He has always been prepared to find a deal and then search for investors. Over time, his investor base has evolved – those who were investing in the company's prior smaller schemes are unlikely to be interested in the bigger developments as the equity requirements have increased over time.

He regularly borrowed up to 80% of the costs from the banks, and then the remaining balance would come from investors, profits or reserves. His investors are often a mixture of high-net-worth individuals and sophisticated smaller investors utilising liquid funds and SSAS pension schemes.

Finance is a challenge for almost all investors. It can be frustrating when the economy changes or an external variable like Brexit has affected investment.

WHAT IS AN INVESTMENT BOND?

There's a common perception that bonds are for big, listed companies that need to be fully FCA approved and have a huge compliance team to oversee it. However, Ocea is only a small company of 11 … so how does it work?

A bond is for people who want to invest any amount of money, anywhere from £500 to £25,000, or even more. It is a form of peer-to-peer lending, and it is generally used by those who don't have the time to get involved in property investment and choose to invest in a bond instead to generate a fixed interest rate, although as with all investment, returns are not guaranteed.

CASE STUDY 1

Hampton House, Southampton

Office to 30-unit conversion | 15,726 sq. ft. (GIA)

Purchase Price:	**£1.06m**
GDV:	**£3.97m**
Profit:	**£751k**
Timescales:	**Purchase July 2015 – Practical Completion December 2016. All units sold by June 2017.**
Investor:	**Jon Lynch**
Purchase Price:	**£1.06m**

Glenn and Jon Lynch formed a 50/50 joint venture company called Wessex Green Developments Limited. This property was one of the first purchased and developed by Wessex Green.

Senior Lender:	**Funding Circle**
Date Borrowed:	**June 2016**
Date Paid Back:	**18 months after first drawdown**

Ocea is offering a targeted 8.85%, paid quarterly into the investors' chosen bank account. The money is locked into the bond for five years; therefore, investors are unable to access it during that time. After the time has lapsed, their principal sum should be paid back. In simpler terms, a bond is a different savings scheme for an investor and is totally passive.

However, for the company using the bond, it is a stable and predictable source of money. Glenn's projects take, on average, two and a half years, so they hope to get a couple of cycles out of one bond raise.

HOW TO SET ONE UP?

Any unlisted company, as long as it doesn't want to issue shares and generates a strong enough margin to repay the loan, can set up a mini bond.

There is a relatively complex compliance process, and companies require design, copywriting, technology, legal and management resources to deliver a bond successfully. To launch and market the bond, skilled marketers with knowledge of the sector are required. For this reason, those issuing a bond for the first time should seek a partner with experience in delivering bonds.

Such companies often work in partnership with fundraising platforms that host mini-bonds, and can be found through them.

If a business plans to raise funds by building their own site, they will have to appoint an FCA-authorised firm to verify and sign the invitation document and sign off on all promotional materials. There are currently only a few firms who offer a stand-alone service, because of the potential risk to their FCA authorisation.

For the developer, there is an in-house requirement of needing someone to compile the required information and submitting it in the necessary format.

The company that Ocea worked with looked at their reliability, trustworthiness and track record before deciding it would be a good idea to move forward.

The director's responsibilities included ensuring that all information being put into the market to support the bond was verified as correct and demonstrating that Ocea is indeed a profitable and trustworthy serial developer. Ocea needed to show that all their developments had made money, that the company had scaled gradually and that they have a team in place to run the business.

The bonds company put together a marketing plan which included PR, social media and pay per click advertising. Just as with any product, they needed to find their target market and find a way to advertise directly. However, particularly with a bond, people will have questions about it so they needed a follow-up system.

The Bond company supporting Ocea appointed an individual whose sole responsibility was to be available to answer any enquiry regarding the bond. He spent time with Glenn and the team in the office, asked questions and familiarised himself with the company so that he was as prepared as possible to handle the inquiries.

CASE STUDY 2

Normandy House, Hemel Hempstead

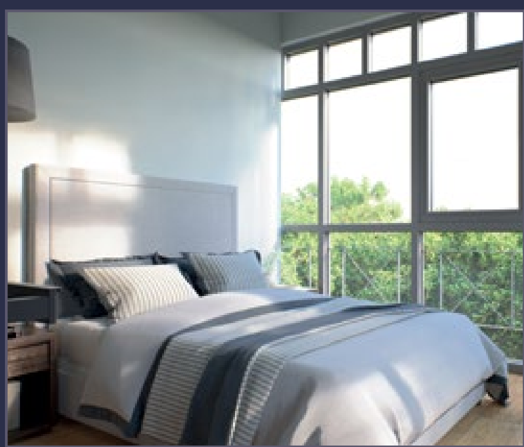
Office to 39-unit conversion

18,201 sq. ft. (GIA)

Purchase Price:	**£3.3m**
GDV:	**£8.4m**
Profit:	**£1.7m**
Timescales:	**Purchased July 2016 - Practical Completion in October 2017. All units sold.**

Normandy House was developed and purchased through an SPV called Normandy Court Development Limited.

The SPV is made up of Westmede Properties (65%) and Wessex Green (35%) with Ocea overseeing the delivery of this scheme for a profit share.



IS IT A TIME-INTENSIVE PROCESS?

They started the process in November, but only launched the bond in April. Four months was spent pulling together information to brief potential investors on who they are, what they do and how the money would be used.

Glenn's business partner, Justine, has spent around 75-80% of her time collating information, putting it in the right order, dealing with feedback, re-reading and making amendments. For anyone who is thinking of undertaking this process, Glenn advises having someone who will be happy to work on it full-time for a few months.

WHAT ARE THE COSTS INVOLVED?

Every bond is different, depending on many factors including the industry and size of business. So far, Glenn's bond has cost tens of thousands of pounds to set up, and further tens of thousands to market it. They are probably approaching six-figure numbers for what it has cost so far.

There is also an additional cost consideration – the commission paid back to the company who are raising and marketing the bond. As they are paid a small percentage of what is raised, they have a vested interest in making sure that they are working with the right businesses. Otherwise, their return would be very small.

ARE THERE ANY GUARANTEES?

No. The only reassurance is the track record of the people creating and raising the bond. If anyone is considering going down this route, it should only be done with a company who have raised bonds before. As usual, do due diligence and look at their successes.

IS THERE A SET AMOUNT TO BE RAISED?

There is no minimum or maximum amount, but Glenn's target for the first bond is £2m, and if it is successful their second aim would be £5m.

Launching a bond is not an exact science, and it will usually take three to four months. It is a case of putting it on the market and seeing how it will fare, and it can be affected by what else is happening. Their bond is being advertised in the investment and financial press, so what are the other headlines? What is grabbing people's attention? What other investment opportunities are there?

CASE STUDY 3

St. Pancras House, Basingstoke

Office to 20-unit conversion

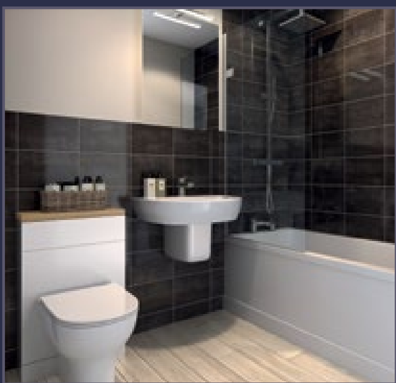
9,766 sq. ft. (GIA)

Purchase Price:	**£1.04m in May 2017**
GDV:	**£3.56m**
Profit:	**£885k**
Timescales:	**Works commenced in October 2017 and completed in July 2018. Units all sold.**

St Pancras House is the second Ocea development after and was purchased through an SPV called Juggle Nation (St Pancras) Limited.

Senior Lender:	**United Trust Bank (UTB)**
Date Borrowed:	**7th December 2017**
Date Paid Back:	**4th December 2018**

Loan was redeemed two months early and prior to its expiration date of 1st February 2019.



HOW IS THE LAUNCH GOING?

At the time of writing, Glenn is only one month into the launch. They are primarily focusing on awareness, as investing in a bond is not a decision that people will take lightly. It's the old marketing adage, and they need five or six touch points. The first is awareness, and then getting some level of engagement with the customer, who will hopefully think about it and approach Ocea to ask questions.

Glenn is expecting most of the funds to be raised towards the end of the launch. Ocea is not a household name, and therefore people are going to have to undertake some due diligence and investigation. Glenn was prepared for it to be a slow burn with a late commitment because people will need to go on that journey of discovery and build confidence in the business.

It's usual for the first bond to be lower, as people will often be cautious and will invest a smaller amount of money. The investors will inevitably have questions; Will the interest payments be on time? Will they be kept informed? And if the investors are happy with the performance of the first bond, then they might invest more on the second raise.

WHAT ARE THE ADVANTAGES?

There are two main advantages for Ocea. The first is that it is guaranteed money for five years, which will hopefully be able to fund two deals. And the second is that it is significantly cheaper than the money they currently use for developments.

In the past, Glenn has paid annualised returns of anywhere between 15% and 18%. When he started out, he was even paying up to 35%. The bond could potentially provide an inclusive cost of up to 12%, and therefore is significantly cheaper.

They will also have the knowledge that they will have money for five years. This, combined with the lower cost of finance, gives them the freedom to win more deals, find the best deals for the portfolio and be able to move quickly if necessary.

Another huge, but unexpected, benefit of going through the bond process is the production of a document full of quality information, and doing due diligence on themselves to make sure it was correct. Doing this has forced them to sit down and work out exactly how much profit every deal produced, who the investors were, which banks they worked with and how quickly loans were repaid.

This document will be useful for future investors and banks, and it has opened up other investment streams due to the quality and accuracy of investment information provided.

Being able to send across a document that has been subject to a huge amount of due diligence to banks, high net worth investors and private finance institutions is worth its weight in gold.

On the other hand, a bond is probably not for businesses who are doing one or two small developments. Glenn only considered this as a possibility when he got to a certain size and scale, and it's not worth thinking about if you're not at the right point.

WILL THIS BE A REPLACEMENT FOR BANKS?

Glenn believes that private finance and banking will always work hand-in-hand. There is now an alternative market of peer-to-peer lenders and bonds, which can be anything from mini-bonds all the way up to the large corporate brands for household brands.

However, mini-bond investors know exactly where their money is going in lieu of fraudulent behaviour, whilst many peer-to-peer loans are spread out across multiple debtors, the identity of whom people may not know.

People will always use the mainstream banks, and Glenn doesn't think they are going anywhere any time soon. But banking is also being reinvented. Some of the challenges that the main banks face is that they have been around for a while and have perhaps become a bit stale. Whereas the newer banks that are being started by entrepreneurs, such as Revolut, Oaknorth and Starling, tend to be focused on customer service, compared to the traditional bankers who seem to be largely driven by shareholder returns.

> "But quite rightly, the market is forcing everybody to up their game and serve the consumer better. And that can only be a good thing."

CONTACT DETAILS

Web **www.ocealife.com** LinkedIn **Glenn Delve**

To find out more about the bond, please visit: **www.crowdfunds.net/invest/ocea-bonds**

This article is this month's Your Property Podcast interview.

To find it, simply search Your Property Podcast in your podcast app or on Soundcloud.

HNWI

HNWI = High net worth investors (or individuals).

What exactly does that mean? Well, it's a recognised term according to the Financial Conduct Authority (FCA): *"An individual who meets the requirements set out in COBS 4.12.6 R, or a person (or persons) legally empowered to make investment decisions on behalf of such individual."*

Someone meeting HNWI criteria *"can receive promotional communications which are exempt from the restriction on promotion of non-mainstream pooled investments."* People who do not meet the criteria are restricted to retail investments including, among other things, stakeholder or personal pension schemes, security in an investment trust or designated investments (see FCA Handbook online for full list).

The criteria for a certified high net worth investor are that at least one of the following apply for the year preceding the date of the communication:

- **An annual income of £100,000 or more. This income does not include monies withdrawn from pension savings, but CAN include pension withdrawals used directly as retirement income.**
- **Holding net assets to the value of £250,000 or more, excluding:**
  - **Primary residence or any monies raised against it**
  - **Rights under a qualifying contract of insurance**
  - **Benefits payable on termination of service, retirement or death**
  - **Withdrawals for pension savings (except where withdrawals are used directly for income during retirement)**

HNWI is a self-certification signed by the individual, indicating that the signatory accepts that: *"the investments to which the promotions will relate may expose me to a significant risk of losing all of the money or other property invested."* (Reproduced from the high net worth investor statement, www.handbook.fca.org.uk.)

> "When working with private investors, get signed confirmation that they meet the HNWI criteria."

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PRIVATE FINANCE

A FINANCIER'S VIEW OF DEBT AND EQUITY FINANCE FOR BORROWERS AND LENDERS

Interview & words: **Raj Beri**

James Gerrard shares his journey into the world of raising private finance, which started at a young age when he began working with an experienced real estate developer and was expected to make hundreds of calls, looking for investor finance. James developed a unique skill set of networking which eventually allowed him to set up Anteros Partners which helps investors raise finance for property developments as well as raising finance to accelerate his own property development journey in Restoration London Group.

YPN: Could you tell the readers about your background before you got into the world of property and finance?

James: Real estate was my very first foray into the working world. I was studying at LSE in London and during my year out, I started working for a start-up property development company. The founder had previously taken two real estate companies public and I still recall him saying: *"James, I've taken my last two companies public from my kitchen table and I'm on to my third so lets go!"* I was very excited about the prospects ahead and very eager to learn. During the course of the year, I had a number of exciting interactions ranging from mega entrepreneurs, many of whom are household names, to large equity houses and we ended up raising about £30million across a year.

Eventually, I did begin to wonder why I was raising capital for just one real estate company when I could be raising investment for many more. In my opinion, if you can find a great deal, the money will always follow. With the success I was enjoying with the property development company, I was tempted to continue in this role, but my grandmother insisted that I complete my degree so I went back to complete my final year at LSE where I started my brokerage business.

YPN: Did you ever consider getting a secure job after you left LSE?

James: Once I had experienced the working world and my first foray into raising finance for real estate developments, there was no option in my mind to go off and do something like a graduate scheme. My decision-making has always been based on where my fear lies and pushing through that. Of course I was worried what my family would think about me risking everything on this entrepreneurial journey.

I had fears and concerns about whether I would succeed and I had fear of failure. Nevertheless, deep down, I knew that regardless of the success of the project, if I could overcome that fear of failure it would serve me well for the rest of my life.

YPN: When did you first start to appreciate that you had a more entrepreneurial spirit?

James: I recall that two things allowed me to start my entrepreneurial career: (1) aged 21 was probably a great age to start my own business as I had far fewer responsibilities, so if I was going to fail, now was the time and (2) I'd already done a deal and earned good commission to give myself runway for at least six months. Another couple of deals would keep me going for another year and I felt confident that within that time frame, I could find another way of increasing my revenue.

During my final year, I set up a company called Anteros Capital – its aim was to raise capital for property developers all across London. One of our first clients was a company called Share in the City, now called The Collective, whose CEO was also at LSE. The Collective has become one of the biggest providers of co-living accommodation and has recently built the largest co-living space in the world at Willesden Junction, London. At the time, I also remember asking myself why I was raising money for everyone else, when I could start raising capital for myself. This led to the formation of Restoration London Group, which I started with a friend from LSE – five years on, we have 122 residential units and 50,000 sqft of commercial under construction all around London and we're pushing towards £85m GDV.

YPN: Tell us more about what you did in your year out with the property development company.

James: Essentially, I became the right-hand man to the CEO and founder and I was with him for every meeting and every phone call, so was lucky to gain first hand experience.

My role was cold calling to raise finance for real estate investments, so I would be making around 200 calls per day to equity houses, banks and family offices to try and arrange meetings with them. Oddly enough, seven/eight years on, the year I spent calling pretty much everyone in London forms the backbone of my current ability to raise capital. That year of hard graft and getting many rejections in trying to organise meetings has created the network that I now have. I truly believe that being able to do deals is about having a large enough network so that when you see an opportunity, you know who to call to make the deal happen.

"I was fortunate in being able to work with someone who had many years of experience and success"

That association opened various doors for me that not everyone would have in terms of increasing their connections. However, anyone can start to build those relationships so I would encourage the readers to look at their network, to look at who you can latch on to and offer your services – I was working for £8 per hour, but I was willing to do that because of the experience I was gaining.

YPN: With the experience you have to date, what captures your imagination – is it the financial aspects or the deal?

James: I love to facilitate people's ideas and ambitions. Anteros, for example, not only works in real estate but also works with companies trying to make a positive impact on society. Our aim is to be a channel of capital to serve those people who find that aspect of business difficult but are great at processes or great at putting deals together, but are being held back financially from facilitating their own dreams.

My road into raising finance is unusual as I studied history at university with a dabble of law and French with limited exposure of maths. However, I already had a strong background in maths, which has helped, but it's more about developing a network of people you have built trust with so that when an opportunity comes along, you can present it in the right way and draw in their investment. In my world of raising private finance for commercial transactions like bespoke developments, one doesn't need qualifications, just a network of trusted investors and you build that trust over time through delivering results.

YPN: Perhaps you could describe your understanding of the different types of finance?

James: At a high level, one has debt and equity finance.

Broadly speaking, debt finance is money that you borrow and it attracts an interest rate and repayment terms.

With equity finance, your cash is normally taken as a shareholding for a profit share within the project.

The degree to which you borrow and the degree to which you take equity is one of the first questions you have to ask yourself when you're financing a deal. For example, do you want to borrow 100% of the money and take all the risk? If things go wrong, you'll be 100% culpable and could face bankruptcy. Perhaps you want to derisk your position and take 50% debt and 50% equity, so that if things don't go as planned you could still pay the bank.

The second thing to consider is the different types of debt finance eg bridging loans, which are short-term loans and fairly easy to get, or you could look at senior debt finance which is more risk averse but a cheaper form of finance, although it's one you will need a track record for. Alternatively, you could consider mezzanine financing and then finally stretched senior debt financing which are facilities that can provide 90% loan to cost.

Equity deals can be structured in different ways but in short, you'll be working with equity houses and institutional investors who typically look for a profit share, or if you establish relationships with high net worth individuals (HNWI) you could look at doing a 50/50 or 60/40 deal in their favour, more like a JV relationship.

YPN: Does your own company specialise in certain forms of finance and the types of developers it works with?

James: My expertise and speciality is equity finance and partnering with developers who we believe possess the right qualities, skill set and track record of delivery, not necessarily in property development. We then provide equity financing from ourselves or from our third party network of investors. For less experienced developers, or developers we are unsure of, we can organise debt financing but may avoid providing equity at the earlier stages.

These days, the idea that property developers can find deals in strong locations is ridiculous, as the internet has made site acquisition incredibly competitive; everyone has access to the same information about everything. Start-up development companies find it difficult to get a foothold, because the bigger developers have funds ready to go. The biggest challenge for new developers is finding a great deal but then not having the funds to exchange contracts within a short timeframe hence missing out on the opportunity. We position ourselves by getting to know developers in advance, so that when they come to us with an opportunity we're able to act within 24-48 hours to secure funds.

Landlords interested in broadening out into property development are in a great position because they have collateral/equity within their existing portfolios so may be able to finance the deal by leveraging capital from their portfolio without having to share profits with a third party.

"With equity finance, your cash is normally taken as a shareholding for a profit share within the project."

Such landlords will be more credible for us or our investors for equity deals because they have built a portfolio and already have a degree of success. It all depends on the deal – if it can return 30-50% per annum to an investor, it's easily financeable. If the return is going to be significantly less than that, eg 15% per annum, and the investor is still going to be exposed, 100% loan to GDV will mean that any fall in the property market will cause them to lose capital. This is a disproportionate risk to their return in the market, considering many mezzanine providers secured on a second charge providing 80% loan to GDV would seek a similar interest. So equity investors will need to see much higher returns to take these risks.

YPN: Could you elaborate on what private financing means in your world and how to go about accessing it?

James: For our model, private finance for our developers originates from high net worth individuals, who are people with a minimum income of £250,000 per annum or a certain value of assets and such individuals have to be qualified/vetted due to regulations. Another source of funds are family offices and in this instance, one is looking at more institutional capital but in any financing, there will be an element of private capital because ultimately, the money comes from individuals.

We always have a minimum investment size before we get involved with a developer, but it's also to do with the vision of the developer. One of our developers has a huge vision to deliver modular housing in various sites across London and their ambition is to build 10,000 homes over the next ten years. These types of developments will get investors excited, so even if you are starting small but your vision is big, you will attract finance.

The process of accessing this type of finance is through hard and fast networking, so if you are in the real estate industry it's all about discussing opportunities with people you meet – they may not be interested but may know someone who is. The truth is that we all have access to finance because through networking, we are all connected so it's just a case of starting from wherever you are.

> The way our model has developed means that we look to invest a minimum of £500,000 equity, however this is also deal led.

For example, we're building a 60,000 square foot mixed use development in the Borough of Hackney, which only required an initial investment of around £700,000, so the quantum of capital does not always correlate to the size of the deal, depending how the acquisition is structured. Generally, we tend to avoid smaller deals with the caveat that if the developer is charismatic, engaging and has a vision we can believe in, we will work with them because we will back their growth plan.

Developers should be very careful about choosing their investment partners and not just jump in with the first entity that offers them financing. It needs to be a collaborative partner who will support the development during the good times and during the struggles. For your readers who are interested in investing, there are people who want to invest along side us and they can start with smaller amounts. We will club together investor funds to allow them to access certain deals they would otherwise not have access to.

YPN: What sort of security are private investors looking for?

James: A new investor will look for a shareholder's agreement or look for a charge on the asset or a personal guarantee. In my opinion, if you're coming in for equity, it needs to be treated as equity and personal guarantees should only be required for debt providers. You can also offer a charge over the shareholding of the company. Sometimes, shares are not offered and it'll be a profit share at the end of a project ie more like a JV where the investor puts in the money, the developer owns the property and they have a profit share agreement in place.

YPN: What experience can you share about developing relationships with private investors?

James: In the same way that you build relationships with agents to find deals, it has to be your intention that when you are meeting people in a business setting, you should be asking people what you are looking for. One simple way is to say: *"I'm looking for someone to start investing into my project, is there anyone that you know?"* Slowly, but surely, this will generate leads and widen your network depending how much energy you put into it.

Having said that, some people genuinely aren't good at raising finance and they find it difficult to build that trust, rapport and relationship. They may be great at finding and analysing deals but not good at networking which is okay, because I know plenty of people who are great at fundraising but not very good at process and delivery. The best advice if you're not good at raising finance is to partner with someone who is – one of the things we're good at is sourcing investors for you, if you have the other skill sets and have the vision/ambition to become our client. As an example, we're working with a developer whose first project will be a

£6m GDV development. He's had previous successful businesses and he's brought on board the right advisers and the right team who we are confident know how to deliver these projects. This includes the right project manager, right quantity surveyor, right architect, and we know that as a CEO, he's great at managing people and managing a team. So as long as he does his job, and the architect, engineer and project manager do their jobs, the project should be fine.

YPN: Could your describe a recent deal involving private finance?

James: A typical situation would be firstly sourcing a deal, then raising the exchange money for the equity, followed by spending the time between exchange and completion organising the debt finance to enable the purchase of the site. Recently, we had a great site where we had planning permission for 26 apartments and 15,000 square foot of commercial space. We were offered this deal for £5m a year earlier but decided against it. It came back to us a year later at £4m. We had to do a "tendered exchange" on the site – this is where you turn up at a solicitor's office to exchange immediately as a way to secure a great deal quickly. So there was a massive discount but we had to move quickly to secure it.

As we already had a relationship with the developer, we were able to swiftly invest £400,000 exchange money between ourselves and a HNWI sharing the risks. We then had three months to raise another £10m in acquisition funding and construction funding as a loan, plus £2m as equity to purchase the site.

YPN: Tell the readers about your own property journey and how it has been facilitated by private finance?

James: The switch to doing my own property developments happened when I started considering why I was just raising capital for everyone else when I can also raise capital for myself. At that point I partnered with a friend who focused on the delivery of the project, while I focused on the deal sourcing and capital raising. Our first project was a block of four flats, which had planning permission for nine flats with some retail on the ground floor. We bought the site and got planning permission for 17 new build apartments instead of nine, which obviously was a great uplift. From then on we have started doing bigger and bigger deals and moved onto a 32-apartment development with 15,000 square foot of commercial space. Our latest scheme will deliver 38 residential units with 20,000 square foot of commercial space.

We're also trying to secure a site in Ilford for £2m where we'll seek planning permission for 70 flats. We've moved away from buying sites with planning permission to buying unconditionally to allow further value-add within our schemes through planning. Given our experience over the six years and having developed our knowledge of planning plus having a great advisory team, we have the confidence to buy without planning permission. Many consider purchasing without planning risky, however it's only risky if someone hasn't taken the time to educate themselves or brought experts on board. All of our sites to date have been new builds except one, which was a permitted development scheme.

YPN: What do you do to keep yourself motivated?

James: I invest a lot of time exploring different esoteric spiritualities including meditation and mindfulness and developing consciousness, as I'm a big believer that our consciousness is everything. The way that we see the world affects our thoughts, and depending on how strong our consciousness is, will change the way we think, speak and take actions that creates our reality. Change our consciousness, change everything else. My main driver is helping people realise their ambitions and their dreams and I do this by helping them secure finance, or for investors, their financial goals.

CONTACT

Website: **www.anterospartners.com**

CROWDFUNDING THE FACTS

Crowdfunding is a straightforward, quick and easy way to fund property projects and with more companies emerging in this sector, this type of finance shouldn't be known as 'alternative' any longer.

This month we went straight to the Top Dog from CrowdProperty, **Mike Bristow**, to find out just how simple it is. Could you use crowdfunding on your next project? Let's see...

Words: **Heidi Moment**

WITH MIKE BRISTOW

BORROWING

CROWDPROPERTY together we build

WHAT IS CROWDFUNDING?

Crowdfunding, also known as peer-to-peer lending, is a different way to fund your property projects in an environment where traditional lending is not adequately supporting SME investors and developers.

Individuals or organisations lend money to property professionals in return for a set interest rate after an agreed period of time. It's a regulated platform, which ensures FCA compliance. It's simple, fast and certain, so it's no wonder it is quickly becoming the norm for property professionals and businesses alike.

COLLECTIVE LENDING

Depending on the size of the project you might have anywhere between 50 and 500 people collectively investing in your project. It's a bit like working with several private investors all at once, but without all the schmoozing and relationship building that goes with it. This not only makes it quicker and easier to get your project over the line, but it frees up your time to go out and do what you do best, which is find more deals.

Raising funds through a crowdfunding platform also enables you to access larger pots of money than you may currently have access to. Let's be honest we don't all have a millionaire best friend, waiting to fund every single deal we come across, and finding one can be a real struggle. But with crowdfunding you don't need to. Your investors are already there, ready and waiting to fund your deal, and some platforms have investors funding projects in just minutes.

So, maybe you **can** do that deal you've been dreaming of after all?

WHO ARE CROWDPROPERTY AND HOW CAN THEY HELP YOU?

CrowdProperty are property experts who deeply understand your need for speed, ease and certainty.

They do every single type of short-term finance, from bridging finance, right through to new build development and everything in between, offering loans from £100,000 to upwards of £5million.

The company is made up of, in Mike's words, *"a load of property geeks."* They're all property professionals with a boatload of experience and they're ready to help you get your deal over the line.

"Expertise-led rigorous due diligence"

THE HUMAN ELEMENT

Unlike lending through the bank, when you're dealing with CrowdProperty you're speaking to actual property people who are experts in property finance. Not bank administrators doing property funding. There are no tick boxes and you won't hear *"the computer says no"* like you do with banks. They look at both the quantitative and qualitative factors, including vision, experience, architectural integrity, condition, micro-locational factors and planning potential in order to make a balanced and expert judgment.

Throughout the process you can pick up the phone and have a really good discussion with the experts about your project and the best way to deliver your vision – if there are challenges with it you can talk them through together.

They love projects, both big and small and they're experts at analysing deals and cracking complex problems, often cracking an issue in 20 seconds that the traditional finance players have spent months to-ing and fro-ing on.

3 REASONS WHY CROWDFUNDING COULD BE FOR YOU:

SPEED

- Get a decision within 24 hours
- Drawdowns are very fast and easy

EASE

- Applying takes just five minutes online
- Borrowers have direct access to expert decision makers to help them through the process

"Working directly in partnership with borrowers to ensure the project is a success"

CERTAINTY

- No hidden fees, complexity nor profit share
- No last-minute changes
- Get a better deal with an offer of funding in place as you negotiate with vendors

Mike and his 30-strong team intimately understand the needs (and pains) faced by SME property professionals raising finance for good property projects. The founding team have over 100 years of property investing and development experience and have felt the same pains themselves. They have built a tech-enabled proposition to deliver brilliantly against your needs and as a result, funding can be arranged with game-changing speed, ease and certainty, leaving you more time to grow your property business faster. What's more, there's real opportunity to grow your property brand with many investors through the marketing support that CrowdProperty provides.

THE RISKS

The risks are the same as any type of borrowing. CrowdProperty own a first charge, so, ultimately, if the project goes wrong, they can repossess it, which is the same for any first-charge funding.

"100% payback track record"

The difference is CrowdProperty want your project to be a success so they work with you to help you make sure that happens. So far they've paid back 100% of the capital and interest paid in, so the risks are low - provided your deal stacks up, that is.

THE CRITERIA

They offer loans of up to 70% LTV on the initial purchase and then 100% development costs, which could be up to 100% of costs, depending on the project, For bridging loans, they'll go to 75% LTV.

THE PROCESS

THE APPLICATION

The application is really straightforward and you do it in stages. First, you answer just twelve simple questions, such as 'type of loan, planning permission status, exit strategy', amongst others. Once this has been submitted it is reviewed and you'll receive a call from one of the experts within hours to delve a bit deeper, and if necessary look at the spec, drawings and costings and provide illustrative terms.

A lot of research went into designing this process, as a move away from the tedious 20-page document and months of to-ing and fro-ing you might be more familiar with. This is designed to be more of a team effort where you get to discuss your project in depth with a professional, made efficient by the tech they have behind the form to complete an amazing amount of analysis instantaneously.

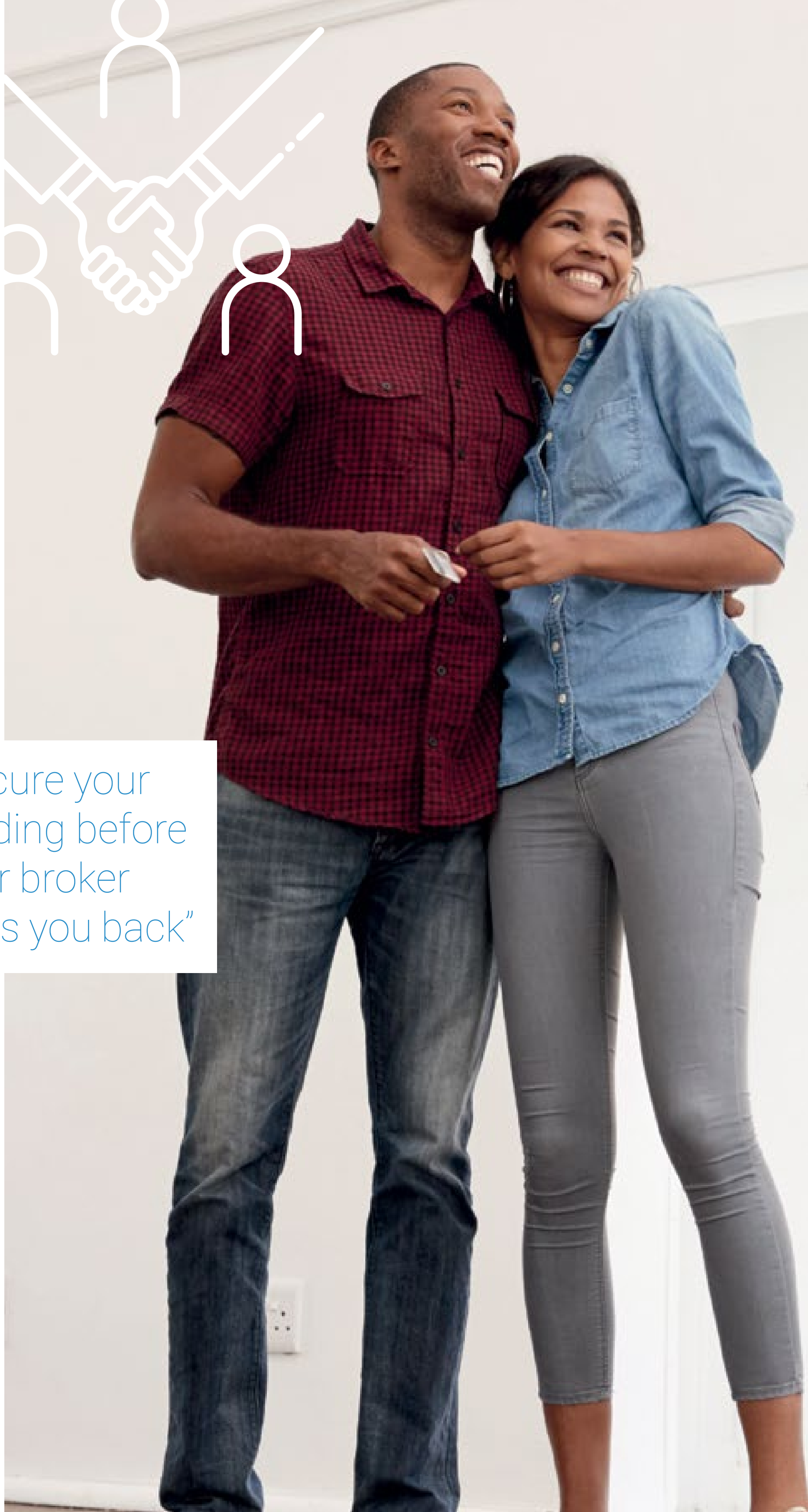
The initial application only takes five minutes and they do everything they can to make it extremely easy for you at every stage. It presents a unique opportunity to leverage their data, analytics and expertise to sense-check your deal, so ***why wouldn't you*** fill in that form for every project you're working on?

HOW LONG DOES IT TAKE?

It's very, very fast. From listing the property on the website it can literally take minutes to get the funding in place. There's no shortage of lender funds as a result of over five years of perfect track record. Everything's very popular and all projects in 2019 have been funded in under seven minutes. The record at the moment is £456,000 in 47 seconds, which is phenomenal.

> "Secure your funding before your broker rings you back"

In comparison to working with a broker, they could secure you funding before your broker even rings you back. It really is that fast.



THE LISTING PROCESS

CrowdProperty launch new projects at 10am on weekdays. They release the information about the project 24 hours in advance, so investors can do their due diligence. This commitment to their regulator, FCA, helps to make sure people have time to understand what they're investing in. Then on the day it goes live investors can lend any amount upwards of £500.

On the project that went in 47 seconds there were 371 investors making up the whole amount. And it was all done within 47 seconds.

REASONS FOR A 'NO'

There are many instances when funding can't be provided; projects disappear, the vendor decides not to sell, the buyer can't sell, the buyer loses their equity, planning permission doesn't get granted etc. This is just how it goes in property and CrowdProperty know that.

In some cases the projects aren't good enough for them to fund, and they pride themselves on offering constructive feedback to help the developer out as much as possible, so their next deal might get through. If it's a "no", they make sure it's a helpful "no" – either pointing you in the right direction of someone who can help or by highlighting areas of concern so that you can decide whether to spend more time on the deal. Their expertise is helpful and insightful – you definitely wouldn't get that with a bank or a private investor.

BUYING AT AUCTION

When you're buying at auction and you've only got 28 days to complete, the clock can tick loudly. If you haven't already got your funds in place at that time, or someone lets you down for one reason or another this can be a very stressful time.

In this situation CrowdProperty can appraise your project within hours and if it stacks up for them, they can give you a formal offer within the same day and your project can be listed on the platform within days. It's as simple as that. In some examples, they've completed transactions in just a few days. Now, wouldn't that save a lot of stress and panic?

INVESTING

WANT TO INVEST? WHAT'S THE PROCESS?

To lend money is equally as straightforward. All you have to do is register as a lender on the website. When project information goes live you get a notification so you can then have 24 hours to review it and you can also attend a pre-launch webinar to ask further questions. There is plenty of information to do your own due diligence (with the reassurance of thorough expertise-led due diligence by their team prior to you seeing it) and if you decide you want to invest, you log back in the next morning at 10am and click 'pledge to this project'. You then type in the amount you want to invest and submit. Yes, it really is as simple as that. You just need to be quick when it comes to pledging, or use their AutoInvest functionality to easily spread your investment across many loans.

Within three to ten days CrowdProperty will be in touch to call funds and that's when you transfer the money. The transaction completes and the money goes over to the borrower when all legals are completed by CrowdProperty. Easy peasy.

100% PAYBACK TRACK RECORD

As a lender your capital is at risk, as it is with any investment. It's not a savings account and it's not covered by the Financial Services Compensation Scheme. If anything goes wrong on the project the house can be repossessed through the first charge which CrowdProperty hold on all properties.

Over years they've become experts at selecting projects to back. They also monitor and manage the projects throughout the build to help out the developer and to make doubly sure everything is on track for success. It's good to know you're in safe hands.

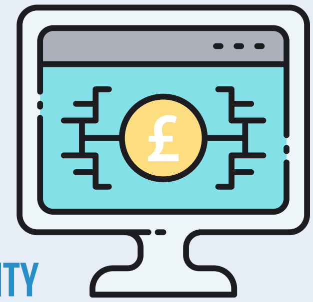
8% INTEREST RATE

Projects on CrowdProperty generally offer a return of 8%, but it is project dependent. It's also dependent on the level of security. If the project has very strong security cover, and the loan to gross development value (GDV) is around 40%, this makes it much less risky, so in instances like this, lenders may be offered a lower rate, such as 7%, but the norm is 8%.

The beauty about crowdfunding is that you can diversify your investment across many projects, spreading the risk of earning 8% first charge secured returns. The cherry on top is that you can lend tax free via the CrowdProperty ISA or from your SSAS pension – that's a big benefit at those rates of return.

TIMESCALES

Projects tend to range from six to 24 months in length. There are projects to suit all kinds of lenders, from shorter projects of nine or ten months to longer ones of 21 to 24 months. The average is 14 months, and your investment is tied up for that period with all monies and interest given back at the end.



HIGH QUALITY

While Mike and his team are property experts, they are not regulated to offer advice, so they can't advise you which deal to go for. But they do work relentlessly to maintain their 100% capital and interest track record with expertise-led, rigorous due diligence. They firmly believe if a project is on their site they are very confident it's a good project and has a high likelihood to succeed.

CONTACT

Get started by filling in the online form:
www.crowdproperty.com/projects/propose
Or find out more here:
www.crowdproperty.com

"This is the new era of property project finance"

CROWDPROPERTY
together we build

Property Awards 2019 FINALIST
LENDER OF THE YEAR
PROPTECH INNOVATOR OF THE YEAR

CROWDFUNDING RESCUED MY DEAL

DAVID GRANAT

Interview & words: **Heidi Moment**

Using crowdfunding as a last resort came up trumps for HMO investor, David Granat. It was fast and simple and he'll definitely be using this type of funding again. Read on to find out all about it …

WHAT'S YOUR STRATEGY?

In 2016 I bought a standard single let, and that was my introduction to property investing. In hindsight it wasn't the greatest property as the yield wasn't very high, but it got me started so I can't complain. In 2017 I joined Simon Zutshi's Mastermind Programme (and was lucky enough to be voted by my peers as overall top performer) and that was when I became interested in HMOs.

I'm based in Oxfordshire. I grew up there, so I know the area really well. This has definitely helped in being able to understand the market and know which areas and streets will work and which to avoid.

When I started looking around at the existing HMOs in the area I realised there weren't a huge amount on offer and those that were on offer weren't great quality. So, I identified a gap in the market and decided to focus on creating high quality houses for young professionals, typically between the ages of 21 and 35.

I like to create a community co-living environment for professionals moving to the area for the first time, so they can make friends and get to know one another. And that's been my focus for the last two or three years.

WHAT'S YOUR CRITERIA?

I look to buy properties in a town centre location or within close proximity to local amenities. I like properties that need a lot of work – the worse condition the better – so I can add value through renovations and extending the properties through adding loft conversions, extensions or basement conversions. I always aim to add additional bedrooms and living space wherever possible and when I finish the refurbishment I like to have a minimum of five bedrooms.

WHO ARE YOUR TENANTS?

I always aim to create enjoyable spaces that people really want to live in. There are a lot of design gurus on the circuit that are doing great things and I get my inspiration from them, as well as from some co-working offices I've seen. By creating homes that are aspirational I find that people actually choose to live in one of my HMOs over living in a flat. One of my tenants explained to me that he wanted to live in one of my houses, because "it looks a lot nicer and I can make more friends." That was great to hear, as that's exactly why I'm doing this, for the sense of community. My tenants earn good money, so they could rent a flat to themselves if they wanted to, but generally they don't want to, as they want to make friends and have a community of people around them.

WHY DID YOU CHOOSE TO CROWDFUND THIS PARTICULAR DEAL?

Normally I fund my deals using a bridging company or high street bank to purchase the property and I borrow the remaining funds required from a private investor, for a fixed return. This one was no different, at first. I did what I normally do and went down the normal route of contacting my mortgage broker and traditional bridging vendor, but for some reason they took a really long time to get back to me.

They wanted so much information, and even after the offer was agreed I hadn't managed to secure the funding. It was dragging on and on and I started to feel like it wasn't going to happen. There were delays with the bridging company and then when the property was down valued the vendor decided to put it back on the market. I was worried I was going to lose the deal, so then I contacted CrowdProperty.

I put the deal forward and they, very quickly, came to the rescue.

The whole process was so straightforward. I submitted the project on their website using their basic questionnaire. Once completed it said they would get back to me in 24 hours, but I got a call after an hour, saying: *"Yeah, we've looked at this and it all looks good. Can you just send a bit more information?"*

"I got funding in four days"

WHAT INFORMATION DID YOU HAVE TO PROVIDE?

I sent them the following so they could ensure everything was in place to move forward:

- **Valuation report and projected GDV (gross development value)**
- **Project plan**
- **Schedule of works**
- **Build costs**
- **Quotes for works**
- **Existing and new floor plans**
- **Projected rental income**
- **Details of previous projects I had completed**
- **Planning certificates.**

They checked it all over and we talked again and after one day they said: *"Yeah, we can do this. Let's go."*

I was surprised by how simple and easy it was. Having the CrowdProperty experts agree that my deal was a good one was good to hear and was definitely reassuring. Getting direct feedback from the decision makers made the whole process so much faster, as opposed to three or four months of to-ing and fro-ing with the bridging company and not getting any answers. It was fantastic.

WHAT DID YOU BORROW?

When I use a bridging company I normally borrow 70% of the purchase price from the bridging lender and then borrow the remaining 30%, to cover the deposit, legal costs and cost of refurbishment, from a private investor. This time, with CrowdProperty, I was able to borrow 70% of the GDV for a project, which meant I got 70% of the purchase price as well as 80% of the predicted refurbishment costs, which meant less money had to be raised from private investors to get the project over the line.

In terms of getting the money, I received the 70% to purchase the property up front. Then the refurbishment payments were paid in stages. They sent a quantity surveyor out at each stage (first fix, second fix etc) to check the builders were doing what they should be, and make sure the property was progressing nicely, then they released more funds to fund the next stage of the refurbishment.

WHAT WERE THE TERMS?

I borrowed the money for nine months, as that was how long I expected the project to take, but I refinanced after eight, so managed to pay it back a month early.

If I hadn't have been able to pay it back in time CrowdProperty have a bridging product to help people out if there are any unforeseen problems. They are pretty flexible and they want your project to succeed, which gave me peace of mind throughout the project. They make a point of catching with you on a regular basis just to make sure that everything is going ok and to offer advice if you need it. Luckily for me, everything went smoothly with my project, but I still found it really helpful to have those calls and it was nice to know they were on my side and available if I needed them.

> "I refinanced and paid the loan back after eight months"

WILL YOU FUND PROJECTS THIS WAY AGAIN?

After this experience I'll definitely look to use this kind of funding again on future projects. But next time I'll make sure to speak to them much earlier in the process, rather than at the eleventh hour. As soon as the project and numbers are confirmed would be the best time to get in contact with them, to have a chat and see what they can do. That would definitely have saved me a headache on this one, for sure.

CASE STUDY

THE OLD BED & BREAKFAST

The property

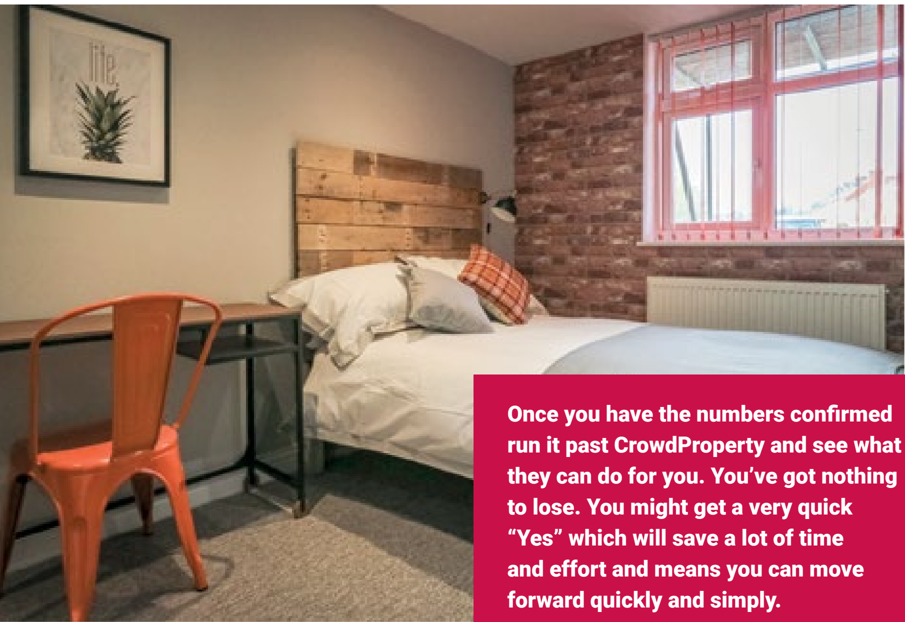
A five-bed semi-detached house that was in one of the areas I was focusing on. The property was very tired and old-fashioned but I could see straight away that it had great potential. It was clear that in the ten years the vendors owned it, they'd never spent any money on it.

The previous owner had been using it as a bed and breakfast, it was huge, with plenty of rooms (five bedrooms with two flats attached to the side). Most of the rooms were already ensuite, which was a bonus. And there were two studio flats, which were badly laid out, but with a bit of modification I knew they'd make great flats.

The property is located five minutes' walk from the town centre, which meets my criteria perfectly. It sits on its own little plot and has plenty of parking, which is another massive bonus, as my tenants all tend to have cars.

The asking price was much higher than I was prepared to pay for it. I put in an initial offer, which was rejected. It was quite a bit below what they were looking for, so I left it for a while but followed up every few months to see how it was getting on. Eventually, after about nine months, the vendors realised no-one was prepared to pay their asking price, and as they just wanted to get on with their lives they came back to me to discuss my offer. They probably wished they'd accepted it in the first place, as it could have saved them a lot of time and hassle.

AFTER



Once you have the numbers confirmed run it past CrowdProperty and see what they can do for you. You've got nothing to lose. You might get a very quick "Yes" which will save a lot of time and effort and means you can move forward quickly and simply.

The plan

To convert it into nine-bed HMO, all with ensuite bedrooms and two studio flats.

Planning permission

The planning process went relatively smoothly. I used a planning consultant to help me out which definitely helped to make it more straightforward. There weren't any objections from neighbours, which was great. The only slight hiccup was they asked for the layouts of the flats to be adjusted. They wanted to switch the kitchen around, to make the potential escape route safer for the tenants. So if a fire originated in the kitchen the tenants could get out of the emergency exit without having to walk past the kitchen, which is usually the high-risk area. That was pretty much the only problem we had and it was simple to fix.

The refurb

- Complete transformation
- Back to brick
- New electrical system
- New plumbing system and boiler
- Added/replaced 9 ensuites
- New kitchen to the main house for the nine-bed HMO
- New kitchens in the two studio flats
- New bathroom in house
- New bathrooms in the two studio flats
- Reconfiguring existing flats
- Landscaping the garden (removing 10 tons of wood!).

The numbers

Purchase price:	**£540,000**
Borrowing (including all costs), 70% of the gross development value:	**£513,000**
Refurbishment:	**£220,000 (£135,000 borrowed from CrowdProperty and £85,000 borrowed from a private investor)**
Total costs, including all costs:	**£780,200**
Monthly rental income:	**£7,625**
Monthly mortgage:	**£2,294**
Monthly bills:	**£800**
Monthly profit:	**£4,531**
Revaluation:	**£980,000**

TOP TIPS

- **Know your numbers and stick to them.**
- **Ensure you have carried out lots of due diligence and know your market well.**
- **Ensure you have a clear exit route e.g. to sell or refinance once project is complete.**
- **Have a realistic revaluation figure in mind.**
- **Ensure you have at least 10% of the refurbishment costs as a contingency in place for unforeseen problems.**
- **Be persistent, a no only means 'no, not right now'.**

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CLICK HERE TO LISTEN TO THE FULL INTERVIEW

Grow Your Portfolio With a Property SSAS

Simon Zutshi, Founder, Property Investor Network

Property & Pension Investment

Simon Zutshi is an enthusiastic supporter of SSAS pensions and this month he shares his insights with YPN.

Simon opens: "A Property SSAS should be a key part of all property investment planning. It's a really important business tool that can make the difference for starting or growing a property portfolio."

"As a reminder, a property SSAS is a unique facility that allows the directors of small to medium sized businesses to pool all of their old pension schemes into a single pension. The new pension facility is known as a Small Self-Administered Scheme (SSAS) and has special investment status allowing the director to use the money held in the new pension for investment in property. It's worth noting that the company you are running does not have to be trading in property for you to set up a Property SSAS."

And here's some positive reassurance from Simon: "If you think you are in the dark about SSAS pensions don't worry because I hear the following comments all the time at property events and courses that I hold…'How does it work? Why doesn't my current pension provider do this? Why has my financial advisor never suggested this? and so on….' SSAS pensions are still relatively unheard of but they are gaining major interest in the property investment markets because of the flexibility that they offer. It's important to understand that they are only available to SME company directors and so your pension provider or financial advisor may have never suggested a SSAS if they were unaware that you were a director. It may also be that you were not a director at the time of setting up the old pension plan."

"After pooling all of your old pensions the money held in the new Property SSAS can then be used to buy land for development, commercial premises to trade from or convert to residential, or you could even lend the money to your own company.

This is where a Property SSAS is really useful because you can then use the money in your company for any purpose. Of course because it is a loan from your SSAS pension to your company, it needs repaying with interest but the capital and interest you repay is going back to your own pension – your retirement fund gets all the benefit and the interest your company pays is tax deductible."

"For slightly larger companies with a small board of directors, or companies run by a family, then there is also the possibility of pooling all personal pensions into a Property SSAS to give even greater buying power. Whilst the pooled funds remain in ownership of the individuals, the SSAS pension will then have even greater investment options."

' A Property SSAS should be a key part of your property investment planning '

Google
Verified Reviews
★★★★★

Simon concludes: "If you are setting out on your property journey or looking at ways to grow your portfolio then the old pensions that you paid into in the past could provide the injection of cash you need. Personally, I would recommend using the services of a SSAS broker such as The Landlord's Pension. I'm good friends with director Gareth Bertram and we have worked with his team for almost 7 years. Get in touch with them online or by phone to see how they can help you."

FOR EXTRA PROPERTY INSIGHTS!

A unique VIP product for people who want to fast track their property knowledge and turn theory into practical strategies. If you're looking to boost your confidence in your property ability and have direct access to experts in the industry then YPN Extra is for you.

Take your confidence to the next level

Ever seen a property that you know has potential but not sure what to do next or who to ask?

Now, for the first time in the history of the magazine, we are giving you access to our trusted inner circle of investors, developers and property professionals.

In these weekly interactive and private interviews, you can be a part of our in-depth 90-minute webinar, with the chance to ask questions directly to the guests and take away practical lessons as you listen.

Here are just a few gems our members have picked up over the past month ...

- **How to get to your maximum offer**
- **Creative ways of using bridging to solve problems other people can't**
- **How to mitigate risk on refurb projects through detailed due diligence**
- **Don't just use ROI to evaluate deals – why you should use a range of more holistic and diverse tools to compare the same deal through different risk assessments**
- **How to easily calculate ROCE (Return on Capital Employed)**
- **How to assess your opportunity cost**
- **How retaining the commercial element of a commercial-to-resi can bypass the planning blocks most get stuck on**
- **Understanding the opportunities in planning gain and how to turn a worthless building into a big profit**
- **Six clear steps to improve your due diligence**
- **No tweaking the numbers – why you should try to 'kill the deal' at every stage to reduce your risk and identify the most profitable deals**

You are the sum of the people you spend time with

YPN Extra is about being part of a community that solves the problem of not knowing where to turn when you have a question that's holding you back. It's about being part of the extended YPN family, an elite selection of committed people who are serious about taking their property education and investing to the next level.

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"These aren't just tips and tricks – these learnings have fundamentally changed the way I am now approaching and stacking deals, a mindset shift in my investing."

Michelle Cairns
YPN Extra presenter

YPN Extra webinars are LIVE every Tuesday night, 8-9.30pm.

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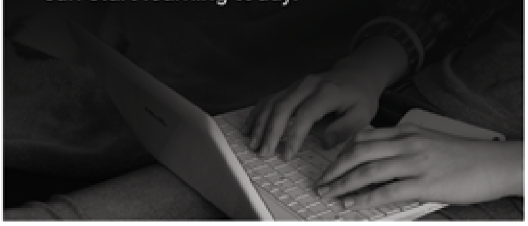


COMING UP IN JULY

Extra webinars are **LIVE** every Tuesday at 8pm.

In the coming month, among other things, we'll be getting some insights into:

- **how to present deals to private investors**
- **raising private finance**
- **analysing the numbers on BTS deals**
- **the ins and outs of planning uplift**

* Webinar topics are subject to change.

WHAT IS YOUR STRATEGY?

Here's my strategy: Buying anything that makes money.

Before you all jump on the You Should Be Following One Course Until Successful bandwagon … yes, I get the need to have clarity, and I get the need to f.o.c.u.s.

I'm having a rant about this question because I think this is the wrong question to ask. **ESPECIALLY** to newbies.

The first question you should ask someone, and yourself for that matter, is: *"what do you want to achieve through property?"*

It's only when you know what you want, the strategy should be obvious. Otherwise it's just backwards thinking.

Time and time again at networking meetings and on property courses, I meet dazed newbies six hours, six months or sometimes six years down their education line who haven't made a start. And quite frankly, they haven't got a clue what they're looking for.

They start their learning by educating themselves on all the multiple streams of possible incomes, but the problem is that they are filtering each new idea through the question: *"which strategy?"*

Their poor little brains are fried from the question of: *"Which one should I choose?"*

(For the record, I am no stranger to this trap and I have felt their anguish!)

Anyway, confused and in a constant state of analysis paralysis, the newbies arrive at their monthly meetings starting conversations with the *"so, what's your strategy?"* ice-breaker. Maybe it's because they either hope of validation of their chosen holy grail or God forbid, find reasons to swap to an easier, sexier or more profitable looking strategy.

In my opinion, asking yourself this question at the beginning of your journey just leads to overwhelm, confusion and immobilisation. This will slowly erode the energy needed to act towards progress. Asking this of others pigeonholes them into a box they don't need to be in. And it feels like property version of the awkward, identity-defining question of ***what do you do for a living?***

As you may have guessed by my rant, I have not followed one strategy, perhaps to my detriment. I'm open to that. But hey, I'm a Creator*, obvs!

I have three single lets (two houses and a flat), three R2R HMOs and two blocks of flats in four different locations. What strategy is that? I like to call it the Strategy of Diversification … otherwise known as the scattergun approach.

For me, the risk is having 10 HMOs on one street. But that's just me … but if I had found 10 amazing BMV HMOs on the same street, I'm not going to say I wouldn't have bought them. But I haven't, I found what I currently have instead.

If a deal fits your current or end goal, why tie yourself to one strategy? I was super against buying flats. I couldn't add value, I couldn't own the freehold, there were extra charges, etc, etc. But then I realised this flat would make me money. And it allowed me to get one step closer to quitting the day job and have more flexibility with my time. So I bought it.

So where do strategies play their part? I like the analogy of tools in a toolbox. They help you to figure out what is the best solution for each property problem or opportunity you come across. Too many opportunities are missed because a deal presented to you doesn't tick all the boxes on your BMV HMO with 25% ROI checklist. It's the adage of: ***if all you have is a hammer, everything looks like a nail.*** Put the hammer down so you can pick up a new tool.

One caveat of telling people you're looking for anything with a margin is that you're not focused enough for their reticular activating filtering system. (Google it.) It'll be difficult for people to think of you when they have a deal for sale. They might go to the single-let person or SA person, rather than the I'll-look-at-anything-with-a-margin person. Even worse, you get sent all sorts of rubbish, from across the UK to Bulgaria. I've yet to solve this one.

But also, strategies change. For those people are starting out with limited cash, have a bit of time on their hands and want to quit the day job, R2R is a great stepping stone. But when they have reached the golden gates of £3,000 per month, will R2R still be their strategy? Probably not. Strategies change all the time.

In summary, your task is to get as clear as possible on what you want to achieve. If you don't need the cashflow because you're going to love your job until you die, or you have won the lottery and just want to park some money long term, then R2R is probably not for you. Again, the strategy will become obvious when your goal is clear.

Clarity on the outcome and flexibility on the process will help you see which strategies that are right for you and what you want to achieve. As Stephen Covey says: ***"think with the end in mind"*** and have a toolbox with more than a hammer in it. Together, they will and help you identify the lucrative opportunities from the shiny pennies.

But then again, I don't know many people who haven't fallen for a shiny penny … we've all been there.

* Wealth Dynamics profile

RANT OVER

Michelle Cairns

YOUR PROPERTY PROJECT

Interview & words: **Angharad Owen**

KHP GROUP

WYNDHAM CHAPEL

KHP Group are no strangers to the pages and readers of YPN. Last year, I was kindly invited down to Plymouth to take a look around their latest project – a conversion of a former chapel into a 30-bed HMO.

This month, I caught up with **Murat "Mo" Haykir**, **Philip Bailey** and **Keil Bailey** to see how the project was progressing. This project is nowhere near finished, but we're going to be following their journey and checking in every few months. On to part one ...

BACKGROUND

KHP Group was formed in 2016, and Wyndham Chapel is their second project. After their first project, they agreed they worked well together and decided to continue the development company.

Wyndham Chapel is a Grade II-listed building built between 1836 and 1845. It originally appeared on OS maps as a reading room, but it was non-specific as to what that meant. Since then, it's had many uses, including a chapel, WWII bomb shelter, a dance hall, a school gym and most recently, a karate club. In 1918, there were plans for it to be converted into a cinema, but there is no evidence to say that this happened. Before KHP purchased it, the property had been empty for 13 years.

THE PLAN

They hope to convert the former chapel into two-seven bed flats and four four-bed flats, totalling 30 HMO rooms for working professionals. If all doesn't go according to plan, however, other exits include using the units as serviced accommodation or selling them.

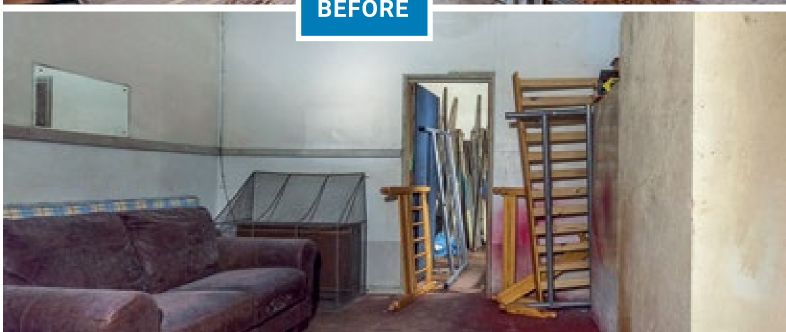
THE PROJECT ... SO FAR

From the first viewings until now, the project has been two years in the making. The property caught Mo's eye before their previous project was even finished, back in May 2017.

He found the property through a listing on the Estates Gazette, and although he wasn't actively looking for a new project, he booked a viewing anyway. It looked like an easy project at first ...

Since then, there has been a long negotiation process. Most of the negotiations were with the landowners next door regarding right of access and a party wall. Although it's a detached property, one of the walls is a party wall. It is open to the air and adjacent to a garage block, but it didn't have any windows. As it's not possible to install windows into a party wall, they needed to negotiate the purchase of the rights in order to do so.

BEFORE



WYNDHAM HALL PLYMOUTH

Type of property	Vacant non-Conformist Chapel (Grade II listed)
Any relevant history for the property	Built between 1836 & 1848 as a reading room Converted to dance Hall c.1910 Planning permission to convert to early cinema c.1912 Used as bomb shelter and meeting hall during WWII as St.Peters church suffered bomb damage 1980's used a gymnasium for St. Peters secondary School Latest use as a Karate club Vacant since 2005
Strategy for this property	Conversion to six HMO units 30 bedrooms (four x four-bed and two x seven-bed)
Open market value	On market for £250,000
Purchase/ Acquisition costs	£192,000
Funding method	Cash Purchase (Exchange subject to planning and Party Wall/License agreements)
Deposit paid	£9,000
Amount of funding	**£1,050,000** Crowd Property Loan **£135,000** Empty Homes Loan from Council **£15,000** Empty Homes Grant from Council
Borrowing rate(s)	10%
Monthly mortgage/ funding payment	None - Rolled up interest
Total money in	**Predicted £1.7m**
Personal money in	**£25,000**

COST OF WORKS

Duration of project	Construction anticipated to be about six months
Architects fees	£50,000
Planning costs	£12,000
Planning duration	Eight weeks
Quantity surveyor	£5,000
Asbestos survey	£500
Other costs	Party Wall – £12,000 M&E Engineer - £11,500
Total costs	**£1,050,000**

They negotiated a price of £1, but they then needed to seek permission from the next-door neighbours and the housing corporation. They also submitted planning applications and applied for grants to make the project viable.

In November 2017, they exchanged subject to planning, party wall agreements and licence agreements. They had spent a lot of time and money on the negotiations and therefore it was important that the contract could mitigate as much risk as possible.

The pre-app was submitted in early 2017, and full planning approval was granted in mid-January 2018. By October 2018, they were onsite, ready to start the build. The delay in starting the works was due to going out to tender and finalising the party wall agreements.

KHP Group quickly realised that working with this building would not be like a normal development. Usually, a building is found, planning is achieved and it is then developed. But this project has involved complex processes and there has been a heavy emphasis on rescuing a heritage asset.

When a building that has such a rich history is going to be developed, there is often a kickback from the community. However, despite there being some apprehension around the term HMO, the neighbours have been positive and supportive of the building being used.

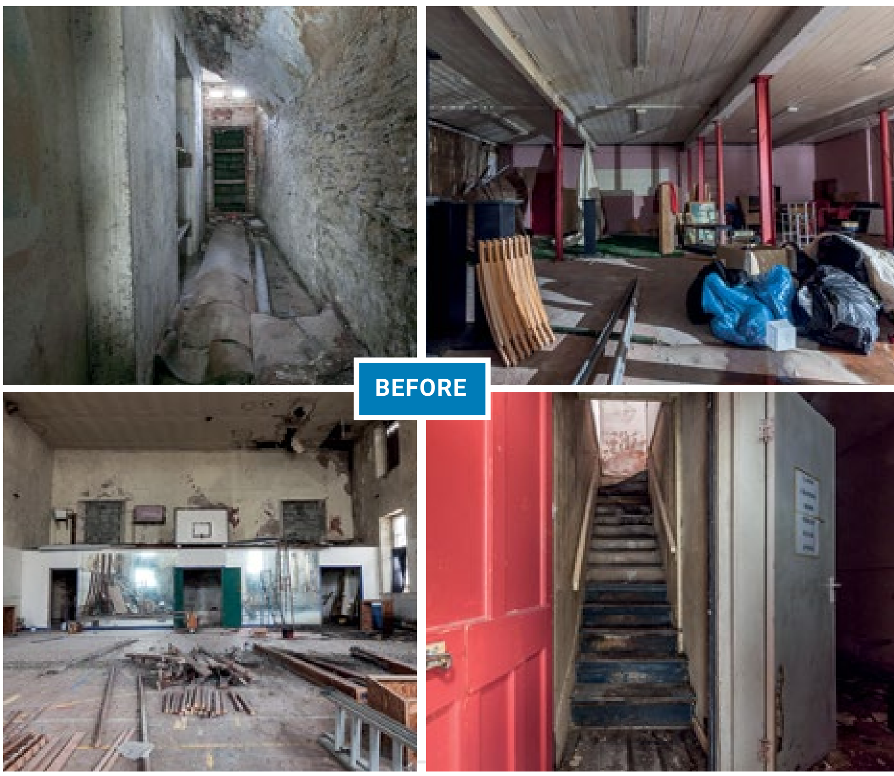
The team hosted a public consultation event, albeit too late to influence the planning process. They invited local residents and councillors, and many didn't understand the concept of a high-end HMO. For the past 10 years, there has been a lot of antisocial behaviour in and around the property, so many residents were concerned that an HMO would encourage more of the same behaviour.

They explained what they had planned, and the residents came around to the idea after seeing how developing the building into high-quality homes for working professionals would benefit the immediate area.

"We'd like to do more in future. It's a good way to get everyone on side and present. Otherwise, people hear it through word of mouth and they don't know exactly what's going on."

The only people who had objections with the project going ahead were a couple of councillors who had dealt with some badly run HMOs in the past.

In the end, planning went through without a hitch. KHP Group have a good team who do the planning applications in-house. They had numerous consultations with planning officers and the local conservation officer, and the end-design was conceived by a member Phil, a director of KHP and an architect. Eight revisions later, the end-design was approved by the council, planning and conservation.



WHAT'S HAPPENING NOW?

At the time of interview (March 2019), they are approximately a third of the way through the build. Before starting any works, they needed to clear the building which included evicting some permanent residents … pigeons.

They started on the structural and drainage works on the ground floor and inserted a large concrete slab. From there, they started working their way up, mainly focusing on the building's structure. There are many alterations that need to be made, including fixing window openings and replacing rotten lintels. The scaffolding is in place to start work on this as soon as possible.

It's impossible to know the exact state of the building until works have commenced, even with an in-house architect, surveyor and structural engineer. There have been a few problems relating to the property being in a worse state than predicted. They had hoped to reuse some materials, but they were in too poor a condition.

The roof was in a significantly worse condition than expected. Although they were aware that there were going to be some problems, no-one anticipated it to be leaking a substantial amount of water. Fixing the roof caused big delays as they were unable to start the internal dry lining until it had been fixed.

Even recently, they discovered some chimney rust that had to come down. When the flues were removed, daylight could be seen through the wall. But there was no way of knowing that would be the case until it was too late.

As Kiel and Phil both have experience with working with historic buildings, as does their structural engineer, they can find answers to problems quickly.

They also have an in-house development manager, Tom, who has done a great job of liaising with contractors, working the programme and finding cost-effective solutions.

SCHEDULE

At the time of interview, the project is currently working around six weeks behind schedule. The delays were mostly caused by the roof leak which had a significant knock-on effect on the rest of the works.

They're looking at the schedule of works to see if they can mitigate any further delays and perhaps work to claw back some time. This may include getting extra labour or even releasing multiple floors onto the market at the same time so tenants can move in as quickly as possible.

The linear timetable of when things needed to be done, otherwise known as the critical path, has been majorly effected. But it is possible to swap and negotiate the works. For instance, the installation of the concrete slab was a key part of the works, but upon speaking to their project managers, they have swapped the programme so that the concrete has little impact on other subsequent jobs.

They had always planned for delays in the structural part of the conversion, as the first phase often involves specialist work, and it isn't always possible to hire more hands.

Being flexible with the critical path and schedule of works will hopefully allow them to gain most, if not all, of the delayed time. Most of the critical works have now been done, so they are not expecting any further delays.

VALUATION & INCOME

Post-works valuation	£1,900,000 (Predicted based on RICS valuation)
Re-mortgage amount	TBC 75% LTV (rate TBC)
Money left in	£300,000 of which £150,000 is Empty homes grant and 10 year interest free loan (Predicted)
Monthly income	£550 per room (£198,000 p.a) (Predicted)
Bills included?	Yes
Net monthly cash flow	c.£5,000 (Predicted)
% Return on money left in	c.40%

WHEN WILL IT BE FINISHED?

Including the six-week delay, they are aiming for the project to be completed by the end of August 2019. However, one of the main reasons behind trying to pull the finishing date forward is because the summer months show the highest turnover in HMO rooms in Plymouth.

Some may think that the summer is only a critical period for student HMOs, but there is still a lot of movement in the city. Graduates begin looking for jobs and placements and mature students may start their studies. The sooner they can gain some of their lost time, the sooner they can begin marketing.

FINANCE

They have mainly financed the purchase and the renovations through CrowdProperty peer-to-peer lending. They even set a record of having raised all their funds in 53 seconds. They chose to use peer-to-peer lending as they're guaranteed the money as soon as the terms are agreed. However, it isn't cheap as the cost of this finance is between £5,000 and £10,000 per month.

They have also put in some money from the business, along with funds from private investors. They secured an empty homes loan and grant of £150,000, and of that sum £15,000 is a grant and the remaining amount is an interest-free ten-year loan.

The asking price started at £250,000, and they eventually bought it for £180,000. They bought the property outright with some investor loans, and the crowdfunding money covers part of the interests on the loan. The rest has been spent on the construction work and the contingency fund. By the end of the project, they will hopefully have completed a further two raises to fund the construction work.

At the time of writing, KHP are slightly over-budget with a total spend of £600,000. As with time delays, the beginning of any project is where most of the unknowns raise their ugly heads. But as the project progresses, they are no longer expecting any further surprises in terms of costs.

There are no current plans to try and recoup some costs further down the line, as they have a number of provisions and allowances. Many people try to save money on the furnishings and dressing of the property, but those details are the most important selling point. Tenants will almost always base their choice on how the room and property look.

Their biggest saving would be to get the property finished and rooms let. The initial income would be used for repaying the peer-to-peer loans to reduce monthly interest.

As the finished product will be a commercial building, the value of the property is linked to the rate of the rooms. Between them, the directors of KHP Group have an extensive HMO portfolio in Plymouth, and they would usually use their other properties as comparables. But Wyndham Chapel is going to be very different, and there will be nothing like it in the area.

Their current calculations are based on the rooms achieving £550 per month, therefore generating an annual gross income of £198,000. Based on that figure, they are hoping for a valuation of £1.9m.

If the worst-case scenario becomes a reality and should they sell the units, they are projecting a profit of £200,000-£300,000.

LEARNINGS

"My learnings come more around the business side. I have a construction background and worked on big sites before. I know insides and outs, and there's nothing particularly unexpected or challenging. But the business has challenged me, as well as running a team, and dealing with the day-to-day operations in a growing business." **– Kiel**

"I run a relatively small architectural business where I've been head-to-head and then everyone goes off and does their own things. To a point, where we're now all directors, we have people from different backgrounds who have different perspectives. We have similar values, which help hugely, but we've all had to become more of individual specialists in our own areas. We needed to make sure that we communicate effectively so that we function as a proper team within a proper business." **– Phil**

"When we did Kingsleigh, we only had one project. We would have a meeting and everyone could be there every time. But now, we've had to split into groups, so we have different sub-teams for different operations, like finance, sales, marketing as well as our monthly board meetings. I've learned that it's fine to hire people who are specialist in their own areas and then stepping away to let them do what they're good at. But it does create an overhead. You have to think about the bigger picture, the overall business, and the financial pipeline. That's where we've changed the most." **– Mo**

As a company, KHP Group have a strong idea of the types of buildings they want to work with. They would like to focus on neglected historic buildings, to bring some life back into the property and the area.

CLICK HERE TO LISTEN TO THE FULL INTERVIEW

GET IN TOUCH

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Facebook: **Mo Haykir**
Website: **www.khpgroup.co.uk**

GUGB NEW WORLD RECORD

SUCCESS AND FAILURE ARE BOTH VERY PREDICTABLE

By **Dan Hill**

Welcome to the summer season, ladies and gents!

I trust all is well and you have your business running effectively in line with the seasons. I hope that the warmer months are delivering the sales, deals, growth and progression you have planned.

I'm very pleased to share with you in this month's article, in line with the theme of alternative fundraising, a recent success that I am very proud to announce. In doing so, I will be breaking down exactly how we achieved this and providing you with an insight to this blueprint, enabling you to replicate it in your business, if you wish.

Success and failure are both very predictable, and having recently launched PPN UK's new charity initiative Get Up Give Back, we used what I call the Property Entrepreneur Methodology and Blueprint. Starting with only a vision and a journal, we raised £75,000 in 13 weeks, smashing our target and setting a new world record in the process.

It's mindblowing what you can achieve in just 90 days. All you need to know is what to do and then have the discipline and execution to get your head down and do it.

GET UP GIVE BACK (GUGB)

Founded in 2018, GUGB is the charity initiative of PPN UK and Property Entrepreneur™.

GUGB strives to achieve two clear objectives:

1. **To promote the mental and physical wellbeing of entrepreneurs**
2. **To raise funds for charitable causes**

'Get Up' represents our drive for fitness, discipline and accomplishment.

'Give Back' represents the motivation and charitable focus of our initiative.

OPERATION SMILE UK

Every year GUGB selects a charity to partner with, and this year's charity of choice was Operation Smile UK.

In the UK, you do not see many people with cleft palates and similar, as the majority are treated within three months of birth and are free of charge on the NHS.

However, this treatment is not available everywhere, due to lack of finance or availability. Children and young adults who remain untreated often suffer the social stigma and health issues from being forced to grow up without a smile.

Operation Smile is an international medical charity who has, to date, provided more than 240,000 free surgeries for children and young adults born with cleft lip, cleft palate and other facial deformities.

GUGB TARGET 2019

GUGB's target was to raise enough money to pay for 365 life-changing operations for children around the world, providing a smile a day for an entire year.

Having committed to our cause and announced our aspiration and lofty target, and along with 60 property entrepreneurs, we put our heads down and trainers on to get fighting fit. We ran the Birmingham 10k and half marathon, with the goal of raising £54,750.

Nothing is ever without its challenges. But we drafted our plan, recruited our team and executed relentlessly against the Property Entrepreneur Methodology. After we ran the race, we beat our target and closed the books having raised over £75,000. It was enough to pay for 480 operations, and we broke the world record for the largest single corporate donation in the 28-year history of Operation Smile UK.

Success and failure are both far more predictable than you think.

I will break down the Property Entrepreneur Methodology into five elements to implement in your business. I'll be using GUGB as a case study, to show you how it's executed in practice.

THE FIVE PROBLEMS

As a property entrepreneur, there are only five problems you will need to overcome. These are:

1. **Lack of clarity**
2. **Lack of systems**
3. **Lack of finance**
4. **Lack of capacity**
5. **Lack of leads**

PROPERTY ENTREPRENEUR METHODOLOGY

There are three levels, four seasons and five core competencies you need to understand and master.

We are going to focus on the five core competencies, and how to ensure you are getting these basics nailed in your business from today.

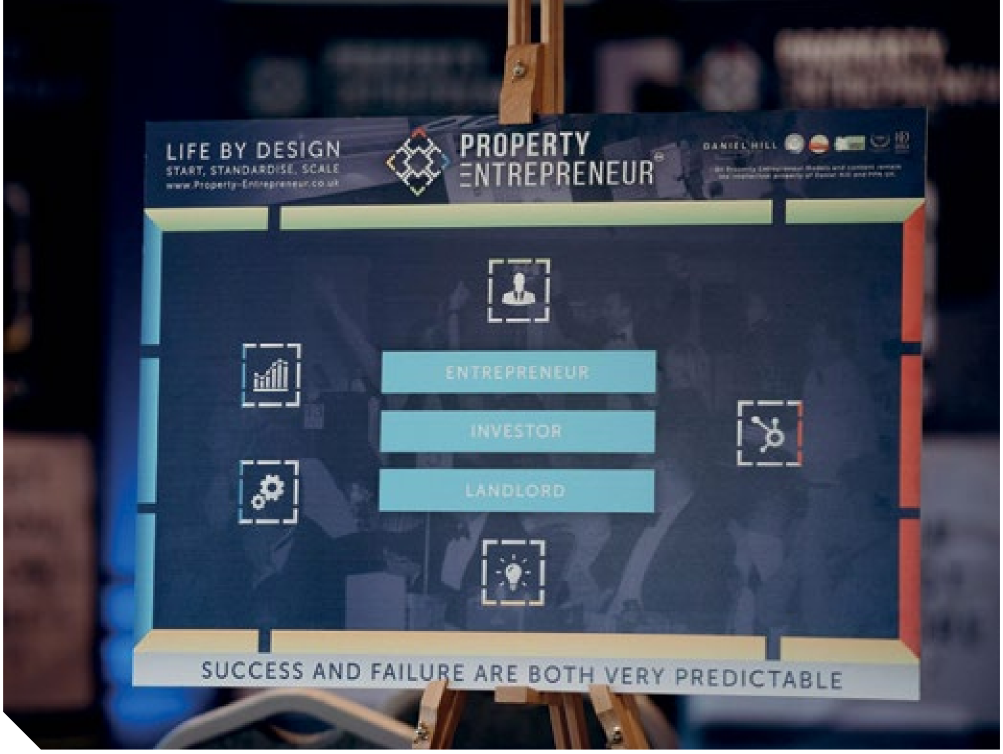
1. Strategy

Most people in property experience the first problem – a significant lack of clarity.

You wouldn't build a house without a full set of plans, details and drawings, so why would you attempt to build a business (which has far more moving parts!) with anything less?

Once the fast-paced shoot-for-the-stars activity of the hot summer season starts to slow down, you need to drop gears, slide into cruise control and start to think strategically about what is working well in your business … and what is not.

Use the autumn quarter to define exactly what your plans are for the year ahead. Reflectively, introspectively and in detail, drill down on exactly what it is you need and want from your business in years to come.



Lifting the veil to share how we applied this to define our strategy within GUGB, we started out with defining the below, in the order they are detailed.

Top Tip: Replace GUGB with <your company name> in this article, grab a pen and paper and run this process on your business as you read and work through them.

ASPIRATIONS FOR GUGB

To launch a social and charity venture within PPN UK.

OBJECTIVES FOR GUGB

To promote the mental and physical wellbeing of entrepreneurs whilst raising funds for charitable causes.

TARGETS FOR GUGB

Pay for 365 operations by raising £54,750

Every property entrepreneur we work with is encouraged to adopt the mantra *"don't start until it's finished."* Applying this to your business, record your answers as you go and ensure they are consolidated and documented – even if it's just a one-page document – before you go all guns blazing. Ensure you have absolute clarity of where you are going, before you go flying out the traps!

2. Systems

The second problem most people in property face is as soon as the business finally gains traction and starts bringing in some revenue. The capacity required to drive it forward (the fun bit!) is quickly replaced with the grind of the day-to-day working in the business rather than on it.

Back in the day when I started in business, systems were a hugely capital and time-intensive investment. Today however, this has completely shifted and systems are now available to the masses. Most are app and/or cloud-based and accessible for free or very modest monthly subscriptions.

As soon as proof of concept is achieved in your business and you shift gears into growth, it is essential you understand how to carve out time. Identify the core workload that is taking up your time, then find an app or system to streamline your operation and protect your high-value capacity.

Approaching this with GUGB we identified the core operations (below) which were high in volume but low in value. We then found supporting systems and applications to leverage us out of it.

DELIVERY OF PERSONAL TRAINING TO 60 PROPERTY ENTREPRENEURS OVER 13 WEEKS

Weekly framework of training written on a Monday and published on closed Facebook Group via scheduled post function.

TRACKING AND COLLECTING £54,750

JustGiving website system allowed multiple private accounts to feed into a single team page

SETTING UP AND MANAGING GUGB TEAM

Scheduled group Zoom calls allowed multiple attendees, and key accountables were recorded in Asana.

When it comes to systems, the last thing you want to do is recreate the wheel. Identify the core workloads that currently consume your time and then search high and low for the best solution to automate them.

> **Top Tip: It's better to use an off-the-shelf product that is not perfect than it is to fall into the common entrepreneurial trap of thinking "I'll build one of these myself!" Having built two pieces of custom software and decommissioning both within 12 months of launch … trust me, for most entrepreneurs, it's a very bad idea.**

3. Finance

It doesn't matter how much money you have, the next problem is experienced by pretty much every person in property. A lack of finance.

You have two core finance functions you need to master in your property business.

1. **Capital** – Do you have access to the required funds to grow your business?
2. **Cashflow** – Does your product or service have a volume of sales with sufficient margins to cover the overheads of your business, pay you a salary and make a profit?

> **Top Tip: Choose high margin market positions only.**

During this phase, it is vital you establish a solid understanding of your business's financial model and viability if you are to be both profitable in the short term and sustainable in the long run.

As we were a social initiative, we did it slightly differently. But we approached the evaluation of our GUGB finance model as below.

HOW DO WE RAISE £54,750?

Assuming 50 property entrepreneurs take part, this is an average of £1,095 a head, which seems realistic

HOW DO WE FUND THE OPERATIONAL COSTS OF GUGB?

No operational costs are to be allocated against any fundraising achieved. This venture relies heavily on volunteers and charitable donations from third parties. All direct operational costs incurred will be paid for by Daniel Hill and PPN UK.

The biggest challenge most entrepreneurs face is they spend their lives building businesses that don't make money.

Don't fall into this trap. Go into it with your eyes open.

4. The Dream Team

The fourth problem that emerging property entrepreneurs experience is a lack of capacity.

You'll have read about this in my previous articles, but it's important if you are to move forward as a property entrepreneur. In a world where expertise and labour are as accessible as they've ever been, mastering how to recruit, manage and lead a team needs to be on the top of your list.

> **Top Tip: Not hiring your next recruit is costing your business a fortune.**

To move out of the landlord level and one-man-band territory, there are three core workloads you need to define in your business and then delegate out.

Using GUGB as an example, these are illustrated below and require a certain profile of person to enable them to be mastered and executed effectively.

GUGB DREAM TEAM 2019

If you are to move forward at pace, you need to distribute your workload by profile to provide capacity and entrust the expertise of your team. They can focus on their work to ensure the execution is at the highest level to drive the business forward.

Workload	What do they do?	Team member	Role
Drive	Drive the business forward	Daniel Hill (Dynamo)	Chairman
Delivery	Partnership management	Mark Barrett (Tempo)	Head of Fundraising
Delivery	Marketing	Julie Perry (Blaze)	Head of Social
Delivery	Training our team	Akash Vaghela	Personal Trainer
Detail	Operations and detail	Lisa Hudson (Steel)	Head of Operations

5. Marketing and sales

Last but not least, the final problem that people in property experience is a lack of good quality, highly lucrative leads into their business.

Whilst this is the story and experience of the masses, I would highly recommend that in that some capacity you select high-margin products and services from a financial perspective. You also need to work strategically to carve out your own niche and ride the wave to ensure maximum return on investment and lucrative returns at the end of the rainbow.

There are many elements to this, but the two for you to take away today which were most valuable for GUGB are: raising your profile and defining your sales process (as illustrated below).

HOW DO WE RAISE THE PROFILE?

Appreciating the reach that 60 property entrepreneurs have on social media, we chose to deliver a 13-week marketing campaign. It included all delegates posting at least one post every week, taking their audience on a journey with them. They shared their training, starting with their first one-mile run and ending with the half marathon 13 weeks later.

ONCE PROFILE IS RAISED, HOW DO WE ACTUALLY GET DONATIONS IN THE BANK?

Using a model derived from one of Gary Vaynerchuk's books, the strategy we deployed for GUGB this year was **jab, jab, jab, right hook**. The jabs were a minimum of one post per person per week on social to raise profile. The right hook were private messages sent directly to the people who had liked, commented and/or engaged with the jabs or campaign. This is where the donations actually came in!

> **Top Tip: It is very easy to become prolific in today's day and age. However, this does not mean you will make sales or be profitable!**

There is only so much I can squeeze into a three-page article. If you would like to learn more, head over to **www.property-entrepreneur.co.uk** for some free resources.

SUMMARY

Success and failure are both very predictable. Using the Property Entrepreneur Methodology with GUGB, I am hugely proud of everyone who took part.

Over 480 children and young adults will receive life-changing operations, and be given the smiles they deserve. Meanwhile, we were getting into the best shape of our lives and breaking a world record. Objectives nailed!

A huge thank you goes out to YPN magazine who donated a sizeable amount to support this cause, and to every sponsor who got behind our property entrepreneurs to help them to hit their targets. We are eternally grateful, you are literally changing lives!

Full steam ahead!

Daniel Hill

I LIVED IN MY HMO

Interview & words: **Angharad Owen**

A few months ago, Jon Snow was in an interesting position. He spent two months living in his newly converted HMO, and found himself learning a lot more than he could have imagined. He has shared his story with YPN for you to learn from his experience too ...

BACKGROUND

My first foray into property was in 2003. I did a JV with Paul Taylor – who has been featured in YPN before – and we bought a one-bed property in Essex together. But after a drug-dealing tenant trashed the place, I was put off property and sold it.

I had a change of career in 2007, and joined the police. I wanted to do something a bit more meaningful and have a financial security net. 11 years later, I took another career break to concentrate on property and spend time with my family.

I wanted to focus on HMOs because they provided a high cash flow, and I started working with Paul Taylor again. I remortgaged my house to release some money, and built a portfolio in Essex and Yorkshire, where I've recently moved.

Before moving up to Yorkshire, I planned to turn my old family home into an HMO. I've had several lodgers over the past few years, but finally converted it when I made the decision to move in mid-2018. It wasn't finished until March 2019, and my partner and I ended up having five housemates for two months.

NECESSITY OR CHOICE?

It was definitely by necessity. I started advertising the rooms as soon as I had a show room for tenants to view. I desperately needed the income as I had just given up my job and didn't have a salary.

But a week and three viewings later, it seemed that everyone wanted a room. The house wasn't finished, but I wasn't in the position to turn down the additional income. I pushed myself to complete the house and my five tenants/housemates moved in.

My girlfriend was very supportive, although she hated it at the time. She was six months' pregnant as well! We had a move-out date in mind, which made the process bearable. Although we were only there for a couple of months and I have had lodgers in the past, it wasn't until I installed the regulatory necessities, such as fire doors and alarms, that I realised how much it affected my quality of life.

POSITIVE OR NEGATIVE?

Looking back, it was a positive experience. But at the time I was constantly asking myself why I was putting myself through it. At one point I was convinced that it would have been easier to just sell the house. But I kept looking at my goals and what I wanted to achieve, and that kept me motivated.

I decided to turn the negative into a positive, and started to look at how I could benefit from the experience. I realised that living in an HMO would provide some good market research and I'd hopefully be able to make my future properties even better for tenants.

I built good relationships with my housemates ... and to my surprise one even started mowing the lawn and doing the gardening.

WHAT DO TENANTS NEED?

My time as an HMO tenant allowed me to see what the problems were and how I can be aware of the issues to put things in place to eradicate them.

- **STORAGE.** **Storage was a huge problem. Interestingly, women wanted more storage than men, and they were happy to pay extra for it. I looked at maximising space and putting desks in. It's not only students who need desks! Women will often use it as a dressing table, some people like to work at home and so on. Utilising the spaces under the beds and alcoves were a good way to maximise storage.**
- **HMO FURNITURE PACKS ARE NOT GOOD ENOUGH.** **They're about as big as children's furniture. I've used them in the past for some of my other properties, but going forward I'm going to source bigger and better, or get bespoke furniture made.**
- **SHELVING.** **Not many people put up shelves. The rooms that had shelving seemed to go first. People like places to put stuff, don't they?**
- **FEATURE WALLS.** **It seems like everyone is doing it nowadays, but I thought I'd do it anyway … and it worked. People liked our rooms and they stood out on Spareroom.**

I also assumed that tenants would proactively recycle. It's quite a passion of mine, but others don't think the same. I put signs on the bins and posters in the kitchen to say what goes where and how to clean them. I don't think many HMO landlords do that, but it's something I'm going to continue doing. It keeps the house clean too.

I kept the TV room as it was. But it didn't get used at all – I was very surprised. I think that with technology these days, TV is almost obsolete. People tend to watch their TV on laptops or tablets. Having the communal room was an extra selling point, for sure, but once people moved in they didn't use it. If other landlords are thinking of having a dedicated TV room, then I think it's better to have a big living area in the kitchen.

Living at the house while it was an HMO allowed me to also monitor the impact it had on my street and my neighbours. Nobody really wants to live next door to an HMO, because they still have a negative stigma. But I'm trying to change that, and I was very conscious of making the transition a positive one for my neighbours.

They were worried about cars. The house has a big drive that can fit three or four cars, but six tenants could mean six cars. Someone recently said that only 30% of HMO tenants drive, but I've found the opposite. In my area, it's around 70%. Fortunately, three of my tenants don't drive so it's not a problem.

But my street is full of four and five-bed townhouses. If a family with three grown children and their partners live in one property, that can easily amount to eight cars.

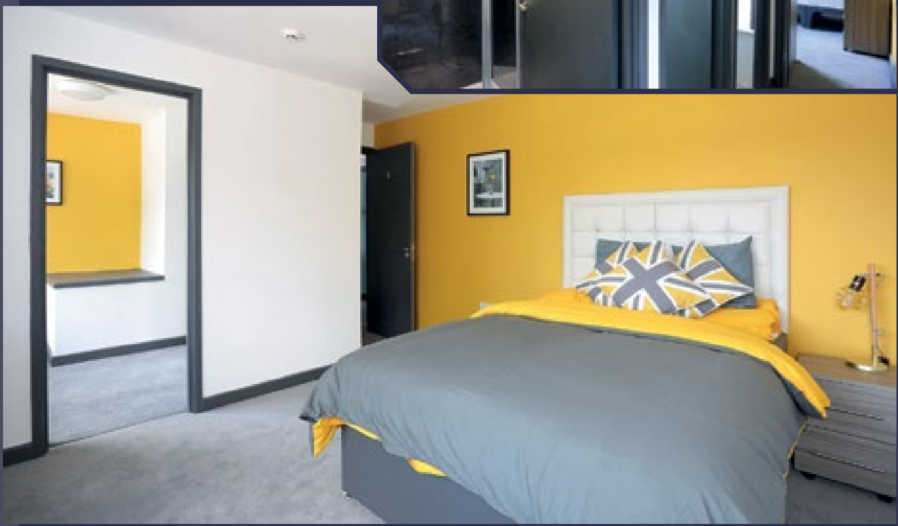
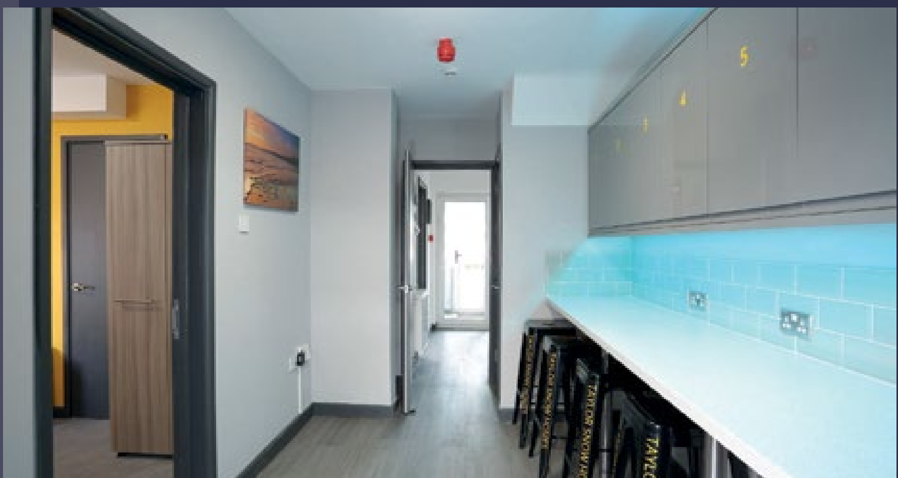
CASE STUDY

Terrace House

- Purchase price **£250k**
- This was originally a five-bed terraced house and we converted it to a six-bed HMO aimed at the professional market and in particular people working for the NHS as it is near a hospital.
- £90k refurb including removing and replacing old single storey extension, full rip out back to brick and converting to six-bed HMO with three en-suites and three doubles serviced by a shower room, bathroom and separate toilet.
- Value now is £365k on B&M refinance.
- Gross rent as HMO **£3,900 PCM**
- Per room that's **£666 average PCM**
- Net profit is **£2,000 PCM**
- ROI is **62% gross** with around £70k still left in the property after refinancing.
- ROI is around **34% net**





TENANT PROBLEMS?

Because I let the rooms quickly at the start, two of the guys who moved in started smoking weed. Although they didn't do it in the house because of the fire alarms, I could still smell it. The agents and I warned them not to do it, but they still carried on. I evicted them within two weeks. If I hadn't been living there, who knows when it would have been sorted out?

Another benefit of living in the house was that I could choose my housemates, and I was pickier than if I was a live-out landlord. I obviously wanted people who I could get on with, so I targeted professionals over 30. I'm going to keep the house for that market, because I think it's better for the street and neighbours.

The tenants are a mix. Some are blue-collar workers and others are professionals. One of the guys started out as a lodger, and he's my best tenant ever. He surprised me because he's six foot eight but is the quietest in the house. I couldn't hear him walking around and he closed the doors quietly. On the other hand, we had a petite woman move in who crashed up and down the stairs.

Now that I'm not living there, I've recorded a video to send to tenants when they move in to explain how everything works, like when and why the fire alarm goes off. It's so loud, I jumped out of my skin the first time! It's a very sensitive alarm, and steam from the shower can set it off. I also explained how to close doors quietly. It sounds like I'm being patronising, but the fire doors are so loud I was being woken up in the middle of the night. I've not had any negative feedback, but I hope it's making a difference to life in the house.

I loved building a relationship with my tenants. Everyone is brought up differently with different values, backgrounds and challenges, and everyone deserves somewhere nice to live. That's what I'm trying to provide. I don't see my tenants as just a number. If I look after them, they'll look after my property.

I do like to know who's living at the house, and now that I've moved away it's much harder to meet them. As soon as I'm back in the area, I'm planning to meet them all again. I think knowing who the landlord is makes a big difference to tenant satisfaction.

I want my tenants to stay for as long as possible, so I want to build a relationship with them. The last thing I want is someone moving out because they're not happy with something. I'm quite hard on myself at the best of times, so I'd be really upset if someone did move out because of me or the house.

ARE PEOPLE PUT OFF WITH A LIVE-IN LANDLORD?

Yes, I think some people are put off by it. But there are also people who aren't that bothered.

My lodgers always seemed to be happy living with me. I think it's reassuring that they have someone who's present to sort out problems straight away. Although I was also aware that they may not feel like it's their own home. I used to spend a lot of time away to visit my sons and I think that helped. And even when my sons came to visit, the tenants were ok with it.

HOW HAS IT BENEFITED THE BUSINESS?

Many of the regulations can make the house unhomely. I want to keep the property as comfortable as possible, so I'm trying to find ways of integrating the ugly but necessary bits. For example, the fire panel needs to be in a prominent place for the fire brigade but I'm trying to blend it into the wall so it's not as obvious.

If I hadn't lived there, I would never have thought to record videos. I'm hoping that doing so will mean less problems, and I already have peace of mind that the house is being taken care of properly.

WOULD YOU DO IT AGAIN?

I might do it again for a few weeks, depending on the situation. This experience was more out of necessity than out of choice. I'd consider it if I was investing somewhere where I didn't know the area, or if I was working on the property at the same time.

I think it's a good idea for someone who keeps their portfolio at arm's length. You never know what you might learn …

The HMO market is very competitive. There are some very nice properties out there. It's important to keep up, so anything that will provide a step up will certainly benefit.

Living in your HMO will also show where the faults are. What does and doesn't work? What can be replicated in future houses?

I didn't realise it at the time, but it's the attention to detail that will win over tenants. Although it was difficult living with my tenants, it did make me understand what they wanted from an HMO and what information I needed to provide them with.

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STOP PRESS

The YPN team would like to send our congratulations to Jon on the safe arrival of his baby daughter, born on the 7th of June, 2019.

INSIDE RENT 2 RENT

...AND WHOSE RESPONSIBILITY IS THAT?!

FRANCIS & EMILY DOLLEY

Rent-to-rent is a bit different from most other property investing strategies as you don't need to spend any of your money if you don't have to. It's a cashflow strategy, after all!

But (and there's always a 'but') if the house is producing a really high cashflow, you probably won't mind investing some of your own hard-earned money into the owner's property.

Our own refurbs range from £150 to £5,500. The £150 property was already up and running as a multi-let student property, and has now been making us circa £900 net pcm for over five years – a pretty good return on our £150 investment.

The larger refurb is one of our best-looking properties, and is signed on a five-year deal, making us a cool £1,300 net cashflow pcm. Once again, this is a really good return on investment.

We're of the opinion that everyone should consider adding at least a few rent-to-rent properties to their portfolio, just to turbocharge their cashflow.

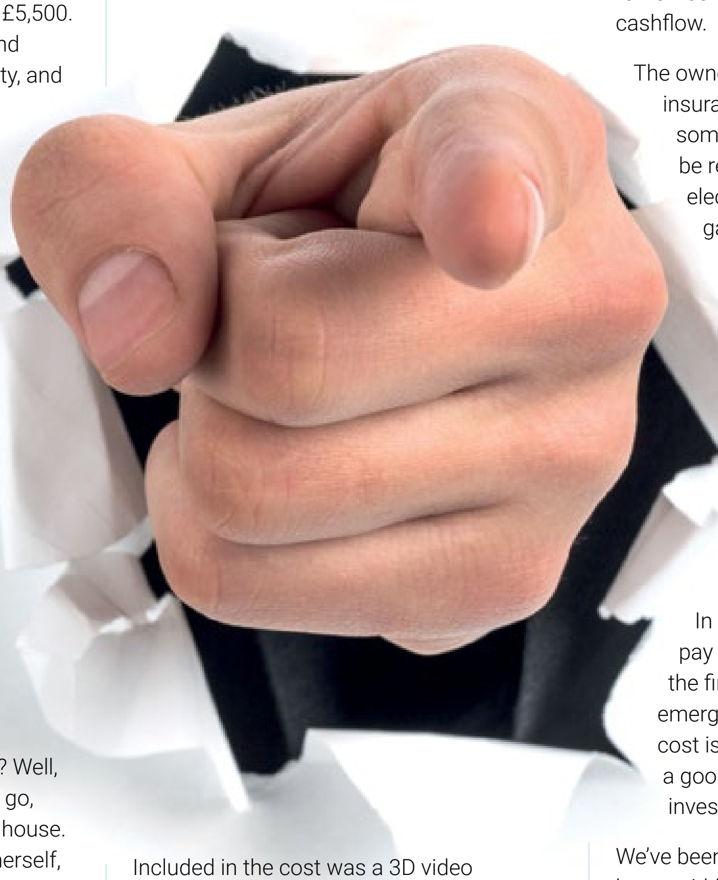
THE CHEAP HOUSE

How do we keep the refurbs so tight? Well, some properties are almost ready to go, and this was the case with the £150 house. The landlady did almost everything herself, including a deep clean, electrical maintenance, new WC, decorating, roof repairs, and some new carpets.

All we did was hang up the artwork and buy the crockery and cutlery. There was no deposit to pay, and as usual we filled the rooms before the first month's rent was due. And as you can see, there was very little initial outlay.

THE NOT-SO-CHEAP HOUSE

Although it really pained us, we spent a chunk of money on this property. We already had the house next door, owned by the same person, and so we knew the rooms would be in high demand.



Included in the cost was a 3D video walkthrough, which we believe will be the future of advertising rooms. It cost just £250 and has now paid us back many times over. We got a young (and cheap) art student to paint most rooms, had some excellent design advice from a friend, who dragged us excitedly around IKEA and gave the property a major tidy-up and deep clean.

We buy a lot of our stuff via eBay and have a really cool three-website system that allows us to get immaculate sofas for as little at £25 and 42" flat screen TVs as cheap as £27. Of course, we don't tell the owners what we're spending but we do ask them to match our perceived spend. In this way, they usually end up contributing £3 for every £1 we spend refurbishing their house.

PENNY PINCHING

When we say we watch every penny we spend refurbishing properties that aren't ours, we mean we watch every penny. In fact, Emily and I turned it into a friendly (!) competition to see who can get the best deals and save the most money (***note from Francis: Emily is relentless and always wins!***).

With rent-to-rent, you need to adopt the mindset that these are not your properties, they belong to their owners. And so it's only right that the owner should pay the lion's share of the costs.

Of course, the better the deal's cashflow, the more you are able to contribute. But always remember that rent-to-rent is all about the cashflow.

The owners need to get their own building insurance, which usually comes with some contents cover. They'd also be responsible for the EPC for any electrical goods they supply, and the gas and electrical certificates. The PAT certificate responsibilities are split, with each party paying for the equipment they supply. For instance, the owners might pay for the washing machine and fridge and we pay for kettles, toasters etc.

LICENSING UPGRADES

In an ideal world, the owners would pay for all the licensing upgrades like the fire doors, fire alarm system and emergency lighting. But in reality, this cost is covered by whoever is getting a good enough return on their investment.

We've been lucky in that our lovely owners have paid for almost all our required licensing upgrades. In the one case where the owner refused, we covered the cost ourselves as the property generates £1,200 net cashflow pcm, and therefore our investment was returned to us within five months.

In this particular case, part of the agreement was to extend the contract for another five years to recoup our additional expense. The owners readily agreed when we told them how much we were going to spend on their property.

When negotiating with owners, use phrases like "future proof" and "your own personal ATM." Also remind them that if they make an investment into their valuable property now to make it safe and legal, it'll be earning them good money for many years to come.

BREAKAGES

Of course, from time to time things get broken due to accidents or general wear and tear, so who pays? We have a clause in our contract with the owners that say we pay for anything up to £100, and anything over that, which is usually general maintenance, the owners pay. If it's under £100, it's usually due to a clumsy tenant, who ends up paying anyway. This way, if you have watertight contracts and the property is refurbished to a good standard at the beginning of the contract, there's very little to pay when once you get up and running.

OTHER EXPENSES

A big cause of anxiety for novice investors is who pays if the boiler breaks down? As rent-to-renters, we're a hybrid; part tenant and part agent. To the tenants in the rooms we're an agent, but to the owners we're a tenant, as we're paying and guaranteeing them rent. Therefore, the owners pay.

Sometimes they can be a little slow to replace old worn out boilers. In these cases, you'll need to persuade them not to continue throwing good money after bad, but to bite the bullet and invest in a new boiler.

GENERAL PROPERTY UPKEEP

We look after all our rent-to-rent properties with a fortnightly cleaner and a regular gardener, all at our own expense. We also do regular interim inspections, which we call our pedantic days, where we take note of any rooms or individual walls that need touching up or repainting.

We're lucky that our cleaner can also do the odd bit of painting, and so we take care of that little expense ourselves.

Part of the promise we make to the property owners is that we won't be bothering them with every little expense. Although painting is often perceived as a large cost to the owners, for us it's actually a low cost, so we don't mind doing it.

WATERTIGHT CONTRACTS

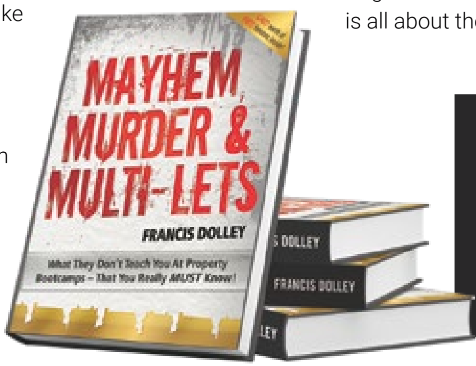
Of course, who actually pays for what usually comes down to what it says in the contract. And this is why it's important to have a watertight contract that covers every eventuality.

Our contract has been many years in the making. We've experienced most things and so have covered pretty much everything. Plus, it's been scrutinised and put together by an experienced property solicitor who fully understands the intricacies of rent-to-rent.

IN SUMMARY

We have single and multi-let properties that we own and we don't mind spending a bit of money on them, but with the rent-to-rent properties it's completely different.

Of course, the properties must be safe and compliant, they must be clean, stylish and desirable ... but we need to do this on a tight budget because rent-to-rent is all about the cashflow.



Most of the fledgling businesses that go bankrupt usually do so due to cashflow problems, and property is no different. We know from bitter experience that buying property often leads to a boom and bust existence, and this is why we chose to build a highly profitable and predictable rent-to-rent business.

The great thing about this business is that it can run alongside any other property strategy or business you may have.

Until next month,

Decide and Commit,
Don't Dabble and Never Quit.

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

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See you there!

Jayne

PLANNING UPDATES

CHANGES TO PERMITTED DEVELOPMENT: WHAT'S NEW?

By **Jon McDermott**

So as promised, we have a new General Permitted Development (England) Order and a Use Classes Amendment Order which make some additional, but important, changes to the permitted development allowances within the UK.

My good friends at YPN asked me to wrap up these changes and the meaning behind them. So I shall do my best to wade through the regulations that have passed (despite Brexit) through Parliament. Suffice it to say that these alterations come into effect on 25th May 2019 and so some bedding in will have happened prior to the time you read this.

LARGER EXTENSIONS TO HOUSES

Probably the most important and therefore first on our list, Part 1 Class A. This Class is amended so that for a larger rear extension, the 30th May 2019 deadline no longer applies. This in effect makes the PD allowance permanent.

The alterations also remove the requirement for notification on completion, which brings it into line with the other householder allowances.

Making this right permanent is consistent with the government's preferred mode of testing with a temporary right and then making permanent if there is not significant harm.

ELECTRIC VEHICLE CHARGING

Part 2 Class E allows for the installation, alteration or replacement of an upstand and outlet for recharging electric vehicles. This allowance is amended to increase the height to 2.3m to allow for the new batch of Tesla Superchargers, so long as it is not within the land associated with a block of flats or a house.

This is consistent with the announcement by the government that it intends to ban the sale of fossil fuel burning cars by 2022. The allowance makes the infrastructure to support electric vehicles possible without planning involvement.

RETAIL AND OTHER USES TO OFFICE

Part 3 Class JA (because there really are not enough letters in the alphabet) is a new class that attempts to diversify the high street in order to save it. This new Class allows a change of use from any of A1, A2, A5, "betting office", "payday loan shop", or "launderette" to B1(a).This new right is a prior approval matter with the council being asked to consider noise, highways safety and adequate provision of services only.

The provision is subject to the 29th October 2018 time code, and you can only convert up to 500sqm, so the bigger retail units that Debenhams and others are vacating may be too big for this provision.

Article 2(3) land, which includes national parks, Areas of Outstanding Natural Beauty, conservation areas, The Broads, World Heritage Sites, listed buildings and scheduled ancient monuments, are exempted in the normal way within the new allowance.

How successful this allowance will be in real terms remains to be seen. The provision allows the council to make assessments on how desirable the loss of retail and replacement of offices is. It's therefore subject to the same subjectivity of Classes M, N and PA.

Remember that the Class in and of itself is intended to restore the balance by providing a speedy supply of new offices, to make up for the offices lost to Class O. However the development market is residentially focused, and this allowance seems really focused on SSAS investors who can buy and hold these commercial assets within a pension fund.

ARTICLE 2(5) LAND

Of minor note is the end of the protection of Article 2(5) Land. Article 2(5) was brought in to protect certain authorities from the ravages of Class O (office to residential) and this protection ended formally on 31st May 2019 thanks to a previous amendment. This does not mean the end to Class O which **is permanent** but an end to the protection that the affected authorities previously enjoyed.

THE WIDENING OF CLASS M – RETAIL TO RESIDENTIAL

Part 3 Class M is amended to include Hot Food Takeaways (Class A5). The provision specifically extends coverage of existing Article 4 Directions to cover this change. The key determining criteria remains the same as before, being: flood risk, ground contamination, highways safety and whether the loss of the retail unit is desirable or would affect a wider range of services within a key shopping area. The 150sqm threshold remains the same, as does the threshold date.

Importantly, from 25th May 2019 onwards, the amended Part 3 Class M also allows any of the following changes of use **along with any building operations that are *"reasonably necessary to convert the building"*** which is an expansion on the previous allowance.

CORRECTING A MISTAKE

Part 3 Class Q (Agriculture to Residential) is amended to correct a drafting error. (Really! Our government making errors!) It was covered off by a DCLG release and removes the potential exploitation that would have allowed a dwellinghouse with a floor space of more than 465sqm. I think the government has discovered proof-reading!

EXTENSIONS TO EXISTING OFFICES

These rights are seldom actually used as they are difficult to apply and don't give much in the way of additions. Extensions and hard surfaces to office buildings are amended to remove those offices created by Class JA. In honesty, the allowances are so restricted and minor that most works to any large office require planning permission anyway.

STATE FUNDED SCHOOLS

Part 4 Class C: This Class, which allows the use of a site (a building and any land associated with it) as a temporary state funded school for two academic years. This is amended to set out that, during the period of temporary use, the site retains its previous use. This is sensible in order to resist a claim that a new Class D1 use has asserted itself by stealth.

Part 4 Class D: This Class, which allows a change of use from any of A1, A2, A3, A5, B1, D1, D2, "betting office", or "pay day loan shop" to a temporary "flexible use" (ie A1, A2, A3, or B1) for a single continuous period of up to two years.

This Class is however amended to include:

(a) for the provision of any medical or health services except the use of premises attached to the residence of the consultant or practitioner

(d) for the display of works of art (otherwise than for sale or hire)

(e) as a museum

(f) as a public library or public reading room

(g) as a public hall or exhibition hall

And to increase the period of time to three years.

PUBLIC PHONE BOXES

Probably not relevant to the readers of YPN, but for completeness Part 16 Class A allows for telecoms providers to carry out certain works and is amended to delete the provision of a phone box. Superman will just have to use public toilets instead!

RIP CLASS P STORAGE TO RESIDENTIAL

Class P Part 3 allowed the change of use from storage to residential. This comes to the end of its life on 10th June 2019 and will not be extended further. At the time of writing (May 2019) there is not sufficient time to get a Class P proposal approved as the provision includes the restrictions that the change of use must be commenced on or before the 10th June 2019. **PLANNING PERMISSION IS THEREFORE REQUIRED FOR ANY SUCH PROPOSALS.**

THE FUTURE

The consultation promised more allowances to come in the autumn sitting of Parliament. However these additional allowances are much more complex and have been strongly petitioned against.

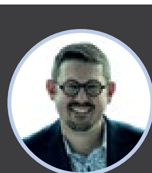
THE GOVERNMENT HAS CONSULTED AND IS CONSIDERING MAKING THE NATIONAL STANDARDS COMPULSORY FOR ALL PD SCHEMES PENDING FUTURE HOMES STANDARD IN 2024.

Further, red Jeremy (Mr Corbyn) has promised to abolish all of the prior approval of allowances if he is elected into power.

Finally, we simply do not know the effect of what withdrawal or otherwise will have on future legislation. With Brexit up in the air, and the statute book in the mess that it is, how will this translate into the general permitted development order of the future?

We at TPX will continue to be at the tip of the sword in terms of regulatory changes, in order to inspire our clients to deliver the quality homes that the country needs. The rest is up to the political class!

Jonathan McDermott is a Chartered Town Planner, Principal Town Planner for Town Planning Expert and educator with Whitebox Property Solutions on Property Developers Secrets and Property Planning Masterclass.



ECOLOGICAL BODIES STOP DEVELOPMENT ON THE SOUTH COAST

By **Keith Oliver**, Planning Director at Town Planning Experts

Developers in the South are well aware of longstanding issues around the Thames Basin Heaths Special Protection Area, due to the impact of new development on ground-nesting birds and other protected species.

Now, there is an increasing problem of nitrates being discharged into the Solent and its associated harbours. Local authorities along the South Coast have been told to not permit any new housing until a solution is found.

The issue of nitrates is not new. Problems have previously been identified in inland lakes and other parts of the coast. Natural England is warning local authorities on the South Coast to not allow new houses until they agree upon a solution. If they allow a new build, they could be subject to legal action under European legislation which seeks to protect wildlife in the area.

This advice affects the cities of Portsmouth and Southampton, the intervening authorities and the Isle of Wight.

Nitrates in the water result in algae blooms which are poisonous to animals. In harbours, when the tide recedes, the algae lays upon the exposed mud beds. It can have potentially catastrophic implications for migrating wading birds, as they feed on creatures within the mud.

The problem has been identified by many reports in recent years. It has largely been ignored by central and local government and the water authorities, resulting in applications for additional residential developments being denied. These include not only new houses, but conversions and changes of use such as HMOs, hotels and halls of residence.

It is unclear at this time if it also applies to developments that have been permitted, but not yet built.

The Solent is a major nature conservation area recognised both locally and internationally for its importance for migrating birds and other marine wildlife.

Unless action is taken to curb the increasingly levels of nitrates in the water, this area is at risk.

Any halt on development in an area providing a large proportion of the houses the government requires to be built will have serious consequences for local and national aspirations. Additionally, it will threaten the livelihood of those employed both directly and indirectly in the construction industry.

In a recent interview with a local newspaper, Sean Woodward, Leader of Fareham Borough Council, said: *"It is a shambles. Government has set us the highest ever housing target, but with another hand they have stopped us being able to issue any permission. The whole system is wrecked. It is a huge issue and it has stopped the planning process in its tracks."*

Natural England has thrown the onus on finding a solution squarely on the local authorities, although with so many involved, it is questionable whether a one-size-fits-all solution can be found.

Suggestions being considered involve financial contributions towards upgrading existing waste water treatment plants, the provision of new reed beds to naturally filter the water, packaged sewage treatment plants for small developments, and systems for re-using grey water within new houses.

As with anything involving local authorities the solution may be some time away. Meanwhile, with no-one willing to risk the threat of what could be extremely expensive legal action, applications for development are piling up in local planning departments or being refused, with serious implications for local developers.

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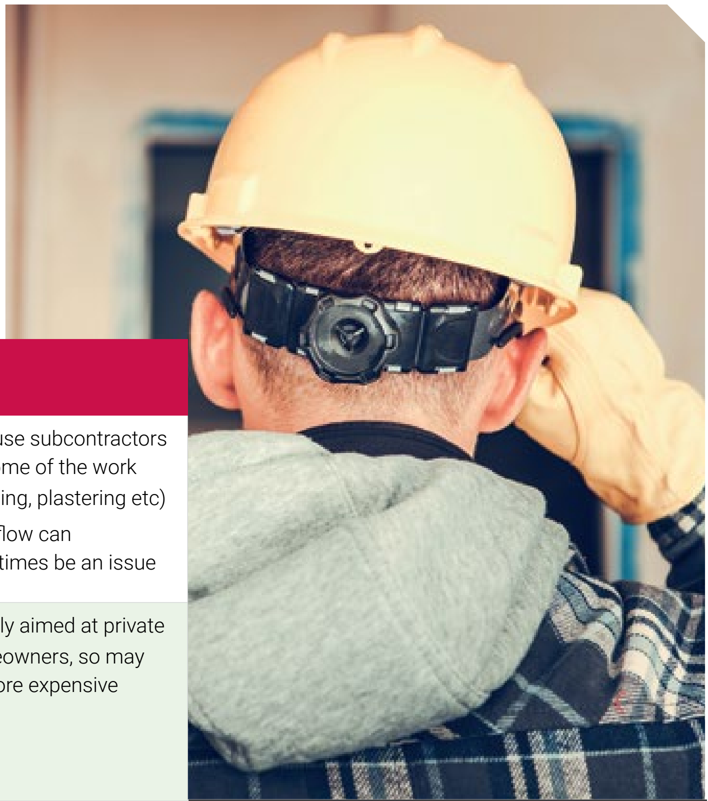
Martin Rapley's Tips for FINDING & APPOINTING BUILDERS

Interview & Words:
Heidi Moment

Choosing the right builder can be a challenge. This month, Martin Rapley shares his tips for how to find someone who does what you want, when you want, and doesn't find a reason to charge you over the odds for it.



FINDING A GOOD BUILDER

There are hundreds of great builders out there who will do a great job for you. Knowing where to look can help to get you the right kind of builder for your particular project.

Where?	What kind of builder will you meet here?	Pros	Cons
Local area where your project is. Walk around, look for signs and vans	Small local builder, available to work in that area	• Local • Meet the builder, establish a rapport • See them on site • See the quality of their work	• May use subcontractors for some of the work (painting, plastering etc) • Cashflow can sometimes be an issue
Local directory	A bit more established than the small local builders	• More experience • Better financial stability so less chance of them going bust during works	• Usually aimed at private homeowners, so may be more expensive
Google	Large professional building firm with big team of tradesmen	• More experience • Larger team	• Bigger set up = bigger overheads, so higher prices
Property networking event	One familiar with property investment (Other property investors won't share their builders' details as they won't want to lose them)	• Plenty of experience in property investment projects and HMOs	• May be very busy
Online agencies	One man band tradesmen and small builders	• Generally guaranteed to provide a price	• May be inexperienced • Reviews can be very old

The size of your project should determine the size of your building team and where you look for them, so try to avoid going with a large well-established firm if you're only doing a small refurbishment. Small local builders, who you find through seeing their signs or vans outside other houses they're working on, are often the best people for the job. Always get recommendations if you can, and ask to see examples of their work – a good builder will be proud to show you what they're working on.

CONTACT SIX TO GET FOUR PRICES BACK

Builders are pretty busy and can be booked up for months, especially in the summer, which might not work for your timescales. So it makes sense to approach several to price up your job. You can generally assume that if you approach six you'll get three or four prices back, and then maybe only two or three will come to site. So the more you can talk to, the better.

GOOD RAPPORT

Your relationship with your builder is very important, so you want to work with someone you get on with. Even before you start working together there will be various touch points where you can assess if this is the type of person you could work with. *Does he answer his phone? Does he call you back the same day? Does he answer your questions?* These are the kinds of things you need to establish before you start working together.

If every time you meet and speak you are enthused, encouraged and excited then that's good. But if he never calls you back in those early days, you can be pretty sure you'll have trouble getting in touch with him when he's on site. Or if you can't understand what he's saying, because of his accent or because he's always baffling you with technical speak then maybe he's not the right builder for you.

THINGS TO LOOK OUT FOR

When you ask to go and see their work and you meet them on site, look out for these things:

- **Good organisation (a tidy and safe site)**
- **Friendly and chatty tradesmen all getting on with their work**
- **Good quality work (smooth plaster, good tiling with the grout lines all tidy)**

If you go inside and it's a mess everywhere, with everyone shouting and screaming and you feel unsafe, then you probably don't want to work with them.

EMAIL BRIEF TO TENDER

Once you're ready to invite them to tender (price) for the work, get in touch and say: *"I'm ready to invite you in to price for this job."* Then email them your specification/schedule of works and any supporting documents or drawings you may have. Call them two or three days later to confirm they got the email and everything made sense, then arrange a date for them to come and see the property.

ON-SITE BRIEFING

When you meet them on site, allow yourself an hour to an hour and a half for a smaller project and two hours for a larger project. Always meet one builder at a time, and if you can meet them all there on the same day, one after the other, it will be all done and dusted in a day, which will be a really good use of your time.

You shouldn't need to go through the spec in detail. Instead give them an overview of what you're doing and why, ie: "*We're going to convert this house into a six-bed HMO"* and then walk round the house together.

A good builder will have read the spec, so they'll have a good understanding of what you want. They will have brought his electrician or plumber along, as they know they'll need to be involved early on. They will just want to have a quick look round and to measure up and check on a few specifics. If they turn up and appear to know nothing about the job, and then half way round they say: *"I wish I'd brought my electrician,"* this should ring alarm bells and you may choose to scratch them off your list.

BE CAREFUL OF BUILDERS ADDING BITS

Sometimes one of the builders may have an idea for how to do something differently to how you've suggested. That's great, but don't change your spec just yet. You don't want to end up with six different ideas and six different prices. Instead get them to price what's in the specification and then provide a separate price for the suggestion they're making. This way you can still compare all the prices like for like.

COMPARING PRICE, QUALITY AND TIME

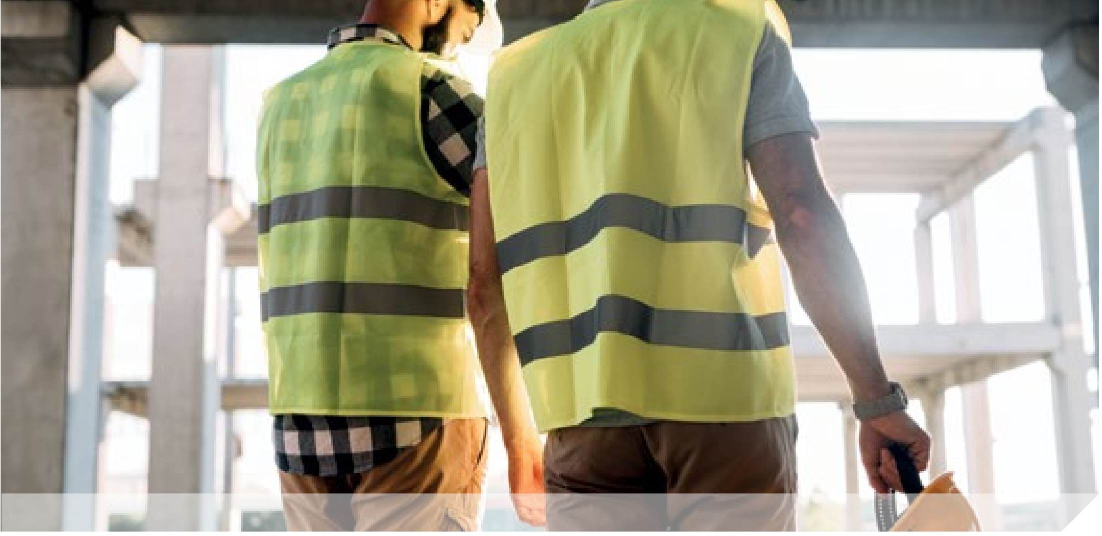
When it comes to sitting down and comparing the builders, there are three main things you are looking at – **price**, **quality** and **time**. Try not to always go for the cheapest. Yes, part of your decision will be based on price and you want to get the best price for the job, but you also need to look at the other aspects too.

For investment properties, time is always a driving factor, because the property is costing you money while it's sitting there empty. And if it's going to be a rental, the sooner it's completed the quicker you are making money too, so, generally, investors want their projects to be done as quickly as possible. You have to think which of the other two is now more important – price or quality?

Be aware that if you are prioritising one above the other something will have to give. For example, if you want something doing at a low price, then you have to expect the quality to be reasonably low too. And if you want something high quality it's unlikely you'll be able to get it done fast, without paying someone a premium to do it.

A poor quality refurbishment in a rental will create more maintenance and unhappy tenants, so in my view quality is more important than price.

> "Ideally you want a good balance of price, quality and time, as well as a good rapport"



SEND A CONFIRMATION EMAIL

After your meeting it's good practice to send a confirmation email so you both have it all written down. This effectively becomes your contract. By confirming to the builder: *"Further to our meetings this is everything we discussed and I look forward to seeing you start next Monday,"* if the builder starts on Monday he's deemed under contract law to accept that contract. Neither of you have to sign it, but you may choose to sign it, if you wish.

On larger projects you may want to use a JCT contract (Joint Contracts Tribunal) or other formal contract. These are for building projects ranging from tens of thousands of pounds up to millions of pounds. If you choose to use one of these then you must take advice from a consultant like an architect, quantity surveyor or project manager to ensure that you don't do it wrong.

On-site file

Make sure he has an up-to-date copy of everything (spec, drawings, technical specs) on site at all times. They will refer to them and you will want to look at them when you go there. Also, make sure drawings are clear and are reproduced at A3. It's no good trying to look at them on a phone where they are too small to see.

PRE-START MEETING

Once you've done some negotiation with the builders and have decided which one you're going to go with, arrange a pre-start meeting. This is best in a neutral place, such as a coffee shop. I don't recommend doing it in the property.

Explain to them: *"I want you to carry out the work, so just want to meet up to discuss how the project will operate, so we're both totally clear what each other are bringing to this."*

Things to discuss at the meeting include:

Company details

Up until this point you may only have exchanged phone numbers and email addresses, so you need to get their trading name and address and you need to give them yours, particularly if you're running this through a limited company. He'll need to know who to make his invoices out to etc.

Agree the price

Finalise the schedule of works, including any phone calls you've had since your meeting on site, and agree exactly how much are you paying for the work. Make sure you know whether it includes or excludes VAT as this will make a big difference. And remember on house to HMO conversions VAT can be reduced to 5%.

Agree timings

Agree a date to start the works and get a rough idea of how long he expects the work to take. Then ask: "*When do you think it will be finished?"* then write down an end date, so you both know what you're working to. You'll probably find that your builder won't be very keen to give you an end date, as this adds pressure for them to complete it by then. But try to agree a date if you can.

Remember: if he says it will take 10 weeks it will probably take 12, so just have it in your head that it may run over a bit. And if you're working with an investor, it's best to tell them 12 so you've got a bit of breathing space if it does run on.

Site management

The last thing you want is for them to be doing two or three jobs at once and every time you go to the property there is no-one there. So, find out if this will be their only project for the time period and discuss who will manage the site, how it will be managed and their working hours. Also, make it clear what you expect and let them know that you'll be popping in every now and then to check on progress.

Payment terms

Come to an agreement on what will be paid and when. Sometimes builders may want to be paid at the end of each week, and that's fine, but you need to think about how your payment process works and how long it will take to process the payment from receiving his invoice. You don't want your builder invoicing you on a Friday morning and expecting to be paid by lunchtime, if this isn't doable.

Also, be careful if your builder is working with subcontractors, such as painters. They often don't have very good cashflow systems, so they expect to get paid the second they put the paintbrush down.

> "Agreeing the process up front means everyone knows where they stand"

Variations

What will be the process if you have to change the spec along the way? Who is the key decision maker? Do you want to approve all extra work and costs before it goes ahead? Make sure to discuss this process so they know not to do anything without your say-so. This way you won't be hit with costs you weren't expecting at the end.

A GOOD BUILDER

A good builder is someone who manages the site really well and produces a really good finish in the time period you've agreed. They are creative people who are good with their hands. They are often not academics and they probably dislike admin, so you may find they're not great at emailing (sometimes their wife does it for them) and their quotes always have spelling mistakes in, but try not to hold this against them. I've been working with builders for years and I love it.

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CLICK HERE TO HEAR MORE FROM MARTIN

INTRODUCING **KEVIN CROCKER** OF WHITE HORSE PROPERTY AND **PETER LICOURINOS** FROM HERITAGE PROPERTY INVESTMENT GROUP, HMO ON STEROIDS AND PROPERTY MASTER ACADEMY

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BUYING WISELY EPISODE 3: PAINT

Anthony Bailey-Grice
and **Nick Watchorn**, LNPG

I want to give you a scenario. A fellow landlord invites you to view their most recent property refurb. You enter through a spacious corridor and are led through to a bright, airy, freshly painted living room.

You both stop and stand, staring at the recently painted wall. Your friend turns to you and asks: *"Well, what do you think?"*

For the majority of people, the first and only thing they would think to talk about is the colour. And while colour is undoubtedly important, what is there to say about the actual paint itself? A paint is a paint, right? Well, not really, no …

THE 80/20 RULE

The interior designer in all of us will tell you that light, bright colours will open up a room, breathing light and life into spaces to highlight their best features.

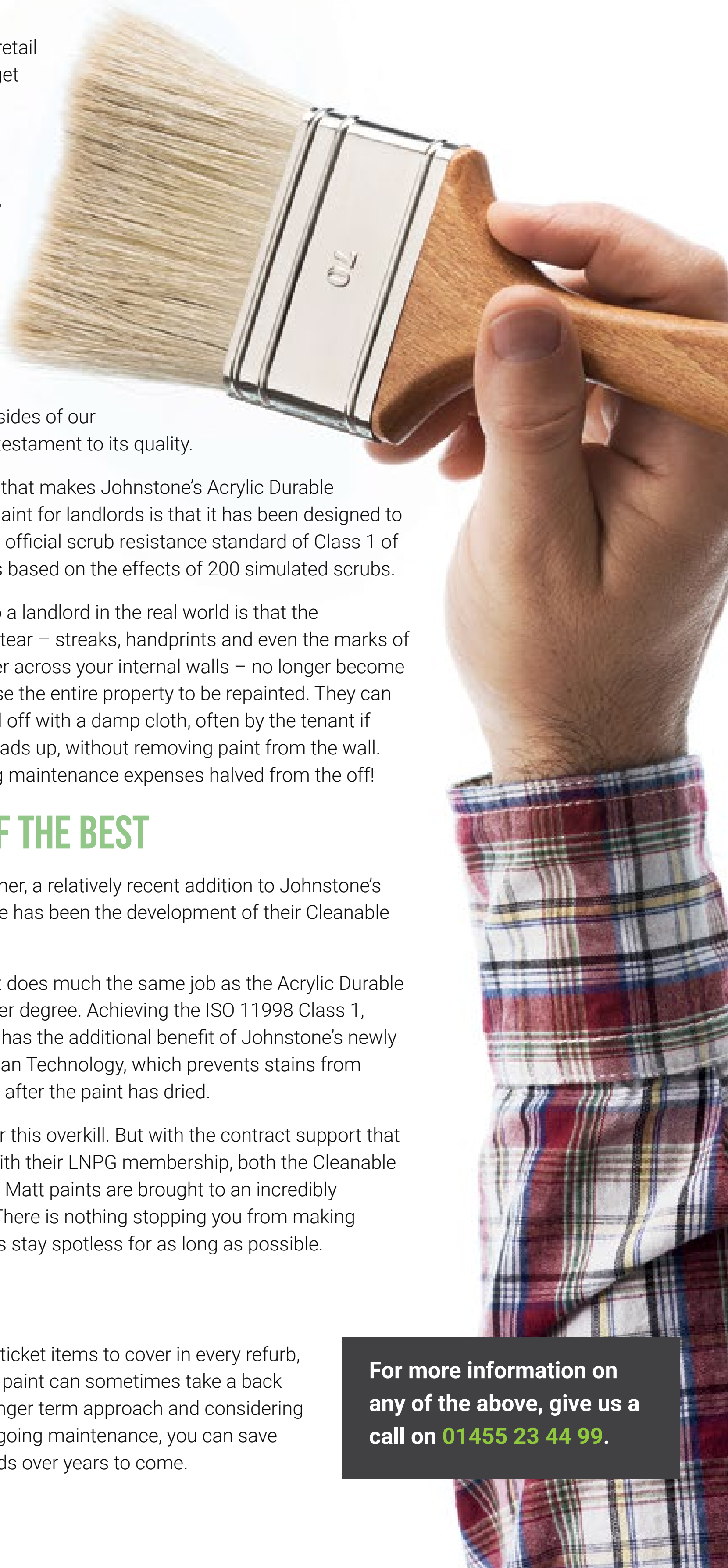
But in a lot of cases, when a tenant moves in and marks the wall in the reality of everyday wear and tear, the mark stands out so much on a light colour. Try to scrub it away and you'll take the paint with you, and before you know it, it's time to repaint all over again.

For most of us, these ongoing cycles of maintenance are simply the cost of being a landlord. And while paint itself isn't too expensive, 80% of your cost will be spent solely on labour with only 20% on products. Soon enough, it all begins to add up.

So, with most of your outgoings being spent on labour for these maintenance cycles, doesn't it make sense to use a quality product that means you can avoid the necessity to repaint every year in the first place?

GETTING THE RIGHT PRODUCT FOR THE JOB

Whilst paint is unlikely to ever be the biggest expense of a full refurb, for many, endless maintenance cycles will lead to paint becoming their largest ongoing cost. It's for this reason that we recommend choosing a quality hardwearing trade paint over the first tin of retail magnolia you can get your hands on.



Johnstone's Trade, LNPG's partner for quality trade paints, supply paints that do this job and more. For years, we have always recommended the Acrylic Durable Matt, and even painted the insides of our offices with it as a testament to its quality.

One of the aspects that makes Johnstone's Acrylic Durable Matt such a good paint for landlords is that it has been designed to achieve the highest official scrub resistance standard of Class 1 of ISO 11998, which is based on the effects of 200 simulated scrubs.

What this means to a landlord in the real world is that the everyday wear and tear – streaks, handprints and even the marks of a permanent marker across your internal walls – no longer become a prompt to organise the entire property to be repainted. They can simply be scrubbed off with a damp cloth, often by the tenant if they're given the heads up, without removing paint from the wall. That's your ongoing maintenance expenses halved from the off!

THE BEST OF THE BEST

To go one step further, a relatively recent addition to Johnstone's Trade product range has been the development of their Cleanable Matt product.

The Cleanable Matt does much the same job as the Acrylic Durable Matt, but to a greater degree. Achieving the ISO 11998 Class 1, the Cleanable Matt has the additional benefit of Johnstone's newly developed Easy Clean Technology, which prevents stains from setting into the film after the paint has dried.

Some may consider this overkill. But with the contract support that landlords receive with their LNPG membership, both the Cleanable and Acrylic Durable Matt paints are brought to an incredibly competitive price. There is nothing stopping you from making sure your properties stay spotless for as long as possible.

CLOSING

With so many high-ticket items to cover in every refurb, it's no surprise that paint can sometimes take a back seat. By taking a longer term approach and considering the cost of your ongoing maintenance, you can save thousands of pounds over years to come.

For more information on any of the above, give us a call on 01455 23 44 99.

THE BUY-TO-LET MARKET OVERVIEW

By **Chris Worthington**

The Tenant Fees Act 2019 came into force on 1st June. The Act introduces a ban on tenancy set up fees, viewing fees, credit check fees, inventory check fees, check out fees and fees for professional cleaning services. However some payments are still permitted at the start of a tenancy including rents in advance, deposits and holding deposits, and fees are still permitted for variations in a tenancy agreement.

The Act has been widely welcomed by commentators speaking behalf of tenants but for landlords it is another cost on top of the stamp duty surcharge and the reduction in mortgage interest tax relief. All of that will cause upward pressure on rents and will potentially reduce the supply of rented accommodation if smaller landlords decide to sell up.

To cover these increases in costs, landlords have the option of investing in areas with higher yields and relatively cheap entry level house prices. According to a report from the investment portal One and Only Pro, the hotspots for areas within towns and cities for rental yield are all in the north of England with **Darlington** in County Durham at the top followed by **Bootle**, **Burnley**, **Blackpool** and **Washington**, County Durham. Some areas in **Grimsby**, **Sunderland** and **Liverpool** also scored highly using the algorithm devised by One and Only Pro.

Another high-yielding strategy is to invest in furnished holiday lets (FHL). These provide some advantages over traditional BTL investments, provided that the property complies with HMRC guidelines of being available to let 210 days per year and actually let for at least 105 days. If these criteria are met, FHLs are exempt from the changes in mortgage interest tax relief, and capital gains tax relief can also be on offer when a property is sold.

According to holiday letting agency Bournecoast, a holiday boom is expected to hit the South West this year in towns such as **Bournemouth**, **Christchurch** and **Poole**.

The weakness of the pound has contributed to an increase in staycations … or it could be that people like me are just getting fed up with being at an airport. Others are choosing to limit the number of fights they take on environmental grounds.

Des Simmons, managing director of Bournecoast, said: *"We are seeing an increase in the number of landlords enquiring about the advantages of holiday letting and we are more than happy to talk through all the options with them."*

Sykes Holiday Cottages, another letting agency, have recently published a Staycation Index, an analysis of trends in the holiday cottage industry. The average FHL owner earned around £20,000 in revenue per year, up from £18,000 last year. The most lucrative place for investment was **Cumbria** where a four-bedroom property will generate revenue of £28,000 per year, followed closely by Cornwall and Dorset. Staycationers favoured home comforts including open fires and good WiFi. Graham Donoghue, CEO of Sykes Holiday Cottages, commented: *"The UK tourism industry is going from strength to strength and it is paying dividends for holiday property owners."*

According to specialist mortgage advice company RockHopper, customers seeking to arrange a mortgage on a holiday let property are attracted by rental yields that are often higher than standard BTL and by the tax efficiencies of holiday letting.

However they point out that the work required to manage holiday let cottages and apartments is generally more intense than a standard buy-to-let property. At RockHopper, the minimum deposit required for a holiday let is typically 15%-25% of the property value.

Buy-to-let mortgage broker Commercial Trust also agree that the holiday let market is set for more growth. CEO Andrew Turner said that Brexit could mean that people will have less money to travel abroad, and it may cost more to travel to Europe leading to a higher demand for holiday lets in the UK.

A year ago, Commercial Trust worked with a handful of lenders offering FHL mortgages. That number has grown to 15 with a wider range of product choice. Lenders will expect landlords to have a separate income and to have prior landlord experience. The property must be furnished and commercially let with a minimum number of days each year and Commercial Trust will set a minimum number of days that it is let out for. Some lenders will allow the landlord to live in the property for a restricted proportion of each year, whereas this is not permitted with a conventional BTL mortgage.

Investors who are considering a FHL investment should bear in mind the seasonality associated with holiday lets and have a realistic picture of occupancy rates when planning the weekly rate. Local research and input from a holiday letting company will help with that. Investors should also take into account their own marketing skills and the time required to market a property on holiday booking sites and social media. They also need to have marketing through a local letting agent and assistance with maintenance in place.

If the property is not close to home, the time and money needed to visit the property should be taken into account. A trip to Cornwall or the Lake District sounds appealing, but business is business! My own experience of holiday letting was an apartment that I bought in North Cyprus. I was fortunate that the local letting agent was excellent and the investment was profitable but even so, dealing with enquiries and the other work required was very time consuming.

I sold it last year.

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

SCALING MY PROPERTY BUSINESS BY USING ALTERNATIVE FINANCING METHODS

By Richard Brown
aka
THE PROPERTY VOICE

When I heard that this month's feature related to alternative financing methods, I thought to myself … yep, the past year has seen quite a lot of growth in my Property Assets Under Management (PAUM) – which consists of my rental portfolio and development projects.

This growth in PAUM was mainly down to using a combination of alternative ways of raising finance, particularly at the acquisition and development stage of a property project. Let's run through some of these to illustrate how they were used to help grow my property business over the past year or so.

PENSION FUNDING

My wife had an old pension fund in Brazil, her home country. It was just sitting there, not really growing in value. And so we researched how to potentially utilise this pot for a property purchase. Under Brazilian law, it is possible, under certain circumstances, to release all or a part of your pension fund before the usual retirement age. One of the possibilities is buying your own home.

After making some inquires, we were able to convert a static pension fund, which at best was growing at around 1% to 2% per year, into the purchase of a property. The result was a property that cost us none of our own funds, but now has considerably more equity and growth potential compared with the sluggish pension fund performance.

In the UK, the Lifetime ISA allows people aged between 18-40 to save up to £4,000 a year with a bonus of 25% or £1,000 added to it by the Government. This is before any resultant growth in the ISA (meaning growth on a bigger pot). That's free money, and at 25% it's hard to turn down. If you don't own your own home already, then that's a decent place to start with a 25% ROI right there.

However, even if you don't qualify for the Lifetime ISA, there is still hope. You may have some old pension funds from past employment lying around. Don't forget that old pension funds will likely have been topped up by company contributions, if through a company scheme, and tax credits from HMRC … more free money!

Lots of people are looking into the possibility of converting old pension funds into a SIPP (self-invested personal pension) or a SSAS (small self-administered scheme). A SIPP can be set up by most people, whereas a SSAS would also need to have a company to link the scheme to, but it's often more flexible. Both would allow investments into property, including residential property-backed projects and investments under certain conditions.

I have recently worked with three separate investors who have utilised their old pensions. They transferred them into their own SSAS schemes and invested in some of my residential development projects. This is a win-win for both parties – I gain access to development finance, and the investor gets to utilise a source of funds that is usually locked away with limited investment options.

Anyone wishing to consider these options should speak to an IFA in the first instance to establish if it is the right thing for them to do or not.

OWNER FINANCING

You may be aware that I have invested in the USA property market a fair bit now. One of the reasons, besides hedging my property business across different property markets and currencies, is that financing in the US is often more creative and freely available.

I have acquired properties in the US using a mixture of developer finance, lease purchase agreements and loan notes (private loans) offered by property owners and investors. Some have required minimal down-payments and very light checks. This has made access to this new market easier, with a lower barrier to entry, even as a foreign national.

Equally, I am investigating offering developer/owner financing myself to help people acquire property in the USA, including non-USA residents. So, by utilising these alternative forms of finance, I have been able to access a new market that I would not have otherwise been able to do, as well as offer similar opportunities to other overseas investors too.

DEVELOPMENT FINANCING

There are several financial institutions, peer-to-peer lenders and crowdfunding providers that will consider offering bridging/development finance loans and equity … both in the UK and the USA.

Development finance is where a lender will advance debt, equity or a combination of the two against the total costs of a property project. This extends beyond the property purchase price and into the costs of works, professional fees and other expenditures relating to the project. The advantage of development finance should be clear – you need less of your own funds to support what is often a heavy cost-laden development project.

Whilst I am currently processing applications in both countries as I write this article, I have utilised development finance from private investors in both the UK and the USA, with something like £4million funds under management.

For example, one of my latest projects has a gross development cost of £804,000, where the property purchase price was only £240,000 – 25% of this total cost. Without using development finance, the way most of us would need to undertake this sort of project would be either paying fully in cash, or at best taking bridging finance on the property purchase cost at a maximum of £180,000. But doing so would still leave over £600,000 (being 75% of the total) to fund in some other way.

By utilising private development finance, I have managed to fund between 70% and 90% of the gross development cost on projects. This has meant being able to scale up to larger projects more frequently than before.

ALTERNATIVE PURCHASING CONTRACTS

You will probably have heard of option agreements, instalment contracts, exchange with delayed completion and assisted sale agreements. However, how many times have you ever been involved in a transaction involving these? Perhaps beside land options, I would hazard a guess at not very many.

One of the reasons for this is that they are not widely understood, at least not in the UK property market. Another reason is that many of them are less likely to work during most stages of the property cycle. In a downturn or during a credit crunch, we may find greater appetite for such alternative acquisition methods. Except for land option agreements, which are fairly commonplace.

However, after 10 years in my property investment and development career, I have recently been involved in both an option agreement and an exchange with delayed completion agreement (EDC). Though, I am also aware of one investor who has spent the past couple of years seeking out assisted sale agreements with literally zero success.

So, my key point here is that these sort of alternative acquisition opportunities (ignoring land options) are often hard to come by, explain and negotiate. Unless, of course, we are looking at negative equity or a credit crunch as we had back in 2008/9. So, don't hold your breath waiting on these, will you?

LANDOWNER JV

A couple of years ago I had a guest on The Property Voice Podcast who worked with land owners using joint venture agreements. The landowners brought in the land or property, a developer brought in a development knowhow and a specialist lender brought in the financing in a kind of hybrid development financing tripartite JV. Whilst I thought it was interesting, I had no real opportunity to test it out in practice … until recently!

I am currently riding shotgun with a buyer who has agreed a purchase option agreement on a farm with outbuildings. He wants me to work with him to help to obtain planning permission for the outbuildings on the site and secure the necessary financing. If that happens, then we could be looking at a £3m GDV project, where I would only need to raise around £500,000 of my own funds to get involved, due to the land value and external funder contributions. We have not yet exercised the option on the farm, so you will just have to watch this space to see if this one closes.

CONCLUSION

What does all this mean then? Well, I did a little exercise recently to see how my property assets under management (PAUM) had grown over the past 12 months or so. The answer did surprise me, as I had managed to grow PAUM by approximately £3.7m in around a year. This was a very substantial increase over the previous year, and I would say the number one reason for this growth was down to the alternative financing options outlined in this feature.

Whilst many of these alternative financing structures are not exactly everyday occurrences, they are in my property financing toolbox ready to be applied to the appropriate project when it presents itself. When they do, it usually means doing more with less, and that leads to both growth and scale. And under the right level of direction and control, they are a very good thing.

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

SHOW ME THE MONEY!

By **Graham Kinnear**

Money makes the world go around, and that is certainly true as far as property investment is concerned.

Many of the more experienced amongst you will no doubt recall the time where the bank would agree funding over the telephone whilst you were stood in an auction room, or extend your overdraft facility over a dinner at your local restaurant.

The post-2008 world is somewhat different, and lenders appear more selective in the schemes they will fund and the borrowers they will support.

This month I want to look at some issues that you should consider in trying to establish whether your next project will be supported by the banks.

The first thing to consider is the property itself. Is it currently suited to lending? If you are looking at a development, the bank will need to consider whether it could recover their money if the project was abandoned or unfinished. Therefore you should look at projects that have a strong residual value if you are looking to borrow. For residential lending, there will need to be an operational bathroom and kitchen for most lenders to be interested. Indeed some mortgage lenders work on the basis that the property must be immediately capable of being let. If this is not the case then you may be looking at a significant retention or a refusal to lend.

The presence of building defects such as damp, movement or the presence of invasive plants such as Japanese knotweed may significantly reduce a lender's appetite to fund you. Obtaining specialist reports may help, but you have to consider the onward saleability of a property that has been underpinned or has a current management plan in place for knotweed removal.

Aside from defects to the building itself, many lenders refuse to lend on certain types of premises such as those above or adjacent to hot food outlets, dry cleaners and the like. In addition, lenders are often less interested in properties with significant areas of flat roof as well as those of non-standard construction. By speaking to an experienced mortgage broker, you should be able to compile a list of property types which are difficult or impossible to fund.

Many such properties end up in property auctions and so you should be particularly alert to this if auction is your preferred method of property acquisition.

Specialist lenders may exist for such proposals but you may have to pay a higher rate for their help, which may make the project less viable.

The other thing lenders will insist on before they release the money is what the lawyers refer to as good title. This in essence means that the lender needs confirmation that there is nothing adverse or onerous in a legal sense that affects the property. Such issues could include rights of way or other easements that affect the land or the obligation to make monetary contributions, which may impact the future saleability of the property. Insurance policies are often available to cover historic easements or chancel repair obligations, but they will result in an extended timescale in organising your finance as well as increased costs.

For leasehold properties, the lender will want assurances that the lease provides for the insurance, management and maintenance of the property, the rights for successors in title and the ability to apply a sinking fund to save for future repairs. A short lease term – generally below 80 years – and onerous terms of appreciating ground rent may deter them further.

That said, in our modern world there are more options open to you for financing than previously available. If traditional borrowing is not appropriate for your next intended project, then you can consider joint venture funding with another investor or one of the crowdfunding platforms.

If you are looking to secure money on your next property investment, then try and appraise the property and its legal pack through the eyes of a lender. By doing so you are more likely to successfully secure the monies you need and the property you desire.

As well as considering the risk the lender may be taking on you and your property project, it is important to analyse the risk you are taking by borrowing the money. I would recommend you keep your loan to value at a sensible level so that you have options if the economy changes or if your lender has a change in their strategy. Indeed, it may de-risk you to use a number of lenders rather than to borrow all monies from one source.

And finally … always seek professional independent financial advice before entering into any property transaction.

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".

WHAT ABOUT DEAL SOURCING?

MARK LLOYD

When we started investing in property, we also started a property sourcing business. We needed to produce a certain level of income in a relatively short time, and we could not see how that could be achieved through investing and the cash resources we had available back then. Little did we realise the number of opportunities this would create for us.

Why should you consider property sourcing as part of your investing business?

- **Additional income streams**
- **Quit your day job**
- **Great access to deals for yourself**
- **Build seed capital**
- **Work your own hours**
- **A way to attract potential JV partners.**

There are many reasons and initially for us, it was for the additional income that it provided. But as we improved, it became a great way to attract potential JV partners.

So what qualities/skills do you need to be a good sourcer? I believe there are five main skills that you need to be good at:

- **Communication**
- **Negotiation**
- **Finding deals**
- **Understanding different strategies and different ways of securing the deal. The more strategies you understand, the more opportunities will present themselves**
- **Become the local expert in the area you are sourcing.**

Here is the typical process:

- **Finding your patch**
- **Marketing – find deals and get the phone ringing**
- **Phone enquiries – lead handling – script**
- **Research – comparables – title deeds**
- **Add to database**
- **View the property**
- **Build rapport.**
- **Assess refurb**
- **Make offer**
- **Secure the deal – option/lock out**
- **Appoint solicitor for vendor and get legal pack sent**
- **Find investor – present deal and sell**
- **Sourcing agreement and commitment fee**
- **Memorandum of sale – instruct both solicitors**
- **Deal progression – stay in touch with both sides**
- **Exchange/complete**
- **Get paid!**
- **Hand over to refurb team**
- **Refurb progression – stay in weekly contact – photos.**

RESEARCH DAYS → **SOURCE PROPERTY** → **REFURBISHMENT** → **PROPERTY MANAGEMENT**

- **Complete refurb**
- **Get paid again!**
- **Hand over to lettings team**
- **Maybe get paid again and again and again …**

What does a typical sourcing model look like? This really depends how professional a business you want to run. Above is what we call the Rolls-Royce sourcing model.

Research Days, sometimes also referred to as Discovery Days, are where you will invite investors to your area and give them reasons as to why they may want to invest there. You will show them around the area, including the good/bad areas, and go through deals, refurbs, run the numbers, etc.

You would charge for the day and limit numbers to one or two investors. Why charge? You will be imparting a lot of knowledge in the Discovery Day, so you need to receive some recompense. You can always offer this is a money-off incentive should they decide to purchase a property from you. You might ask why limit numbers to one or two investors? The are many reasons but the main ones are:

1. **Able to build better rapport – get to know, like and trust you. If you can do that, then they are more likely to buy from you. That is very difficult to do with a bus-full of investors!**
2. **The more investors you have, the more chance there is of a dissenting voice. This, obviously, makes it very difficult to build relationships.**

Remember, sourcing is essentially a sales business. But, in order to build trust with your investors, you need to be totally transparent with them.

There are many ways to find/source properties and below are just a few:

- **Goldmine advertising**
- **Landlords**
- **Empty homes list**
- **HMO list**
- **For sale by owner**
- **Internet leads**
- **Leaflets**
- **Websites**
- **Estate agents**

- **Letting agents**
- **Auctions**
- **Other sourcing agents**
- **Talk to people**
- **Administrators**

Aim to be different from your competition and give investors a reason to buy from you.

Once the investor has purchased a property through you, offering to manage the refurbishment on their behalf will produce another income stream. If operating correctly, you will have built up a good local team, as you could potentially have several refurbishments on the go at any one time.

By offering a professional service here, it will also mean that the lettings (should you decide to go that far) will be far simpler too as you will know the quality and level of refurbishment that has been carried out.

What are the potential earnings for a sourcer? Well let's use example of one research day per month, sourcing one deal per month, one refurbishment per month and one letting per month:

Research day:	**£300**
Sourcing fee:	**£3,500**
Refurb management:	**£1,000** (based on £10,000 refurb)
Lettings management:	**£100 per month** (based on £1,000pm rental)

This equates to an annual gross income of circa £58,800. For most people, that is a good income and more than many investors earn. It is, however, very much an active income. If you stop then you stop earning.

How do you take sourcing to the next level? Once you have become proficient at finding deals, then you start to question why you are passing on some very good deals to other investors – particularly if you are looking to build your own property development/investing business.

If the deals stack up as they should, then do you think finding JV partners will be easier, particularly if you have built up a sourcing business as above? You will have developed some very good skills in the process, and therefore you have more to offer a potential JV than just the deal. Good deals will always attract money.

Lastly, to do this properly, you need to be compliant:

1. **Register with HMRC for anti-money laundering**
2. **Register with a redress scheme, such as The Property Ombudsman**
3. **Obtain professional indemnity insurance (some redress schemes will require this)**
4. **Register with Data Protection Registrar**

To learn more about how to professionalise your sourcing business, check out our website www.propertymasteryacademy.co.uk

Mark Lloyd is co-founder of Property Master Academy, a company that educates property investors. For more details of the courses they offer visit: **www.propertymasteracademy.co.uk**

ARE YOU REACHING YOUR GOALS?

By **Jacquie Edwards**

Well, we are more than halfway through 2019! It feels crazy … the older I get, the faster time seems to fly. Anyway, this is a great time to check in and see how you are doing on those goals that you set at the beginning of the year. Especially if you haven't really looked at them again since you set them.

This month, I want to give you some ideas and tools that can make it super easy to keep track of your goals and monitor your progress throughout the year, so that you can make sure you reach your dreams!

STEP ONE: WRITE THEM DOWN

The first step in reaching your goals is to make sure you've got your goals set and written properly. Now, I know there are all kinds of guides out there on goal setting, so I won't go in to loads of detail on this. But the most important thing for our purposes right now is to make sure your goals are **measurable** and have a **timeframe**. For example: **"I want to become a property investor"** becomes **"I will have three buy-to-let properties by December 2019"** or **"I will have £2,000 of profit from properties by December 2019."**

Being specific like that helps us to be able to measure our progress much more easily.

STEP TWO: BREAK THEM DOWN

Once we've got our goals written, we need to break them down so we can track them. 12 months is a long time … even six months is a long time! I recommend that you should be checking your goals at a minimum monthly, but ideally weekly.

We need to break them down a bit further for our tracking purposes. If we stick with our having three buy-to-let properties by December, then we need to determine what the most important steps are to be getting them.

Maybe we need to have at least one property completed by end of August to be able to reach three by the end of December, and let's put that on our tracking schedule. And in order to get one property completed by the end of August, we need to do three property viewings a week with agents and making one BMV offer.

Do we need to raise finance? Let's speak to three mortgage brokers in July to understand our financial situation and how much we would be able to raise with a mortgage.

And don't forget to plan to attend three property networking meetings to meet potential investors and have coffee with at least five people to build a further relationship.

Whew, that sounds like a lot! But don't worry … I've got an easy tracking sheet you can borrow. You can check it out here – **https://jade.tips/goaltracking**.

It's pretty simple and basic, but it's easy to use. Just check what you need to do each week to reach your monthly and annual goals.

ADJUST AS YOU GO ALONG

Why is it so important to do this weekly? Say you get to August and you haven't completed on your first deal as planned. Then you know something needs to change. Of course, when we are just getting started or aiming for a goal that we have never achieved before, we don't know exactly how to get there.

Our weekly goals were to do three viewings and make one BMV offer – but if that didn't result in a property deal by the end of August, then we know we need to do something differently. Maybe we need to view more properties, or make more offers, or do some other type of advertising to get more leads.

And as long as we are tracking these things, we can adjust our activities as needed. But if we waited until December to say: *"oh no – I didn't meet my goal!"* then it's a bit too late to make any changes. You'll have to reset for the next year, and usually you don't feel so good about yourself as you think you've failed to meet your goal. But it was only a failure to plan and track your goal properly, so that you can adjust your course and learn how to reach your targets.

The more data you can get, the better. The more you track and measure, the easier it is to see what works for you and what might need adjusting throughout the year.

You can also use these techniques for tracking metrics like voids, maintenance costs, etc … But I've run out of space. I'll save that for next month and we will focus on how I run a monthly board meeting to stay on track of my key performance indicators.

Jacquie

Property Go-To Girl

Jacquie Edwards is the author of ***"Rent to Rent: Your Questions Answered"***

PROPERTY + TECHNOLOGY = PROPTECH

ARSH ELLAHI

Hi Arsh,

I am new to property investment and am really not an admin person. I've had some sticky moments where I have lost deals and subsequently money due to poor paperwork. What do you use on a daily basis to keep your admin minimal, and is there anything out there that will make things easier for me?

You're in for a treat – you are talking to a man who is meticulous about being organised! I am a firm believer in the ***tidy house, tidy mind*** theory, and therefore ensure whatever I do is filed, ordered and structured so I can get to what I need with very little effort.

This month, I'm sharing my bag of property investment tricks with you. This is my collection of tools and tricks gathered unintentionally over the years, which have become my go-to instruments in my daily grind as property investor and trader.

As you may know, I am an educator as well as an investor, and run the Elite Property Tribe. This mentoring programme has flourished into a strong community of like-minded individuals, coached by me on how to source, package and sell deals. Many of the tools I recommend to members are things I use myself and find essential.

DROPBOX

You can pretty much guarantee that if you have ever worked with me or I have needed to send you something, it would have been sent with a Dropbox link. I find this an essential tool for landlords and investors, who will often have several files they need to access to quickly, perhaps even on the move. It's cloud-based and can be accessed from any device. It's the best way to store and retrieve your documents.

I also find Dropbox a fantastic tool to store photos of property. For every property I visit, I take approximately 20-30 photos and instantly upload them using the Dropbox app. I can then delete them off my phone to avoid using up too much storage, but the photos are available for me to use or refer back to anytime.

Key tip: always remember to label the folders with the property to make them easy to find later.

If you are starting out, make sure you write everything down and keep records. If you are calling landlords/investors and need to do call backs, it will take a lot of mental bandwidth to remember when and who to call.

Dropbox allows you to create documents and spreadsheets that can be shared with people, who are able to work on them at the same time. I use this feature with my virtual assistants, and it keeps us all in the loop as to where each of us is in the process.

Get to know spreadsheets well and if you are a bit rusty, learn what you don't know with YouTube.

On a day-to-day basis, I use Dropbox to store receipts for items I purchase for HMOs and projects. My aim is to be paperless, so by taking a photo and storing them, I no longer have to worry about searching through a huge pile of receipts. If you name the receipt, it would be easy to find using the search feature. I have found this extremely useful.

When wearing my landlord hat, I use Dropbox to communicate with the cleaners in my HMOs. Every week, I ask them to take pictures to upload to Dropbox, creating a folder stating the date and time of the visit.

This allows me access to view the condition of the properties at any point and I use this as a point of reference. The cleaners have also been asked to take photos of anything that has been damaged or anything stored in communal spaces that could be a fire hazard.

These are documents I use all the time and need access to. Dropbox is brilliant for that, and it also backs up and syncs with my computer automatically so I never have to remember to do it myself.

Dropbox also can sync photos from your phone, so if the worst ever happens and you lose your phone, you have a handy back up of your precious moments.

RIGHTMOVE

It is the bread and butter of property searching, and allows you to do your homework with ease. Rightmove is the go-to place for being able to compare properties and do your research.

For many investors, it's the first port of call to find out about the local area – what is currently available? How much they are going for? And it will give you an indicator of the figures you should be working with.

Not only that, Rightmove also has a handy Stories and Advice section which offers support to landlords on topics such as rental yields, expanding portfolios and so on.

International investors often use Rightmove as a means of viewing similar properties so they can get a better scope of the area when they are speaking to people about the property.

SPAREROOM

Similar to Rightmove but specifically relating to room lets, SpareRoom allows you to make comparisons to other properties within the area.

BASECAMP

Now, my wife, who has recently delved into my world of work (or organised manic chaos), finds Basecamp essential to understand the numerous projects I am juggling, usually simultaneously.

For those of you who may not be aware of Basecamp, it is an online mini CRM system. Although not as well-known as some of its competitors, it is the ideal way to record to-do lists, project time lines, and create message boards that allow you to communicate with joint venture partners.

It isn't particularly complicated and, because it is mobile friendly, I will often jot down an idea, thought stream or anything else that pops into my head throughout the day. But what I especially like about it is that all my notes, files and information are all in one place.

PROPERTY HAWK

This is an excellent platform that helped me a lot as a landlord. It provides guidance and key documents that are free for landlords who sign up. It saves you lots of time and money by being able to host essential information for landlords including:

- **Landlord forms**
- **Landlord software**
- **Gas safety certificates**
- **Landlord forums**
- **Advice and guidance**

You could say this is the Landlord's Bible, as it has guidance on everything from boiler cover to spotting a cannabis factory. If you are a landlord looking for guidance or in need of some information, this is the place to go.

PROPERTY INVESTORS APP

It is pretty fair to say that I am a huge gadget and tech geek. With my life being as busy as it is, there is nothing more brilliant than coming across a website or app that makes life simpler for people in property. That's where the Property Investor App comes in. It is the place to go to find well-sourced, packaged and appraised deals ready to go.

This highly professional app has all the vital information about the deals, galleries, maps, a message feature and the ability to reserve property deals directly. It can be downloaded from the Google Play Store and Apple Store and does an incredible job of being efficient and up to date.

FACEBOOK

You could be forgiven for thinking Facebook is simply a social media platform where you can check in on your Great Aunt and watch cat videos. But it is so much more than that.

Facebook has evolved to become a place where there are numerous networking opportunities as well as hosting property groups and events. If you are new to property and would like to get to know more about a particular style of investing, you can bet there is a Facebook group crammed with people who have a wealth of knowledge.

Have you discovered Facebook Marketplace? Many investors have sourced furniture and household items for their properties from there, on a tight budget. It is worth taking a look if you want to buy or sell items quickly near you.

Another way I use Facebook is for the buy/sell/swap groups within an area. There are a number of these around where people will do just that, buy and sell items, but you can always ask for recommendations for people who do particular jobs.

You can find some gems within these groups. For instance, my distaste for a certain Swedish furniture company is well known and when my wife wanted a rather large project completing, I put a message out on a local group asking for someone who could build a flat pack. The guy who contacted me works for this company and thoroughly enjoys building their products in his spare time. The guy was excellent and his service real value for money, which meant I got my weekend back and a happy wife. Win-win!

Do proceed with caution to check quality of work and never share personal information publicly on Facebook.

Bonus: Did you know you can get Whatsapp on your desktop computer? This means you don't have to switch between typing on your phone to working on your computer when you are interacting with people. You can download the app to your desktop or use the web messenger service.

I hope that has helped you with your admin issues. In order to do well at anything in the property world, you need to have your mental organisation in check as well as your paperwork. Here are some of the things I would advise to help you on a weekly basis:

- **Start Mondays with a positive mindset.**
- **Give yourself three targets you want to achieve by the end of the week. Do not procrastinate, make excuses or give up when you come across obstacles.**
- **Make yourself accountable. Have someone to check in with and report back to on your progress towards your goals.**
- **Friday reflection. Think of three things that went well that week, two things you are grateful for and one thing you want to work on.**

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

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

CONTACT

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

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Instagram	**www.instagram.com/arshellahi**
Youtube	**www.youtube.com/c/ArshEllahi**
Linkedin	**www.linkedin.com/in/arshellahi**
Twitter	**twitter.com/arshellahi**

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

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

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

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

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

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

Many thanks again,

Vikram Oswal, *East London*

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

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

Alex Gorman Tooze, *South East London*

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

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

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

Once registered you will receive your ticket via email.

Our upcoming dates

London Marriott - Canary Wharf

Wednesday July 17th. 1 hour consultation slots from 10am till 5pm.

Ramside Hotel - Durham

Wednesday July 24th. 1 hour consultation slots from 10am till 5pm.

Look forward to meeting you there.

Our very best

Mike Massey BSc (Hons)
Founder
Talking Houses NE Ltd

Martin Cockbill
Operations Director
Talking Houses NE Ltd

RAISING RENTS TO MITIGATE THE IMPACT OF SECTION 24 MORTGAGE INTEREST RELIEF RESTRICTIONS

By specialist property accountant **Stephen Fay** FCA

The tax impact of the Section 24 mortgage interest relief restrictions announced in July 2015 – rolling out over tax years 2018, 2019, 2020, 2021 – has by now been largely understood by the residential landlord community. However, in our experience, most landlords have focused on how they can reduce costs and manage their mortgage expenses, but haven't really focused on the other aspect to their finances – raising rents to increase income. This article will concentrate on the financial benefit of raising rents, and how to do this in practice.

How will raising rents help to mitigate the impact of Section 24?

It sounds an obvious point, but worth making – a landlord's profit (in fact, any business!) is the difference between income and expenses. Tax, of course, is simply a business expense. And like all business expenses, it should be reviewed; take steps to reduce tax costs to the minimum possible, as more tax means less profit.

Quite rightly, since the announcement of Section 24 in July 2015, many landlords have focused on getting their own house in order to reduce the impact of Section 24 on their property rental business. This has included re-mortgaging onto better mortgage products, selling some properties, operating a partnership and/or property company, allocating income to family members, spending more on repairs, claiming more expenses and allowances, etc.

However, for many landlords, in our experience there has been a reluctance to focus on the other variable in their rental business finances, ie their top-line income – their rents.

This is often due to a misunderstanding about the contribution that raising rents can make mitigating the tax increase caused by Section 24 – the following is an example of the impact on an increased tax bill that raising rents can have.

Based on a property value of £250,000, 75% LTV mortgage, 3% mortgage interest:

	Without Section 24	With FULL Section 24	With rent increase	
Property value	£250,000	£250,000	£250,000	
Mortgage value @ 75%	£187,500	£187,500	£187,500	
Interest payable @ 3%	£5,625	£5,625	£5,625	
Rental income @ 6% gross yield	£15,000	£15,000	£16,875	12.5% increase
Deductible interest	-£5,625	£0	£0	
Taxable rental profit	£9,375	£15,000	£16,875	
Less:				
Tax payable @ 40%	-£3,750	-£6,000	-£6,750	
Non-deductible interest	£0	-£5,625	-£5,625	
Tax credit for interest paid @ 20%	£0	£1,125	£1,125	
Net profit after tax credit	£5,625	£4,500	£5,625	
Profit change (£)	£0	-£1,125	£0	
Profit change (%)	0.0%	-20.0%	0.0%	

Based on the above figures, a rent increase of 12.5% will completely reverse the full impact of Section 24 for this private landlord.

Why have landlords been reluctant to raise rents to combat Section 24?

Despite what some anti-landlord commentators have stated, most landlords haven't immediately moved to raise rents for tenants. There are various reasons for this:

1. **The impact of Section 24 can be mitigated by taking some of the portfolio management measures mentioned above, and so there hasn't been a need to increase rents.**
2. **Most landlords recognise the benefit of retaining a good tenant, and rewarding that tenant by not increasing their rent (always taking care to ensure the tenant knows this was a conscious decision of course!).**
3. **A genuine concern that raising rents should be a last resort for tenants. Most landlords are decent people who are not ruthless business owners seeking to maximise profits by charging the absolute maximum rent possible!**

The last point is a particular bugbear for landlords who take a genuine pride in their properties, who are decent people trying to balance their own profit with genuine concern for their tenants' welfare – while feeling under attack from the government!

The elephant in the room – can tenants afford a rent increase?

Many landlords are fairly relaxed about rents, and often rent properties below the going rate, which certainly has some merit as a business strategy. However, often landlords don't seek the rent that they could, which means a lower profit than could otherwise be achieved.

Before Section 24, landlords could be the nice guy or girl, however there is certainly now a feeling amongst landlords that tenants need to feel some of the impact of Section 24. Not all of the impact necessarily, but there ultimately has to be some effect for tenants, given some of the substantial tax increase that their landlords face. In many cases, landlords may be able to raise rents without making their property business no longer viable.

The reality is that many landlords are under-charging for their properties, and need to increase their rents to a level that puts their property rental business on a paying basis. The time for adopting an overly-relaxed attitude to rent levels is now over, and ultimately only those landlords who are willing to do what is necessary will survive.

Think about this last paragraph if you are serious about the property rental business that you have spent a lot of time and money building!

The reality – raising rents is PART of the solution to combatting Section 24

In reality, it is likely to be difficult to raise rents to fully combat the impact of Section 24 – however that does not mean that raising rents can't be a part of the solution.

For many landlords, Section 24 will be tackled by a combination of getting their own house in order financially, raising rents wherever possible in a sustainable way, and in many cases, accepting that there will some extra tax to pay even after suitable measures are taken.

But, just like any industry that faces a significant change in its cost base, the consumer needs to accept that at least some of the cost will need to be passed on if the supplier is to maintain a viable business.

How do I go about raising rents?

Once the decision to increase the rent on a property has been made, the next questions are by how much and when. Obviously, this is a matter for the landlord to judge by looking at what the current vs market rent is, how the property compares in quality to other similar properties, what the tenant can afford, how long the tenant has been on their current rent, etc.

Some landlords will choose to raise rents by issuing the tenant with a Section 13 notice to increase the rent mid-tenancy, whereas other landlords will choose to increase the rent as and when tenants are replaced. Again, this is a question of judgement and each property can be treated differently.

Summary – don't forget, it's not all or nothing!

Raising rents is just one aspect that landlords should consider when working out how to combat Section 24. But it's an important and often-neglected part of the overall solution.

The key to surviving Section 24 is a combination of:

- **Raising rents**
- **Reducing mortgage interest costs**
- **Selling properties**
- **Using a partnership/company**
- **Involving family members as paid employees/suppliers/partners/shareholders in the business**
- **Spending on necessary repairs**
- **Claiming legitimate expenses and allowances**
- **Making personal pension contributions**
- **Generally working with your tax accountant proactively**

Ensure that you have done everything possible to mitigate the impact of what is the single biggest tax attack on private landlords since BTL was introduced in 1996. For many landlords, it is a serious threat to the very existence of their property rental business.

Visit our website (**www.fyldetaxaccountants.co.uk**) for copies of all our YPN articles.

MORTGAGE UPDATE

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

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

Over the past month there have been very few changes to the BTL mortgage market, as lenders' criteria and rates in general have remained unchanged.

As we are now over 18 months into the new portfolio landlord regulation, I thought I would share some experiences and advise on how to ensure you are in the best position if you are a portfolio landlord looking to obtain mortgage finance.

A portfolio landlord is an investor who owns four or more mortgaged BTL properties, whether in personal names or through a limited company. If you currently own three BTL mortgage properties and are purchasing the fourth, the new purchase will come under portfolio landlord regulation so you will need to be prepared.

Lenders' criteria for portfolio landlords vary from the mainstream BTL lenders to the specialist BTL lenders.

Each lender has their own rules over key areas of the investor's experience and existing portfolio.

Some of these include:

- **Overall loan to value assessment of the portfolio**
- **Minimum personal incomes**
- **Letting experience – ie, two years' experience required**
- **Overall rental assessments**

As brokers, when we are looking at your individual circumstances and assessing lender options available, the first and most important document we will ask for is your portfolio schedule.

It is vital that as a portfolio landlord you have an up-to-date portfolio schedule with any changes to rents and values. This schedule must have the latest information, as these are the initial figures your broker will use when recommending a mortgage option for you.

The key though is the accuracy of the information, as lenders will electronically verify all the valuations and rental figures for each property declared.

Some lenders will also ask for verification of this information through bank statements and/or ASTs to back up the rents being declared as being received in your bank account.

Over the past year, one of the biggest frustrations for investors is where the valuations on the schedule are not up to date. Even though the lender option fits on day one, a week or so down the line, the application can be declined when the lender has carried out their own electronic assessment of the valuations.

I recommend that even if you are not classed as a portfolio landlord, you still use a template and keep all of the information up to date if you are planning to expand your portfolio over the next year or so.

Below is an example of the template we use and the information the lenders/broker will require.

> As a rule, the mainstream BTL lenders have tougher existing portfolio assessments with overall loan to value limits between 65% and 75%, and rental assessments varying between 145% at a rate of 5% or 5.5%.

With existing and established portfolios, sometimes these limits can cause some issues with fitting lenders' criteria and this is really where the specialist BTL lenders come in.

Within the specialist BTL market, there are lender options available that don't have an overall loan to value assessment. Instead, they just review the performance of the portfolio and will normally ask for additional documentation in the way of assets and liabilities statements, cashflow forecasts and business plans.

	Property Address	Mortgage Lender	Account No.	Current Value	Mortgage Outstanding	Monthly Mortgage Payments	Current Rent Received (PCM)	Original Purchase Price	Original Purchase Date	Mortgage Holder/s	Managing Agents or Self Managed? (Agent details if applicable)	Number of Bedrooms	HMO Y or N	Property Type
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														
	TOTALS			**£0.00**	**£0.00**	**£0.00**	**£0.00**							

As a guide, the specialist BTL lenders will just look at an overall rental assessment of 125% at a rate of 5% for the existing portfolio.

These additional underwriting checks have all been part of the new regulation and you must be prepared to be asked for any of the following to back up your portfolio schedule:

- **Business bank statements showing rental credits**
- **Personal bank statements**
- **Copies of tenancy agreements**
- **Company accounts for limited companies**

One of the biggest impacts this new regulation has had on the process for lenders and investors is speed. These additional underwriting checks do take extra time so the process can be longer. This has meant that for investors who have urgent purchases, there has been a need to obtain bridging finance to secure the deal.

As bridging finance is short-term lending, it doesn't come under this new regulation. So you can still secure a bridging loan quickly without the need of going through the additional assessments.

If you decide to take this option, the key is to still complete an initial assessment with a broker to ensure you will have plenty of options to refinance onto a BTL mortgage at a later date to repay the bridging finance.

If you have any questions on portfolio landlord regulation, please contact me and I will be happy to assist.

LIMITED COMPANY MORTGAGE OVERVIEW

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

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

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

PORTFOLIO REVIEWS & PERSONAL REFINANCING

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

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

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

A product transfer with your existing lender can be quick and at times fee free, so it's important to look at this option. Don't allow your loans to go onto expensive variable rates.

If you would have a portfolio you would like me to review for you to look at options, please feel free to contact me.

If you would prefer to refinance to another lender, the following table shows an overview of some of the short and long term fixed rates available for borrowers financing a BTL in personal names, but these would be subject to the lenders' individual client and property criteria.

Lender	Loan to Value	Product	Fees
The Mortgage Works	75%	2.39% 5-year fixed	£1,995 arrangement fee added – free valuation and free legal remortgage service provided
The Mortgage Works	75%	2.49% 5-year fixed	£995 arrangement fee added – free valuation and free legal remortgage service provided
BM Solutions	75%	2.74% 5-year fixed	No arrangement fee added – free valuation and free legal remortgage service provided
The Mortgage Works	65%	2.39% 5-year fixed	£995 arrangement fee added – free valuation and free legal remortgage
Virgin Money	75%	1.98% 2-year fixed	£995 arrangement fee added – free valuation and free legal remortgage service provided
BM Solutions	75%	2.46% 2-year fixed	No arrangement fee
Virgin Money	75%	1.73% 2-year fixed	£1,995 arrangement fee added – free valuation and free legal remortgage

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

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

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LEGISLATION UPDATE

A HAMMER TO CRACK A WALNUT?

THIS MONTH'S UPDATES ...

Crime and punishment

By **Mary Latham**

Is increasing legislation and regulation a "hammer to crack a walnut" or are we just not seeing the reality of the problem?

Many landlords are angry about the way in which we are seemingly being vilified and criminalised at a time when most of us are providing much-needed homes to people who cannot afford, or prefer not, to buy.

It feels like new legislation is being introduced every month, increasing pressure and costs for the good landlords who always comply with legal requirements. The problem is that good landlords are worlds apart from the criminal element in our business, and may not even realise the massive negative impact the latter have on the mental and physical health, wellbeing and happiness of their tenants.

Crimes committed when renting out property always have victims or potential victims, often those who are least able to protect themselves and rely on the law and society to help them.

I often read comments from landlords online, statements to the effect of:

"It's worth the risk … because you can always ask forgiveness if you are caught."

I may be wrong but I don't think these people are actually aware of the punishment for some of the crimes they are knowingly committing. Admittedly it's very hit and miss, and there can be big differences in the punishment for the same crime even in the same court.

Here are some examples, from the first quarter of this year alone, which show the crime and the level of the punishment for landlords who ignore the law. I am rarely shocked these days – I have seen and heard too much – but I am often ashamed that these landlords continue to thrive in our business, a sector where it is believed that we are heavily regulated.

Case 1: Fine, costs, suspended prison sentence, community service and proceeds of crime

All this for one landlord. What did he do wrong?

THE CRIMES

- **Failed to obtain planning consent to build a block of six flats**
- **Built the flats without planning permission**
- **Ignored a Planning Enforcement Notice**
- **Informed the council that the building had been returned to a single dwelling house**
- **Installed temporary kitchens in the flats which could be removed when the council inspected**
- **Removed windows on the top floor to conceal the fact that there were rooms**
- **Let rooms that had no windows to families with children**
- **Paid single dwelling council tax but charged each tenant council tax.**

THE PUNISHMENT

- **15 months' prison term, suspended for 18 months**
- **Fined £25,000**
- **Charged unpaid council tax and rent (proceeds of crime) totalling £266,177**
- **200 hours' unpaid work for over 12 months**
- **All £291,177 must be paid within three months or a 30-month prison sentence will be imposed**

"This successful prosecution is a result of a thorough and painstaking investigation by the council fraud team and has led to the recovery of a significant amount of lost council tax," said director of finance and resources at Slough Council, Neil Wilcox.

Case 2: Fine and costs

THE CRIME

- **Landlord claimed single person council tax discount**
- **The property was shared by seven other people all paying rent**
- **Landlord told enforcement officers that she was a relative of the landlord**
- **Landlord told enforcement officers that part of the property was owned by another landlord**
- **Landlord had lied**
- **Failed to obtain an HMO licence**
- **No fire safety equipment in the property**

THE PUNISHMENT

- **Fines totalling £20,000**
- **Costs of £4,678**
- **Victim surcharge £170**
- **Totalling £24,848**

The tenants can now also apply for up to 12 months' Rent Repayment Orders.

Case 3: Fine and costs

THE CRIME

- 18 offences in two HMOs
- No fire alarms
- No fire blankets
- Closers not working on fire doors
- Broken emergency lights
- Loose coping stones and rusted metal handrails on external fire escape

THE PUNISHMENT

- Fined **£42,596**
- Costs of **£10,626**
- A victim surcharge of **£170**
- Totalling **£52,796**

The landlords in this case were also letting agents.

Case 4: Fine, costs and compensation

THE CRIME

- Tenants report disrepair to the Telford Council
- Landlord sent several text messages to the tenants asking them to lie to the council officer who inspected
- Landlord was convicted of breaches of building regulations and fined
- Further action was taken because the landlord tried to force the tenants to leave the property – illegal eviction

THE PUNISHMENT

- Fine **£9,500** for two counts of harassment
- **£1,000** paid to each of the two victims in compensation
- Costs of **£17,500**
- A total of **£29,000** to be paid within six months

Case 5: Limited company AND sole company director fined – a double whammy

THE CRIME

- No HMO licence on three HMO properties
- No fire doors
- No fire alarms/smoke detectors
- No emergency lighting
- Damp
- Insufficient electric sockets
- Other defects

THE PUNISHMENT

- Director personally fined a total of **£14,661**
- Limited company separately fined a total of **£66,741**
- A grand total of **£81,402**

Is the fact that both the company and its directors can be separately punished something that people take into account when incorporating to avoid S24?

Cllr Tom Shaw, Luton Council's portfolio holder for housing, commented: *"Being a landlord carries with it significant legal responsibilities and this successful action is yet another achievement of our Rogue Landlord Project. This case underlines the council's ongoing commitment to ensure private tenants in our town have safe, high-quality accommodation."*

Case 6: Fines, costs, compensation plus company fine

This case is from 2018. It was in my home town of Birmingham, and was the largest landlord fine the city had ever had. Another case where both the director and the company were made to pay.

THE CRIME

- 35 offences over four properties including missing fire blankets, inadequate or missing fire doors, and smoke detectors hanging loose from ceilings.
- Breaches of HMO regulations
- Failure to obtain HMO licences

THE PUNISHMENT

- Landlord fined **£85,000**
- Landlord had to pay **£22,975** costs
- Landlord had to pay **£170** victim surcharge
- Landlord had to pay compensation to 11 tenants, totalling **£22,000**
- Her company was also found guilty of 21 offences
- Company fined **£52,000**
- Company had to pay **£170** victim surcharge
- A grand total of **£182,314.90**

Case 7: Proceeds of crime

THE CRIME

- Landlord accepted rent from people carrying out illegal activities in his property for six years
- Landlord confessed he had known the property was being used to sell illegal alcohol and cigarettes, but was not involved
- Landlord failed to carry out eviction proceedings

THE PUNISHMENT

- 15 months' suspended prison sentence
- 150 hours' unpaid work
- **£52,755.57** proceeds of crime to be paid within three months
- **£8,517** costs to be paid within 12 months
- Total **£61,272.57**

The landlord in this case has not been convicted of carrying out the illegal activities. His conviction was based on his knowledge of the crimes, and by accepting rent on his Lincoln property he was taking *"proceeds of crime"*.

Case 8: Proceeds of crime

THE CRIME

- 31 people "crammed" into a four-bedroomed house in Harrow
- Filthy and dangerous living conditions
- Rent collected in cash for over five years
- Fire exits blocked by bunk beds
- No HMO licence

THE PUNISHMENT – A FAMILY AFFAIR!

- A mother and her daughter were told to pay **£116,000** in a confiscation order
- A person who acted as rent collector and agent was fined **£5,000**
- Another man was sentenced with his sister and niece to pay **£41,000** in fines
- All four defendants were ordered to pay **£82,367** in costs
- A total of **£244,367**

Case 9: £1.2m proceeds of crime recovery

THE CRIME

Three flats in the London Bridge area were "chopped into 20 bedsits and studios." No planning permission was sought. Landlord ignored a court order to return the property to its former status and continued to let the separate accommodation. Landlord continued to collect rent for a further six years.

THE PUNISHMENT

- At the first hearing the landlord was fined **£10,000** and ordered to pay costs of **£35,000**
- His company was fined **£1,000**
- He was ordered to return the property to its original condition
- Six years later he was successfully prosecuted again because he had ignored the court order
- The council's Trading Standards department calculated that he would have collected **£1.2m** in rent; the landlord was ordered to pay proceeds of crime confiscation orders for this amount, payable within three months or face a seven-year prison sentence
- The council has restrained assets belonging to both the landlord and his company to ensure that the confiscation orders will be satisfied
- Total **£2.25m**

Case 10: Civil penalty

THE CRIME

- Failure to carry out improvements including fire safety measures and works on the kitchen

THE PUNISHMENT

- Landlord was given a Penalty Notice for £9,350
- He lost his appeal

That's the whole story – simple as the Penalty system is meant to be. No court action required, just the issuing of the notice when there is evidence that the landlord has done wrong. In particular he ignored other notices issued by councils.

Cllr Carson Albury, executive member for customer services at Adur District Council, commented: *"Civil Penalty Notices are a powerful tool to make it clear to landlords that running or providing substandard living accommodation is not acceptable."*

Case 11: Jail time

THE CRIME

- Landlord converted three family homes in Barking into HMOs without planning consent
- He made a false claim of established use for ten years as an HMO
- He forged documents – tenancy agreements, a letter from an estate agent and a sworn affidavit which appeared to show that the properties had been HMOs dating back to 2008

THE PUNISHMENT

- 16 months in jail!

Cllr Margaret Mullane, cabinet member for environment and community safety, said: *"This dishonest landlord repeatedly refused to comply with the law and we pursued all the legal avenues that were available to us to ensure that he was brought to justice. We will continue to crack down on rogue landlords to improve standards and to ensure tenants have a decent home."*

Case 12: Tenant imprisonment

Tenants too must pay the penalty if they commit a crime.

THE CRIME

- Tenant of four years had the property he was renting burned down
- He blamed the fire on a 79-year-old man
- He made a fraudulent insurance claim of £53,780 for losses – despite having removed his prized possessions from the property days before the fire and putting them into storage
- This was the end of a tenancy during which he had tried to claim compensation from the landlords for alleged damp and mould. He began by asking for £3,500 which rose to £95,000 only weeks after he moved into the house

THE PUNISHMENT

- 12 years in prison

Sentencing him, Judge Lord Beckett told Rosenberg that his conduct was *"outrageous"* and went on to say:

"When your attempt to extort money from them [the landlords] failed you then set up an elaborate insurance scam and destroyed the house which was of great sentimental value to the sisters and their family."

Case 13: And finally … the biggest Proceeds of Crime haul in ever in the UK

THE CRIME

- There was a landlord, a solicitor and a man serving 22 years in prison
- They built a £10m property empire
- The landlord committed mortgage fraud by *"claiming he was an operations manager for a TV company with a salary of £48,000 a year. But he had only declared £1,000 in income and paid £18.20 in tax over 11 years"*
- The landlord collected around £500,000 a year in rental income from 81 properties in the North West of England

THE PUNISHMENT

- The solicitor was found guilty of three counts of money laundering and has been jailed for seven years
- The police have seized **£3.5m**
- The landlord has three months to pay the proceeds of crime, a **HUGE £3.5m** or face ten years in jail
- Total **£7m**

This is the highest ever figure awarded by a court following a GMP financial investigation.

Judge Timothy Smith said, when sentencing the Solicitor:

"You allowed criminal property to be obtained and assisted these people in organised crime.

"You must have known or suspected in continuing to provide them with legal services.

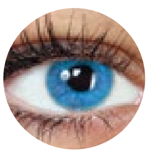
"You were turning a blind eye and you knew the money you were dealing with was criminal property."

If after reading all this you still feel that landlords are being unfairly victimised, consider how you might feel if you or a loved one was the victim of a criminal landlord. When my kids went off to university, I didn't worry about them eating enough – if they hadn't bothered to learn to cook while watching me, tough. I didn't worry about them paying their bills – If they couldn't do simple arithmetic by now, it was time they learned. I didn't worry about them going off the rails – they knew where the rails were and would find their way back.

What I **DID** worry about was bad landlords and poor properties. I have seen too much and heard too many stories and I was watching like a hawk. On two occasions, in two separate HMOs, I had to step in because my daughter and her co-tenants were getting nowhere. Both landlords were shocked that I took it so far – obviously they had been getting away with it up to that point.

It's shameful that parents cannot be confident that their offspring will be safe when they start renting, particularly those of us who have spent most of our lives taking care of other people's offspring, but the sad truth is that there are too many bad landlords operating. Until they are driven out of our business we will face more and more legislation and regulation.

What we actually need is more targeted enforcement of the current legislation. That may start to happen now that councils can keep **penalty payments** and not have the cost of court cases to get them. We will see.



Mary Latham is the author of ***"Property for Rent – Investing in the UK: Will You Survive the Mayhem?"***

THE MAN WHO DID NOT KNOW HOW GOOD HE WAS

By **David Lawrenson**

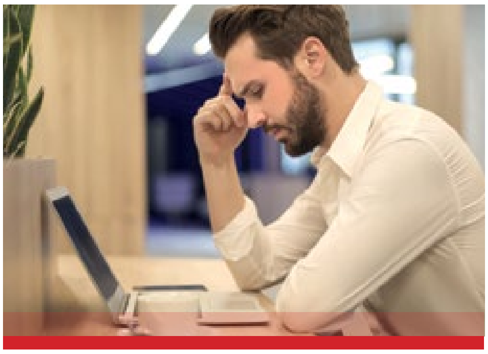
I regularly advise private landlords, and a while ago I was contacted by someone who wanted some advice on his very small property business. He told me he had just one property and was not sure what to do with it – whether to do it up and let it, or do it up and sell it instead.

He was also interested in buying a large, old run-down public house on a big footprint too. For that project he needed investors, but was not sure how to go about getting them.

So, he bought a half-day's consultancy with me and we set to work looking at things like the area it was in, the potential for letting and sale long term, and so on.

He explained his background in some detail. He'd left school with very few qualifications, but he had later trained as an electrician and becoming qualified at this, in due course. He was now in his mid-30s.

His conversation was sprinkled with buzzwords like *"adding value," "no money down," "cash-on-cash yield"* and (eugh!) *"breaking free of paradigms."* I got the impression he'd been to a lot of property meets – hence the vernacular and buzzwords that you often hear at such places.



He told me he often felt overawed by the people he saw speaking at these events. They all seemed more confident than he was, so much better educated, such fluent speakers and they had achieved so much too.

I thought that by going to the property events he had become more confused, unsure of himself.

But suddenly about 25 minutes into our session, he mentioned that he had done up a property before. Then, he added, he had done others too, over the years.

He had just three before and after pictures from just one of these projects – he had not thought to take any of the other places before he sold them! Well, when I saw the pictures I was taken aback, as this was a really good example of work done well.

He'd achieved a superb transformation of a run-down property – and all in a very quick time, making a very tidy profit on the sale into the bargain. And he had repeated the exercise four more times.

So, what was my advice?

Well, I told him to prepare a portfolio listing the properties where he had done refurbs and then sold – listing buying prices, costs of works and selling prices plus timescales. And to also take lots of pictures of his current project too. Then to take these to meets where he could meet investors.

But the main thing I could give him was the assurance that he was in fact, brilliant at what he did – and to feel confident about his abilities, which were really good.

There must be lots of people who go to property meets, who are just like him – perhaps a bit shy and who feel a little overwhelmed by what they feel are smart, clever people, who perhaps, have the gift of the gab.

So, my advice to you is this. Next time you are at a property meet, take time to talk to the shy man or lady who has not spoken to anyone. They may just be hidden geniuses with whom you can make a lot of money.

RIGHT TO RENT SCHEME BREACHES HUMAN RIGHTS LAWS

Some months ago now, the High Court ruled that the government's Right to Rent scheme breaches human rights law.

Under Right to Rent, landlords are responsible for checking the immigration status of their tenants with the prospect of prosecution if they know or have "*reasonable cause to believe"* that the property they are letting is occupied by someone who does not have the right to rent in the UK.

But the Residential Landlords Association (RLA) joined with Liberty to intervene in a case brought by the Joint Council for the Welfare of Immigrants (JCWI) to have the policy declared as incompatible with human rights on the grounds that it was leading to discrimination against non-UK nationals who might be in the country legitimately, and British ethnic minorities. Recent research by the RLA found that fear of getting things wrong led to 44% of private landlords being less likely to rent to those without a British passport. It found also that 53% of landlords were less likely to rent to those with limited time to remain in the UK, whilst 20% said that they were less likely to consider letting property to EU or EEA nationals.

Mr Justice Martin Spencer ruled that the scheme breached the European Convention on Human Rights on the basis that it led to discrimination against non-UK nationals with the right to rent and against British ethnic minorities. The Judge continued by finding that Right to Rent *"does not merely provide the occasion or opportunity for private landlords to discriminate but causes them to do so where otherwise they would not."* He described such discrimination by landlords as being *"logical and wholly predictable"* when faced with potential sanctions and penalties for getting things wrong.

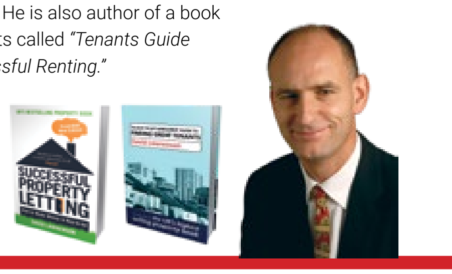
At LettingFocus, we would add that one of the most stupid parts of Right to Rent was that the policy was rolled out nationally without first evaluating the pilot – which took place in the English Midlands – despite major concerns being voiced at the time.

What's the point of a pilot if you cannot be bothered to evaluate it?

It will be interesting to see if the government tries to appeal the court's findings. I hope they are not that stupid.

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"*. He is also author of a book for tenants called *"Tenants Guide to Successful Renting."*



YOUR HMO Q&A

With Rick Gannon

Welcome back to this month's HMO Q&A. As always, we take the questions for this article directly from you! If you have a question that you would like me to answer, then please drop by to my Facebook group: The HMO and Property Community Group.

Q) Should I install a dishwasher in my HMO?

A) There are no right and wrong answers here, and a lot will depend on the demographic of tenant. Some things to consider: Will the tenants fill and empty it? Who will be responsible for cleaning it and how often will you need to top it up with salt and softener, etc?

I think in some houses a dishwasher would work well and this really depends on the individual tenants. Personally, I prefer not to have them as it's something else that needs to be looked after.

Q) I have a boiler that is in a bedroom. I would like to use this as an HMO, are there any restrictions that will prevent me from using this room owing to the location of the boiler?

A) From a Gas Safety point of view, provided that the boiler is regularly serviced at the required time and has a current Gas Safety Certificate and a working CO2 detector, then it will be compliant. I suppose you would have to ask yourself the question on how attractive this room would be to a tenant. I guess some won't mind but it could put others off. Maybe consider having the boiler relocated, if possible?

Q) I have heard that advertising on Rightmove and Zoopla is a great way to fill our voids. The only problem is that it seems very expensive unless you are an agent. Are there any other ways I can advertise on there?

A) Yes, there are some advertising portals that will place your advert onto both Rightmove and Zoopla for a one-off fee. If you choose OpenRent, they will also put the advert onto Gumtree at no extra cost. For those who are using rent-to-rent as a strategy, you may need to prove that you have the consent from the owner to advertise the property. This isn't too tricky as usually a letter or an email from the owner coupled with a copy of their driving license should suffice.

Q) I have sourced my first HMO and I'm looking for a reputable building team, but I really don't know where to start. Can you help?

A) This is a great question and you are right to ask. There are many ways you can source good tradesman and I would always start with personal recommendations. Begin with asking for recommendations in the property groups on social media. When you have some contacts, it may be a wise decision to ask if you can view some of their recent work.

I always find that personal recommendations are a far better way of building your team than anything else. Other great options could be from networking in person. Take a look in the back of this edition for a list of networking groups across the country.

Q) I am really confused about the tenant fee ban. Can you please break it down for me so it's easy to understand?

A) Sure. I understand that this may have already been covered a lot, but it's always good revisit and confirm our understanding.

From June 1st, private landlords and estate agents in England* can no longer charge fees to tenants – meaning potential savings of hundreds of pounds for renters. Known as the Tenant Fee Act, this new law has been introduced by the government as *"part of a wider package of measures aimed at rebalancing the relationship between tenants and landlords to deliver a fairer, better quality and more affordable private rental market."*

(Source: Gov.uk)

So, how will this change in legislation affect you? Here are ten things that every landlord with a property in England needs to know.

*A ban on tenant fees in Wales comes into force in September 2019, while in Scotland the ban already exists.

1. You can no longer charge fees for credit checks, referencing and other admin fees. These include payments to most third parties for services throughout the tenancy, specific performance of a job and loans. These include, but are not limited to, charges for:

- References and guarantor forms
- Credit checks
- Gardening and professional cleaning services (including having a property de-flea'd as a condition of allowing pets in the property)
- Inventories

In a nutshell, any fee that is in the tenancy agreement will be void unless it is listed as a permitted payment.

2. Be aware of the cost of getting it wrong. It is essential you understand and comply with this new legislation. Failure to do so will attract severe financial penalties starting from £5,000. Further breaches could see you being charged with a criminal offence and facing an unlimited fine.

3. Review your current business costs. This new legislation doesn't make life any easier for landlords who already have tight profit margins. Now may be an excellent time to review your current business costs to see if savings can be made. For example:

- Look at your existing landlord insurance and mortgage arrangements and see if you can get a more attractive deal by switching providers.
- Read up on your allowances to see if you can reduce your tax liabilities.
- If you are still manually managing the paperwork for your properties, think about investing in dedicated property management software. Not only will this save you time, but the regular reminders it sends you, such as renewal of property safety certificates, means you can always be compliant and never need to face a fine.
- Review your utility costs. Landlords can require the tenant to use a specific utility or communications provider.

4. Holding deposits, rent and defaulting on contracts are exempt, but have been tightened. There are additional restrictions for all of these as part of the legislation, so you need to be aware of these changes. For example, you can charge for two specific types of default payments – loss of keys, for which you can charge a reasonable cost if it is evidenced in writing, and late payment of rent.

For the latter, you can charge 3% above the Bank of England base interest rate from the date the payment is missed. At the time of writing, this would be 3.75% interest. You cannot charge for sending reminder letters.

Landlords can charge for changing tenants or allowing tenants to vacate the property early, subject to restrictions on costs, however.

5. Damages can only be recouped through the deposit or court action so a thorough inventory will be vital. Where a tenant breaches their tenancy agreement and causes damage, you can seek compensation via deductions from the deposit or court action. You can leave clauses in the contract stating that you may seek costs for damages, but you cannot set a fixed fee for the damages incurred unless it is expressly permitted.

This highlights the importance of a thorough inventory, including photographs of the higher value items.

6. Holding deposits will only be a maximum of one week's rent, and you have 15 days to decide. Once a decision is made, you must notify the applicant of the decision within seven days. This should set out whether the holding deposit will be refunded in full or whether any of it will be retained.

7. Security deposits will be limited to five weeks' rent if the annual rent is under £50,000. For annual rents of £50,000 or more, deposits will be capped to the equivalent of six weeks' rent.

8. Existing tenancies do not come under the scope of the ban until June 1st 2020. The ban only applies to new tenancies and renewals of tenancies after June 1st 2019, excluding statutory and contractual periodic tenancies. In 2020, the ban will attach to pre-existing tenancies.

9. Carry on providing a great service to your tenants. In an increasingly competitive market where tenants will shop around, make sure your tenants don't want to move anywhere else by providing them with a great service. Systems and processes that help improve and streamline your service can only help. (See below for information about how my product GoTenant can help streamline service.)

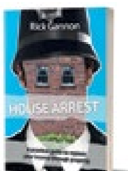
10. Check your systems, processes and contracts. Keeping on top of your property investment business can seem like piles of paperwork, unconnected spreadsheets and ever-changing legislation. But it doesn't have to be like that. By reviewing your current arrangements, you may find that you can save time and provide a sleeker service to your client by using a property management system.

Having an easy-to-use property management system that reflects new legislation as it happens, and auto-sends legal documents, means you should always be compliant.

That's it for this month folks, don't forget to get in touch if you have any questions for this month.

Rick

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



TAKING THE UNCERTAINTY OUT OF YOUR BUY-TO-LET BUSINESS IN AN UNCERTAIN WORLD

By **James Davis**, portfolio landlord & CEO of Upad.co.uk

upad

The buy-to-let industry is a lot tougher now than just a few years ago. Recent tax changes have made it harder to sustain a steady rental income, and the current economic climate in the UK as a whole, not just in relation to buy-to-let, is perhaps best described as uncertain. There are plenty of things happening right now, not least the uncertainties surrounding Brexit, while 2019 is set to see another raft of legislation aimed at making buy-to-let even more unattractive.

HOW CAN LANDLORDS PROTECT AGAINST THESE UNCERTAINTIES?

The government has pushed for a tax crackdown on investments in property, with the on-going removal of tax deductions on mortgage interest payments being one of those that'll hit landlords. In addition to this, interest rates might be going up in the near future and house prices are going through a period of slowdown. However, buy-to-let still offers a good opportunity to investors who are willing to play the long game.

ACCEPT SMALLER RENTAL YIELDS IN THE SHORT TERM

The biggest problem for landlords is an empty property. Even if you accept smaller rental yields, you will at least earn something towards covering your costs. In uncertain times, a competitive rental market and a potential shortage of tenants to meet the supply, you might want to consider lowering rents in the short term.

If you're struggling to find tenants, or have tenants leave because they can rent cheaper elsewhere, you could consider lowering the rent for a period of time. Also, review where your property stands in the context of your local rental market.

CREATE YOUR OWN BUSINESS

When you create a limited company, you will be paying corporation tax instead of income tax on your profits. Especially in light of recent tax developments around buy-to-let, this is a good strategy to consider. It can also help you navigate uncertain times, as you don't have to worry about dealing with the costs of the property yourself. You'll still see it as "your" money – which it is – but the company will be liable for everything rather than you as an individual.

SELL UP AND BUY FROM NEW MARKETS

If your property is not making enough money, it might be a good idea to consider selling to release some of your cash and provide you with the opportunity to re-think your strategies. If rental yields in a current location are not good enough, it could be smarter to simply sell the property and consider investing in a different location. You don't want to keep holding on to a property that's not making enough, unless you're able to do so in anticipation for a sizeable capital gain down the line. Move on and look for opportunities that might yield higher returns. There are certain markets right now that do still offer plenty of good opportunities, even though other areas might not be as lucrative.

FOCUS ON FINDING THE RIGHT TENANT

Rents are expected to rise by up to 15% by 2023, which means there are plenty of opportunities to earn a hefty profit from rental properties. The ability to increase rents – or simply ask enough to cover your costs and make a profit – always rest on your ability to find the right tenant. Targeting the right tenants is the best way to protect your income in uncertain times. If you can keep your property occupied, you are getting paid. Even if it's not always enough to make a huge profit, your buy-to-let mortgage is being paid and you retain the property itself as an asset.

As well as making an effort to find the right tenant, you also want to ensure your tenants stay with you as long as possible.

Be proactive rather than reactive in terms of renewing tenancy agreements, and consider making it more advantageous to your tenants to sign longer leases. You might even benefit from lowering your rent slightly if you know the tenant will be happy to stay for a longer term.

Even if your properties and your location mean that your usual tenant is a short-term one, having a good relationship with them can make it easier to get viewings done before they leave. It is more likely they will leave your property in a great condition, meaning you have a quick turnaround before you can move your new tenants in.

Discover How to Buy a Business

And Get The Property Thrown In For FREE

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

Watch the video: www.TheDealmakersAcademy.com/property

Dear Property Investor,

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

Most property investors only look for 'obvious' opportunities.

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

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

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

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

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

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

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

Watch the video: www.TheDealmakersAcademy.com/property

THE DEALMAKER'S ACADEMY

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 Email: hello@thedealmakersacademy.com

YOUR SUCCESS HIDDEN TRAITS OF SUCCESSFUL PEOPLE AND HOW YOU CAN BECOME A SUCCESS TOO!

BY ANGELOS SANDERS AND MO HAYKIR

This book promises to distil the 10 Key Traits of Success based on the authors' own experiences and those of countless successful people they have interviewed. Both authors describe their strong work ethic from a young age, which has ultimately led to them becoming entrepreneurs with multiple businesses.

Chapter 1 discusses the concept of success and encourages readers to define what success means to them and consider their why (vision), how (vehicle) and what (action). Based on the successful people interviewed, the top three definitions of success were:

1. **Freedom to do what you want, when you want**
2. **Ability to spend more time with family**
3. **Money**

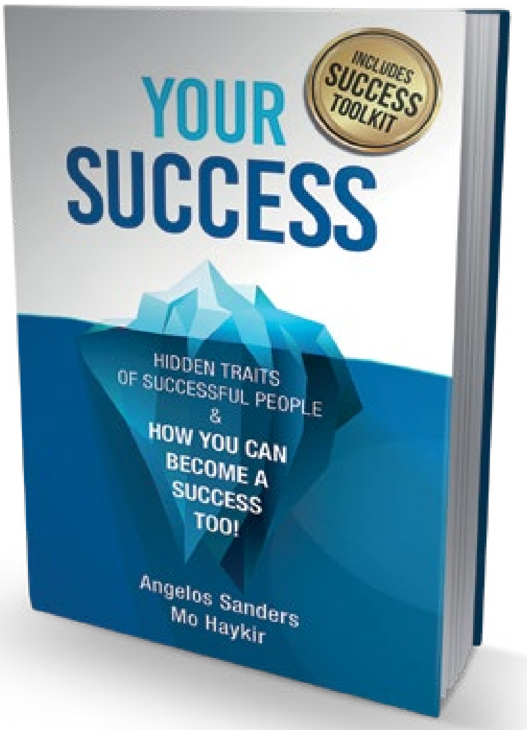
The latter being an enabling tool for the former. Tools to help you identify and focus on your why and keep you motivated are also discussed in this chapter.

In **Chapter 2**, the focus is on a number of attributes which will help you realise your vision, including inspiration and motivation, flow (being in the zone) and most importantly, accountability. The latter works best if you are accountable to a third party who accepts no excuses!

Each term is defined and then discussed in detail to help the reader identify what works for them and how to apply these attributes. This is further aided with excerpts from interviews from the authors' podcast, Your Success Podcast. In the next chapter, the authors elaborate on the idea that successful people are constantly learning and growing by valuing the growth mindset – they embrace failure as a component of success, and the reader is encouraged to do the same and learn from anything and anyone.

Things won't always go to plan and **Chapter 4** discusses determination and perseverance, which requires the reader to develop a number of characteristics including: being single minded, never giving up, overcoming adversity, and developing patience and perspective. These are discussed in detail, with inspirational stories from history and the authors' podcast.

In **Chapter 5**, the focus is on ownership and responsibility being the means to take control of your destiny and chart your way to success. Ownership is about taking control of your circumstances and not just passively sitting by, while accountability is about taking



responsibility for an outcome or for your actions. Both require the correct approach and attitude to help avoid excuses and regret, and both attributes are discussed at length in this chapter.

It's all well and good having positivity, ownership and responsibility, but what about fear and limiting beliefs? This is tackled in **Chapter 6**. The key is to identify, face and overcome or manage these to avoid crippling inaction. Overcoming fear is best tackled by taking incremental steps and developing resilience along the way. Limiting beliefs often have no evidence but are barriers to taking action and attaining success. The truth is that you'll never know the outcome unless you try something, so ask yourself, what's the worst that could happen?

Chapter 7 explores environment and discusses ways in which this can be improved to increase your chances of success. First up are people and the influence they play. Start spending time with positive people whose attitudes and actions will support you. It could be business partners, employees, outsourcing partners, mentors/coaches or an inner circle of friends who can offer constructive feedback. The authors then go on to provide advice on enhancing your environment and changing your habits and paradigms.

In the next chapter, the focus is on communication. Words, tonality and body language and using these fruitfully to leverage the power of networks. Key take-away points are: when you talk to yourself be positive and that's what you'll portray outwardly, ask open-ended questions and listen intently, remove your ego and develop empathy to understand other people's points of view, be yourself because *"people buy people"* and finally, build and communicate your brand.

Developing these skills and attributes will build your network, which will expand your knowledge and experience, and possibly increase your net worth. The final parts of this chapter focus on creating the right body language, which will accentuate the spoken message.

Chapter 9 covers my personal favourite – taking action. As I read in another book recently, most answers reveal themselves through doing, not thinking. And taking action is one of the most important attributes of success. The authors elaborate on a number of points, which I wholeheartedly agree with:

1. **The law of attraction is not enough**
2. **Action is greater than talent. As they say, what you lack in talent, you make up for in hard work**
3. **Be committed rather than just interested**
4. **Focus (or F.O.C.U.S) and avoid distractions**
5. **Take steady, consistent action to compound your results**

Chapter 10 discusses maintaining success for the long term and expanding your ambition and adaptability, but ensuring you don't become complacent. Don't forget to keep things in perspective and develop attributes like gratitude, reflection and ultimately aim for balance in your life.

WHO IS THIS BOOK FOR?

This book will appeal to anyone looking for the key attributes to success which are discussed in detail. Each chapter is well laid out with a summary and action steps including tasks to complete using the toolkit available at **www.yoursuccesspodcast.com/toolkit**.

Throughout the book, the authors have use excerpts from their podcast, successful people they have interviewed and these will provide additional inspiration to the reader.

Book reviewed by:

Raj Beri

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Email: **raj@rajberi.co.uk**

Book Details:
Available from: **Amazon** Date published: **2018**

FIND GOOD PUBLIC COMPANIES TO INVEST IN USING FUNDAMENTAL ANALYSIS

By **Marcus de Maria**

Last month, we discussed the seven steps to making 2019 your best year ever. This month, in the first part of a two-part series, we want to show how you can find some good companies. Although they may not be the best in the world, they are good solid companies where we can start making some money, using the strategies we have been writing about recently.

Most people are looking for which company to invest in, ie a healthy company with good fundamentals.

Fundamental analysis shows us the current health of a company. The rationale behind it is that if you find a good company, the share price will go up eventually. What most people don't realise is that you could find the best company in the world, but the share price won't necessarily go up in the short term.

What is equally important is the short-term sentiment of the market – so it might go down for weeks or even months before going back up. That is why we use technical analysis, ie when to get into that healthy company.

In summary, the key is to use fundamental analysis to find a healthy company, and then use technical analysis to time the entry as best you can.

Let us start with fundamental analysis. There are well over 8,000 public companies out there – far too many to focus on at any one time. The aim is to create a more manageable list of say 25-50 companies to concentrate on.

But what are the kind of things that we should be looking at when studying the health of a company? Below are some ideas of where to start using fundamental analysis.
It will not surprise you that earnings (American for profits) is used several times.

1. PEG RATIO

The PEG is the price earnings to growth ratio. It is made up of three parts – price, earnings per share and earnings growth. The first two form the PE ratio.

$$\frac{\textbf{Price / Earnings per share}}{\textbf{Earnings growth}}$$

Let's say we have a PE ratio of eight. As a shareholder, you want know how much earnings you have for one share. In other words, I own one share, how much is the profit? For example, let's say the price of this particular stock at the moment is $24 and that year we made an earnings per share of $3.

So, $24 / 3 means that we have a PE ratio of eight. Someone buying the stock right now will pay $8 for every $1 the company earns. You are paying for future earnings. The higher the PE Ratio the more you are paying now for future earnings.

The G stands for earnings per share growth, which is the amount the earnings per share are projected to grow.

Confused? Don't worry. All you need to know is the PEG ratio has to be lower than 1.5 or, if you're really strict, lower than 1. If the PEG ratio is at 1, it is considered fairly valued. Below 1 and you are looking at a stock that is undervalued.

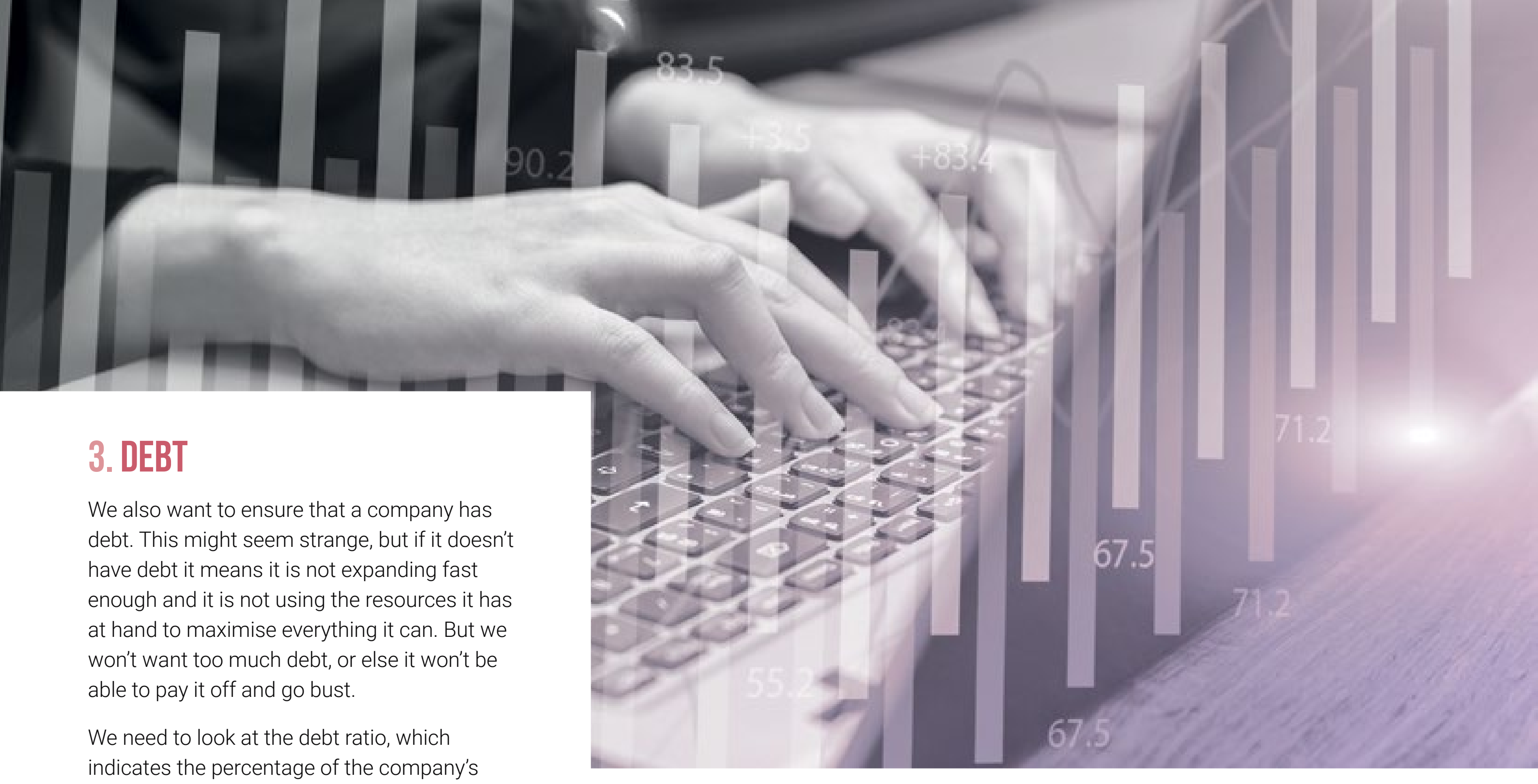
2. EARNINGS GROWTH

In PEG we have earnings growth projections. It is so important that it deserves a section by itself.

We need to be looking at whether the profits are growing and if there's going to be year-on-year growth for the next five years. If the earnings are going up, it is likely that investors will buy the stock in the future and if they are going down, they will most likely start selling.

But how do we know that what future earnings will be? Good question. We have to rely on expert analysts to estimate this for us.

So, we're looking for five-year growth on the earnings per share of between 15% and 30%. Anything higher than that and it is not sustainable over time.



3. DEBT

We also want to ensure that a company has debt. This might seem strange, but if it doesn't have debt it means it is not expanding fast enough and it is not using the resources it has at hand to maximise everything it can. But we won't want too much debt, or else it won't be able to pay it off and go bust.

We need to look at the debt ratio, which indicates the percentage of the company's assets that are provided for by its debt.

Debt Ratio = Total Debt / Total Assets X 100

A debt ratio of greater than 100% indicates that a company has more debt than assets. Meanwhile, a debt ratio of less than 100% indicates that a company has more assets than debt.

Ideally, we're looking for a debt ratio of below 35%. If a company's debt levels are more than that, it often proves extremely difficult for the management to be able to borrow more at a certain price to expand. Without expansion into new markets, which is normally done by debt, corporate growth will eventually slow down and the stock price will be affected.

Companies with lower debt often have better prospects for future expansion because they can still raise debt. But remember, we still want companies to have a certain amount of debt.

4. INSTITUTIONAL OWNERSHIP

This is less important, but interesting to know.

What percentage of the company is owned by the big boys? Institutions, pension funds, mutual funds, unit trusts, and so on. Because on the one hand you don't want there to be too many of them, but on the other hand, you don't want to be investing in a company that no-one knows about.

You want to make sure that you are investing in a company where people who have more market experience than us have done the research and are investing in it themselves. Does this make sense? A bit of institutional ownership is a good thing.

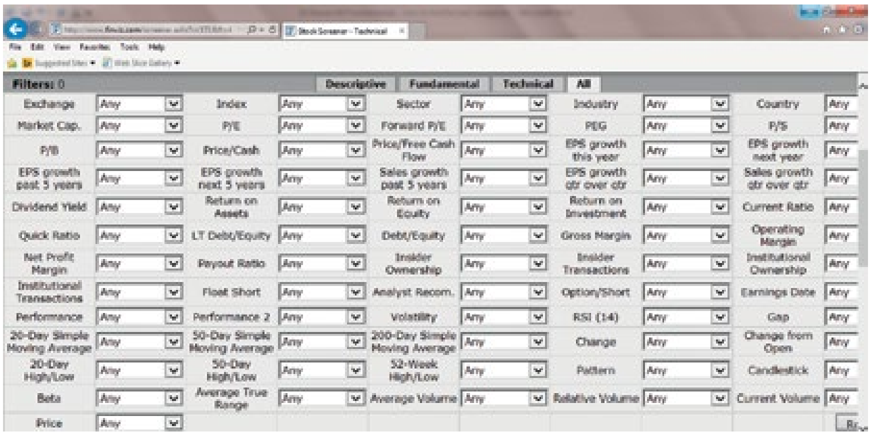
We don't want too high or too low, we want in the middle, so between 25% and 55%.

5. PRICE

I always want the price to be above $5, preferably $10. I like to make sure that it's not small capitalisation stock. I want to there to be enough liquidity of buying and selling.

Also, did you know that the majority of institutions don't give coverage to stocks below $5? I want them to write about my stocks. Why? Because it's marketing and everybody else is going to know about them and is going to invest as well, forcing the stock prices up.

Would you like to know how to find these companies? We can filter them on **www.finviz.com**. It's a free stock screener where they search 6,720 stocks to match the criteria we're looking for to find the best company to invest in.



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Exchange	Any	Index	Any	Sector	Any	Industry	Any	Country	Any
Market Cap.	Any	P/E	Any	Forward P/E	Any	PEG	Any	P/S	Any
P/B	Any	Price/Cash	Any	Price/Free Cash Flow	Any	EPS growth this year	Any	EPS growth next year	Any
EPS growth past 5 years	Any	EPS growth next 5 years	Any	Sales growth past 5 years	Any	EPS growth qtr over qtr	Any	Sales growth qtr over qtr	Any
Dividend Yield	Any	Return on Assets	Any	Return on Equity	Any	Return on Investment	Any	Current Ratio	Any
Quick Ratio	Any	LT Debt/Equity	Any	Debt/Equity	Any	Gross Margin	Any	Operating Margin	Any
Net Profit Margin	Any	Payout Ratio	Any	Insider Ownership	Any	Insider Transactions	Any	Institutional Ownership	Any
Institutional Transactions	Any	Float Short	Any	Analyst Recom.	Any	Option/Short	Any	Earnings Date	Any
Performance	Any	Performance 2	Any	Volatility	Any	RSI (14)	Any	Gap	Any
20-Day Simple Moving Average	Any	50-Day Simple Moving Average	Any	200-Day Simple Moving Average	Any	Change	Any	Change from Open	Any
20-Day High/Low	Any	50-Day High/Low	Any	52-Week High/Low	Any	Pattern	Any	Candlestick	Any
Beta	Any	Average True Range	Any	Average Volume	Any	Relative Volume	Any	Current Volume	Any
Price	Any								

Here is what it looks like before we populate it with the five points above:
It might look confusing at first, but in part two of this article, we will look at how to use it to find the best companies.

By the way, you can also use it to find the worst companies as well. You can short those companies and make money when markets go down. Not a bad idea as you can make money fast, and I've written about selling short in previous articles.

Until next month Marcus

In times like these you should learn more about what trading and investing in stocks, commodities and precious metals has to offer. We are having a series of one-day events where we go through the strategies, so you can take control of your own finances. But first, why not go ahead and grab a copy of my book: The Lunchtime Trader, for FREE: www.investment-mastery.com/ypnmagbook

CREATIVE STRATEGIES TO MINIMISE THE DEPOSIT REQUIRED FOR YOUR PROPERTY INVESTMENTS

SIMON ZUTSHI

To continue the alternative funding theme for this month's magazine, I'm going to share some of the creative strategies that I teach my students to minimise the amount of money they put into their investments.

One of main the property investing principles that I have taught since 2003, is the concept of seeking to minimise the amount of money you put into, or leave in, your property investments.

This is for two reasons. First of all, the less money you put in, or leave in, the higher your Return on Investment (ROI). As investors, you should always be looking to maximise your ROI to make sure your money is working as hard as possible for you. Secondly, as most people have a finite amount of money to use for investing, the less money you put in, then theoretically the more deals you can do with the funds available.

As a general investing principle, this works. However, the main problem with this is that most banks and mortgage companies don't want this. Quite the opposite, in fact. They want you to put in as much money as possible, because they want you to have some skin in the game. They want to make sure that if things go wrong, you don't just hand the keys back – which is what many investors did in the aftermath of the credit crunch in 2008.

Prior to the global financial crisis in 2007, you could get 85% LTV BTL mortgages combined with 15% gifted developer deposits. This meant that you could buy property with no money down. But in 2007, many of these properties were overpriced and did not actually make any cashflow, or even created negative cashflow.

Despite this, investors snapped them up because they needed no money down, and most thought the property market would keep booming. But when the market crashed, people did not want these properties that were costing money every month.

Some were in negative equity because the market had dropped 20% on average across the UK.

Understandably, banks are now far more cautious, and generally most BTL mortgages are for 75% LTV and require a 25% deposit from the investors. This means that if the property owner defaulted and the bank was forced to repossess, there would be sufficient equity for them to sell quickly at a discount and still get all their money and costs back.

Whilst we are seeing some lenders offering 80% LTV mortgages – and a few apparently offering 85% – the majority are still at 75%.

Let's say you find a property which has a true market value of £200,000. But you can purchase it below market value for £160,000 from a motivated seller who needs a quick sale. Even though the property is worth £200,000, a traditional mortgage company will only lend you 75% of the purchase price, not the value.

In other words, they would lend you £120,000 which is 75% of the £160,000 purchase price. If the property requires a refurbishment as well, a lot of your capital is tied up in this one deal until you can re-mortgage, six months after ownership.

The challenge is that if you have to put a 25% deposit into each property, you will eventually run out of deposits. But the good news is, there are numerous strategies available which you can use with creative financing to minimise the amount of money you put into your property investments.

Let's consider just three different and creative ways of minimising your personal cash input into your next property project.

PURCHASE LEASE OPTIONS (PLOs)

I have written a few articles on PLOs over the past few months. A PLO gives you the right, but not the obligation, to buy a property at a fixed price within an agreed time period. You pay the owner an upfront option fee and a monthly option fee, which allows you to use the property until you purchase it. This is one of my favourite strategies, but PLOs only work in certain circumstances. For example, if the owner wants to sell the property but does not need the money from the sale immediately.

Let's say you get a PLO on a property which needs a refurb. Instead of putting down a large 25% deposit you pay a small option fee, carry out the refurb and then you can buy the property by using crowdfunding. Doing so will take the market value of the property into account when funding your purchase.

Michelle Kennedy did exactly that. She found a five-bed town house in Hemel Hempstead which could be converted into a very profitable six-bed HMO. The owner didn't want the responsibility of the property, and accepted Michelle's offer of a three-year PLO with an end purchase price of £180,000.

Michelle knew that once this property was renovated it would be worth at least £290,000. She spent £30,000 on the refurb and then approached CrowdProperty for the loan to exercise her PLO and purchase the property.

Because Michelle had increased the value of the property to over £290,000, CrowdProperty were able to lend her £205,000 – 70% of the new value of the property, as opposed to the purchase price of £180,000. The loan allowed her to cover the purchase price, buying costs, and some of the money that she had spent on the refurb. She held it for six months before refinancing to a traditional HMO mortgage provider.

EXCHANGE WITH DELAYED COMPLETION (EDC)

Instead of using a PLO, you could exchange contracts on a property and obtain a key undertaking. This means you can do some work on the property and then delay the completion until the work has been completed and you have added value to the property.

An example of someone doing this is **Tushar Shah**, who found a large property in Birmingham which he knew would make a great seven-bed HMO. He agreed to buy the property for £215,000 with a 5% deposit and delayed completion until planning was granted to convert it into a large HMO and all the refurbishment works had been completed.

The RICS valuation estimated the end GDV as £322,000. Like Michelle, he used crowdfunding to lend him 70% of the end value – enough to pay for the purchase at £215,000. After nine months, Tushar refinanced to a traditional HMO lender to pay back the crowdfunded loan.

JOINT VENTURE WITH THE PROPERTY OWNER

Instead of buying a property, needing a deposit, getting a mortgage and then doing the development work, why not see if you can joint venture with the owner?

They would put in the property, and you can bring the expertise and the funding. If there is sufficient equity in the property, you may be able to raise finance to cover the development costs, which means you don't need to put in any of your own money. If there is existing debt, a crowdfunding platform could lend the money to get the debt replaced, as they always need to take the first charge property to protect their lenders.

The benefit for the owner is that if they are prepared to wait for their money, they could receive more than if they had sold it in a straightforward way, as the development profit would be shared. The obvious benefit for you is that you get to do the development using none of your own money.

I hope this article has inspired you and got you thinking of more creative ways of funding your next property project.

Invest with knowledge, invest with skill.

Best wishes,

Simon Zutshi

- Author of Property magic
- Founder of property investors network

DO YOU HAVE A PROPERTY PROJECT THAT REQUIRES FUNDING?

In this article, I have mentioned our own crowdfunding platform, CrowdProperty. I want to make it clear that CrowdProperty will not fund just any property deal. There are criteria to be met, and we will only support projects which have passed robust due diligence checks. In the unlikely event of a default by the borrower, we take control of the project to ensure capital and interest is returned to the crowd lenders. I'm proud to say that CrowdProperty has a 100% payback track record, which we are very keen to maintain.

There are plenty of other crowdfunding platforms around too. The main difference between these and CrowdProperty is that the latter has been set up and is run by property investors who understanding investing and development.

As you have seen from the examples in this article, if you find a great property project, you can structure it in a way to minimise your personal cash input, and use the equity in the project to act as security for an innovative lender such as CrowdProperty, which means you can do more deals and make more money.

Whenever you have a property project where you are adding value to a property, then you should take just five minutes to complete the simple 12 box application form on the borrower page of the CrowdProperty website. It's quick and easy, and within two working days one of the very helpful and experienced borrower team will come back to you with an offer of exactly how much you could borrow, to help with the purchase and up to 100% of the developments costs. Subject to RICS valuation and passing the due diligence, your project funding could be available in as quick as a matter of weeks. For quick, and reliable funding, why not visit the CrowdProperty website today.

www.CrowdProperty.com

THE YPN JARGON BUSTER

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

ACV	Asset of community value
ADR	Alternative Dispute Resolution
AI	Artificial intelligence
APHC	Association of Plumbing and Heating Contractors
ARLA	Association of Residential Letting Agents
Article 4	An Article 4 Direction removes permitted development rights within a specified area designated by the local authority. In many cities with areas at risk of 'studentification', there are restrictions on creating HMOs so you will have to apply for planing permission. Check with your local planning authority.
AST	Assured Shorthold Tenancy
AT	Assured tenancy
BCIS	Building Cost Information Service – a part of RICS, providing cost and price information for the UK construction industry.
BCO	British Council for Offices
BIM	Building information modelling
BMV	Below market value
BRR	Buy, refurbish, rent out
BTL	Buy-to-let
BTR	Build-to-rent
BTS	Buy-to-sell
CCA	Consumer Credit Act
CDM	Construction Design and Management
CIL	Community Infrastructure Levy - The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. (Source: planningportal.co.uk)
CIS	Construction Industry Scheme – Under this, contractors deduct money from a subcontractor's payments and pass it to HMRC. These deductions count as advance payments towards the subcontractor's tax and NI. Contractors must register for the scheme. Subcontractors don't have to register, but deductions are taken from their payments at a higher rate if they're not registered.
CGT	Capital gains tax
CML	Council for Mortgage Lenders
CPD	Continuing Professional Development
CPT	Contractual periodic tenancy
CRM	Customer relationship management (eg, CRM systems)
CTA	Call to Action
Demise	A demise is a term in property law that refers to the conveyance of property, usually for a definitive term, such as premises that have been transferred by lease.
DHCLG	Department of Housing, Communities and Local Government (formerly DCLG – Department for Communities and Local Government)
DoT	Deed or Declaration of Trust
DPS	Deposit Protection Service
EHO	Environmental Health Officer
EIS	Enterprise Investment Scheme
EPC	Energy performance certificate
FCA	Financial Conduct Authority
FHL	Furnished holiday let
FLEEA cover	Insurance cover for Fire, Lightening, Explosion, Earthquake and Aircraft impact, but no other perils. Some times issued for a property that has been empty for some time
FPC	Financial Policy Committee
FRA	Fire risk assessment
FSCS	Financial Services Compensation Scheme
FTB	First time buyer
GCH	Gas central heating
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GDV	Gross Development Value
GOI	Gross operating income
HB	Housing benefit
HHSRS	Housing Health and Safety Rating System
HMO	House of Multiple Occupation
HNWI	High Net Worth Individual a certified high net worth investor is an individual who has signed a statement confirming that he/she has a minimum income of £100,000, or net assets of £250,000 excluding primary residence (or money raised through loan a secured on that property) and certain other benefits. Signing the statement enables receipt of promotional communications exempt from the restriction on promotion on non-mainstream pooled investments. (Source: FCA)
HP	Hire Purchase
HSE	Health and Safety Executive
ICR	Interest Cover Ratio
IFA	Independent financial advisor
IHT	Inheritance tax
JCT (contract)	Joint Contracts Tribunal – produce standard forms of construction contract, guidance notes and other standard forms of documentation for use by the construction industry (Source: JCT)
JV	Joint venture
JVA	Joint venture agreement
KPIs	Key Performance Indicators
L8 ACOP	Approved Code of Practice L8 – Legionella Control and Guidance
LACORS	Local Authorities Coordinators of Regulatory Services
LHA	Local Housing Authority
Libor	London Inter-Bank Offered Rate
LLP	Limited Liability Partnership
LTV	Loan To Value
MCD	Mortgage Credit Directive (European framework of rules of conduct for mortgage firms)
MVP	Minimum viable product
NALS	National Approved Letting Scheme

NICEIC National Inspection Council for Electrical Installation Contracting

NLA National Landlords Association

OIEO Offers in excess of

OMV Open market value

ONS Office for National Statistics

PBSA Purpose-built student accommodation

PCOL Possession claim online

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

PI insurance Professional Indemnity insurance

PLO Purchase lease option

PM Project manager

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

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

PRS Private Rented Sector

R2R Rent-to-rent

REIT Real Estate Investment Trust

RGI Rent guarantee insurance

RICS Royal Institute of Chartered Surveyors

RLA Residential Landlords Association

RoCE Return on Capital Employed

ROI Return on Investment

RP Registered Proprietor, refer ring to the name on the title of a property Land Registry

RSJ Rolled-steel joist – steel beam

RTO Rent to Own

RX1 Form used to register an application to the Land Registry to place a restriction on the legal title of a property to protect the interests of a third party. The restriction will prevent certain types of transaction being registered against the property (eg, sale, transfer of ownership or mortgage)

S8 or Section 8 Named after Section 8 of The Housing Act 1988. A Section 21 Notice (or Notice to Quit) is served when a tenant has breached the terms of their tenancy agreement, giving the landlord grounds to regain possession. Strict rules apply. See https://www.gov.uk/evicting-tenants/section-21-and-section-8-notices for up-to-date information.

S21 or Section 21 Named after Section 21 of The Housing Act 1988. You can use a Section 21 Notice (or Notice of Possession) to evict tenants who have an assured shorthold tenancy. Strict rules apply. See https://www.gov.uk/evicting-tenants/section-21-and-section-8-notices for up-to-date information.

S24 or Section 24 Section 24 of the Finance Act (No. 2) Act 2015 – restriction of relief for finance costs on residential properties to the basic rate of Income Tax, being introduced gradually from 6 April 2017. Also referred to as the Tenant Tax'.

S106 or Section 106 Section 106 agreements, based on that section of The 1990 Town & Country Planning Act, and also referred to as planning obligations, are private agreements made between local authorities and developers. They can be attached to a planning permission to make acceptable development that would otherwise be unacceptable in planning terms. Planning obligations must be directly relevant to the proposed development and are used for three purposes:

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)

SA Serviced Accommodation

SAP (assessment) Standard assessment procedure

SARB Sale and Rent Back

SDLT Stamp Duty Land Tax

SI Sophisticated Investor (Source: FCA)

Certified: individual who has a written certificate from a "firm" (as defined by the FCA) confirming he/she is sufficiently knowledgeable to understand the risks associated with engaging in investment activity.

Self-certified: individual who has signed a statement confirming that he/she can receive promotional communications from an FCA-authorised person, relating to non-mainstream pooled investments, and understand the risks of such investments. One of the following must also apply:

(a) **Member of a syndicate of business angels for at least six months;**

(b) **More than one investment in an unlisted company within the previous two years;**

(c) **Working in professional capacity in private equity sector or provision of finance for SMEs;**

(d) **Director of a company with annual turnover of at least £1m within the previous two years.**

SIP(s) Structural integrated panels

SME Small and Medium-sized Enterprises

SPT Statutory periodic tenancy

SPV Special Purpose Vehicle – a structure, usually a limited company, used when more than one person invests in a property. The legal status of the SPV protects the interests of each investor.

SSTC Sold Subject To Contract

TPO The Property Ombudsman

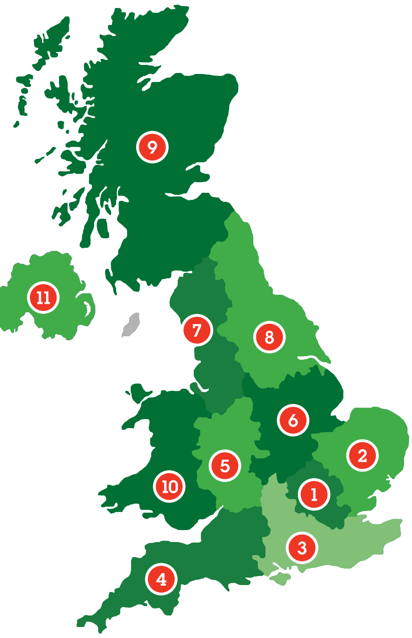
UC Universal credit

UKALA The UK Association of Letting Agents

USP Unique selling point

VOA Valuation Office Agency

NETWORKING EVENTS



ZONE 1

Blackfriars pin
4th Tuesday of the month
Crowne Plaza 19 New Bridge Street Blackfriars London EC4V 6DB
Host: Fraser MacDonald
www.blackfriarspin.co.uk

Canary Wharf pin
1st Thursday of the month
De Vere Conference Suite No. 1 Westferry Circus London E14 4HD
Host: Samuel Ikhinmwin
www.canarywharfpin.co.uk

Clapham pin
1st Tuesday of the month
Landor Space 70 Landor Road Clapham London SW9 9PH
Host: Stuart Ross
www.claphampin.co.uk

Croydon pin
3rd Wednesday of the month
Jurys Inn Croydon Hotel Wellesley Road Croydon CR0 9XY **Host:** Stuart Ross
www.croydonpin.co.uk

Kensington pin
2nd Wednesday of the month
The Rembrandt 11 Thurloe Place South Kensington London SW7 2RS
Host: Marion Watts
www.kensingtonpin.co.uk

Regent's Park pin
3rd Tuesday of the month
Holiday Inn London Regents Park Carburton Street London W1W 5EE
Host: Irene Anggard Agnell
www.regentsparkpin.co.uk

Sutton pin 2nd Thursday of the month
Holiday Inn London Sutton Gibson Road Sutton Surrey SM1 2RF
Hosts: Johanna and Peter Lawrence
www.suttonpin.co.uk

PPN London St. Pancras 03/07/2019
WeWork Kings Place 90 York Way London N1 9AG **Hosts:** Jamie Madill & Steve Mitchell
progressivepropertynetwork.co.uk/stpancras

PPN London Knightsbridge 02/07/2019
Leo Nova South, 160 Victoria Street Westminster London SW1E 5LB.
Host: Pippa Mitchell
progressivepropertynetwork.co.uk/knightsbridge

PPN Blackfriars 08/07/2019
Crown Plaza 19 New Bridge St London EC4V 6DB **Host:** Kevin McDonnell
progressivepropertynetwork.co.uk/mayfair

PPN Canary Wharf 18/07/2019
De Vere Canary Wharf 1 Westferry Circus E14 4HD **Hosts:** Kal Kandola and Diksesh Patel
progressivepropertynetwork.co.uk/canary-wharf

PPN Mayfair 25/07/2019
The Washington Mayfair 5 Curzon St Mayfair London W1J 5HE
Host: David Seigler
progressivepropertynetwork.co.uk/mayfair

PPN Bank 01/07/2019
Brand Exchange Members Club 3 Birchin Lane London EC3V 9BW
Host: Michael Primrose
progressivepropertynetwork.co.uk/bank

Premier Property Club - Islington
2nd Wednesday of the Month
Double Tree Hilton Hotel 60 Pentoville Road N1 9LA **Founder:** Kam Dovedi
premierpropertyclub.co.uk/islington

Premier Property Club - Knightsbridge
3rd Wednesday of the Month
Hilton Hotel Park Lane 22 Park Plane W1K 1BE **Founder:** Kam Dovedi
premierpropertyclub.co.uk/knightsbridge

Premier Property Club - Canary Wharf
4th Tuesday of the Month
Hilton Hotel Marsh Wall London E14 9SH **Founder:** Kam Dovedi
premierpropertyclub.co.uk/canarywharf

Premier Property Club - Croydon
1st Tuesday of Each Month
Jurys Inn Croydon Wellesley Road London CR0 9XY **Founder:** Kam Dovedi
premierpropertyclub.co.uk/croydon

Premier Property Club Wembley
4th Wednesday of each month
Holiday Inn Wembley Empire Way Wembley HA9 8DS
Founder: Kam Dovedi
premierpropertyclub.co.uk/wembley

Wandsworth-Property-Group
Love Property in N1 Meetup Group
1st Thursday of the Month
The Islington Company 97 Essex Road N1 2SJ **Host:** Vaida Filmanaviciute
www.meetup.com/Love-Property-in-N1-Meetup-Group

Property Leverage Network - London
1st Monday of the month Pavillion End 23 Watling Street London EC4M 9BR
Host: Karun Chaudhary (07542210168)

Central London Evening Meet
4th Thursday of the month
London Bridge Hotel 8-18 London Bridge St London SE1 9SG
Hosts: Brendan Quinn and Luke Hamill
www.meetup.com/CentralLondonPropertyNetwork

Central London Morning Meet
See website for details
Grosvenor Casino 3-4 Coventry Street Piccadilly Circus London W1D 6BL
Host: Brendan Quinn
www.meetup.com/CentralLondonPropertyNetwork

Baker Street Property Meet
Last Wednesday of every Month
Holiday Inn London Regents Park Carburton Street London W1W 5EE
Host: Ranjan Bhattacharya
www.BakerStreetPropertyMeet.com

Sutton Property Meetup
2nd Monday of the Month
The Ivory Lounge 33-35 High Street Sutton Surrey SM1 1DJ
Hosts: Johanna and Peter Lawrence
www.meetup.com/Sutton-Property-Meetup

London Property Investor Breakfast
4th Tuesday of the month (7.30am – 9.30am) Doubletree by Hilton 92 Southampton Row Holborn London WC1B 4BH **Host:** Fraser Macdonald
www.meetup.com/londonpropertybreakfast

UK Property Investors Networking Event Last Monday of the Month
Grovesnor Hotel 101 Buckingham Palace Road Victoria London
Host: Cornay Rudolph
www.meetup.com/UK-Property-Investors-Networking-Event

The Kensington & Chelsea Property Group 2nd Wednesday of the month
Baglioni Hotel 60 Hyde Park Gate London SW7 5BB **Host:** Neil Mangan
https://www.meetup.com/The-Kensington-Chelsea-Property-Group/

Property Leverage Network City of London 4th Monday of every month
Dawson House 5 Jewry Street London EC3N 2EX **Hosts:** Felix Cartwright & Phil Ash (07856202658)
www.propertyleverage.co.uk

Property Leverage - Southbank London 3rd Monday of the month
Mulberry Bush 89 Upper Ground Southbank London SE1 9PP
Hosts: Felix Cartwright & Phil Ash (07856202658)
www.propertyleverage.co.uk

The London Real Estate Buying & Investing Meetup Group
2nd Tuesday of the Month
Business Environment Services Offices 154 - 160 Fleet Street EC4A 2NB
Host: John Corey
www.meetup.com/real-estate-advice

West London Property Networking
2nd Thursday of each month (except Dec or Aug) High Road House Chiswick West London
Hosts: Jeannie Shapiro and Pelin Martin
www.westlondonpropertynetworking.co.uk

Wandsworth Property Group
3rd Tuesday of the Month
The Alma 499 Old York Road Wandsworth London SW18 1TF
Host: Brendan Quinn
www.meetup.com/Wandsworth-Property-Group

Bloomsbury Wealth Investing Network
3rd Wednesday of the month
The Wesley Hotel 81-103 Euston St Kings Cross London NW1 2EZ
Hosts: Matt Baker & Jo Akhgar
www.bloomsburywin.net

Elephant & Castle Wealth Investing Network 1st Tuesday of every month
London South Bank University Keyworth Street Keyworth Building SE1 6NG
Host: Sonia Blackwood

Global Investor Club London
2nd Thursday of every month
City Business Library Guildhall London EC2V 7HH **Host:** Jan Kortyczko
fb.com/GICLondyn **Please note** that most speakers are presenting in Polish

Female Property Alliance
3rd Tuesday of every month
Doubletree Victoria Bridge Place SW1V 1QA **Host:** Bindar Dosanjh
http://femalepropertyalliance.co.uk

Croydon Property Meet
1st Wednesday of the month
Croydon Park Hotel Altyre Road Croydon. CR9 5AA
Hosts: Rob Norton and Sel Fayyad
www.croydonpropertymeet.com
rob@croydonpropertymeet.com
sel@croydonpropertymeet.com

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups
London West Smith's Cocktail Bar Brook Green Hotel 170 Shepherd's Bush Road Hammersmith London W6 7PB
London East Property Hub Invest 1 Naoroji Street London WC1X 0GB

ZONE 2

Cambridge pin 4th Thursday of the month
Holiday Inn Cambridge Lakeview Bridge Road Impington Cambridge CB24 9PH
Host: Christine Hertoghe
www.cambridgepin.co.uk

Essex pin 3rd Tuesday of the month
Orsett Hall Hotel Price Charles Avenue Orsett Essex RM16 3HS **Host:** Reegan Parmenter**www.essexpin.co.uk**

Norwich pin 2nd Tuesday of the month
Holiday Inn, Ipswich Road, Norwich, Norfolk, NR4 6EP
Host: Nigel Garioch **www.norwichpin.co.uk**

PPN Ipswich 08/07/2019 Best Western Ipswich Hotel Old London Road Copdock Ipswich IP8 3JD **Host:** Halstead Ottley
progressivepropertynetwork.co.uk/ipswich

PPN Peterborough 15/07/2019
Holiday Inn Thorpe Wood Peterborough PE3 6SG **Host:** Josh Shaw
progressivepropertynetwork.co.uk/peterborough

PPN Brentwood 02/07/2019
Holiday Inn Brook Street CM14 5NF
Hosts: Sarah and Tony Harding
progressivepropertynetwork.co.uk/brentwood

Colchester Property Circle
2nd Thursday of each month - 7.30pm
The Greyhound Pub, High Street, Wivenhoe CO7 9AH **Host:** Phil Sadler
https://bit.ly/2Kld96t

Essex Property Network
2nd Tuesday of the Month Holiday Inn Brentwood CM14 5NF **Host:** Cyril Thomas
www.essexpropertynetwork.co.uk

Harlow Property Network in association with Premier Property Club 2nd Thursday of Every Month The Day Barn Harlow Study Centre Netteswellbury Farm (off Waterhouse Moor) Harlow Essex CM18 6BW.
myproperty.coach

ZONE 3

Eastbourne pin
1st Wednesday of the month
Royal Eastbourne Golf Club Paradise Drive Eastbourne East Sussex BN20 8BP **Host:** Lee Beecham
www.eastbournepin.co.uk

Woking pin **3rd Thursday of the month**
Hoebridge Golf Club Old Woking Road Woking GU22 8JH **Host:** Anne Woodward **www.wokingpin.co.uk**

Oxford pin **1st Thursday of the month**
Jurys Inn Godstow Rd Oxford OX2 8AL **Host:** Gillie Barlow
www.oxfordpin.co.uk

Reading pin **1st Tuesday of the month**
Crowne Plaza Reading Caversham Bridge Richfield Avenue Reading RG1 8BD **Hosts:** Guy Brown and Rupal Patel **www.readingpin.co.uk**

Berkshire pin **3rd Monday of the month**
Holiday Inn Maidenhead Manor Lane Maidenhead SL6 2RA **Hosts:** Andy Gaught & Jonathan Barnett
www.berkshirepin.co.uk

Southampton pin
1st Tuesday of the month
Chilworth Manor Hotel Southampton Hampshire SO16 7PT
Hosts: Nigel Bugden & Jon Woodman
www.southamptonpin.co.uk

Brighton pin
3rd Thursday of every month
The Courtlands Hotel 19-27 The Drive Hove East Sussex BN3 3JE
Host: Peter Fannon
www.brightonpin.co.uk

Basingstoke pin
4th Wednesday of the month
The Hampshire Court Hotel Centre Drive Great Binfield Road Chineham Basingstoke RG24 8FY
Hosts: Seb and Aga Krupowicz
www.basingstokepin.co.uk

Kent pin
1st Thursday of the month
Village Hotel Club Maidstone Castle View Forstal Road Sandling ME14 3AQ **Hosts:** Martin and Sarah Rapley **www.kentpin.co.uk**

J6 Property Professionals & Investors Meet **2nd Tuesday of the month**
Aston Bond solicitors Windsor Crown House 7 Windsor Road Slough SL1 2DX **Host:** Manni Chopra
www.j6propertymeet.co.uk

The Property Vault
3rd Monday of the month
Eastgate 141 Springhead Parkway Northfleet DA11 8AD
Host: Dan Hulbert
www.thepropertyvaultuk.com

Surrey Property Exchange
2nd Monday of the Month
Holiday Inn Egerton Road Guildford GU2 7XZ **Host:** Richard Simmons
www.surreypropertyexchange.co.uk

Premier Property Club - Kent
2nd Tuesday of each month Castle View Forstal Rd Maidstone ME14 3AQ
www.PremierPropertyClub.co.uk

The Bucks Property Meet
Last Thursday of the Month
The Bull Gerrards Cross **Hosts:** John Cox and Rachael Troughton
www.Buckspropertymeet.com

Southampton Property Hub Meet Up
1st Thursday of every month
The Maritimo Lounge 1 Moresby Tower Admirals Quay Ocean Way Southampton SO14 3LG
Host: Sarah Smith
https://www.facebook.com/propertyhubsouthampton/?fref=ts

Premier Property Club - Brighton
1st Thursday of the Month
Jurys Inn Brighton Waterfront King's Road Brighton BN1 2GS
www.premierpropertyclub.co.uk/brighton

Eastbourne Wealth Investing Network **4th Wednesday of every month** The View Hotel Grand Parade Eastbourne BN21 4DN
Host: Jonas Elsen-Carter

Guildford Wealth Investing Network
1st Wednesday of every month
Old Thorns Manor Hotel Golf & Country Estate Liphook GU30 7PE
Hosts: Wendy Alexander & Adrian Brown

Crawley Property Meet
3rd Tuesday of every month
crawleypropertymeet.com Europa Hotel Balcombe Road Crawley RH10 7ZR **Hosts:** Tania Carson, Pam Mackenzie, Nick Parkhouse and Phil Williams.

PDPLA
2nd Monday of the month The Inn Lodge Burrfields Road Portsmouth PO3 5HH. 7:30 **Host:** Joan Goldenberg
www.pdpla.com

Mid Surrey Wealth Investing Network **2nd Wednesday of every month** Sutton United Football club Gander Green Lane Sutton SM1 2EY
Host: June Cruden

Property Expert Network Launch Event (PEN) **Monday 3rd June 2019, 7.00pm – 10pm** Solent View Room at Pyramids, Clarence Esplanade, Portsmouth, PO5 3ST
Guest Speaker: Jon McDermott
https://www.eventbrite.co.uk/e/property-expert-network-launch-event-by-town-planning-experts-tickets-60478869928

The Reading Property Meet
Last Thursday of each month
Grosvenor Casino Reading South, Rose Kiln Lane, Reading, RG2 0SN
Host: Adam Vickers
https://bit.ly/2WLwMGs

ZONE 4

Bournemouth pin
2nd Tuesday of the month
Sandbanks Hotel 15 Banks Road Poole BH13 7PS **Hosts:** Debbie & Mike Watts
www.bournemouthpin.co.uk

Cheltenham pin
3rd Tuesday of the month
The Best Western Cheltenham Regency Hotel Old Gloucester Road Near Staverton Gloucestershire GL51 0ST
Hosts: David and Beverley Lockett
www.cheltenhampin.co.uk

Devon pin **4th Thursday of the month**
Buckerell Lodge Hotel Topsham Road Exeter EX2 4SQ **Hosts:** Kevin & Sally Cope **www.exeterpin.co.uk**

Bristol pin
2nd Wednesday of the Month
Holiday Inn Bristol Filton Filton Road Bristol Avon BS16 1QX **Host:** Nick Josling **www.bristolpin.co.uk**

Salisbury pin
3rd Wednesday of the month
Grasmere House Hotel, 70 Harnham Road, Salisbury, SP2 8JN
Hosts: James and Malcolm White
www.salisburypin.co.uk

Swindon pin
4th Wednesday of the month
Village Hotel Swindon Shaw Ridge Leisure Park, Whitehill Way, Swindon SN5 7DW **Host:** Leo Santana
www.swindonpin.co.uk

PPN Bournemouth **16/07/2019**
The Ocean Beach Hotel & Spa 32 East Overcliff Drive Bournemouth BH1 3AQ
Host: Leigh Ashbee
progressivepropertynetwork.co.uk/bournemouth

PEN Wiltshire
Last Tuesday of the Month
Stanton Manor Hotel Stanton St. Quintin Near Chippenham Wiltshire SN14 6DQ **Host:** Neil Stewart
www.penwiltshire.com

Professional Investment Group (PIG) - Plymouth **3rd Monday of the month**
Boringdon Hall Hotel and Spa Boringdon Hill Colebrook Plymouth PL7 4DP
Host: Angelos Sanders
www.pig.network

Bristol BMV Property Options
Last Thursday of every month
The Holiday Inn Bond Street Bristol BS1 3LE **Host:** Del Brown
www.bmvpropertyoptions.co.uk/property-investment-meeting-pim

Professional Investment Group (PIG) - Cornwall **1st Monday of the month**
The Victoria Inn Roche PL26 8LQ
Hosts: Angelos Sanders & Matt Pooley
www.pig.network

Torbay Free Property Meet
2nd Monday of the month from 7pm
Chelston Manor, Old Mill Rd, Torquay TQ2 6HW
Hosts: Ed Akay and Mel Richards
www.facebook.com/torbayproperty

Exeter Free Property Meet
First Thursday of the Month from 7pm
The Ley Arms, Kenn, Devon EX6 7UW
Hosts: Ed Akay and Keith Sparkes
www.facebook.com/exeterpropertymeet

Plymouth Wealth Investing Network (WIN)
2nd Monday of the Month
The Boringdon Park Golf Club, Plympton, Plymouth. PL7 4QG
Host: Carole Beggs
wealthinvestingnetwork.com/plymouth

ZONE 5

Birmingham Central pin
1st Thursday of the month
Novotel Birmingham Centre Hotel 70 Broad Street Birmingham B1 2HT
New host: Dan Norman
www.birminghamcentralpin.co.uk

Birmingham pin
3rd Thursday of the month
Crowne Plaza NEC Pendigo Way National Exhibition Centre Birmingham B40 1PS **Hosts:** Andy Gwynn and Mary Collin**www.birminghampin.co.uk**

Black Country pin
4th Wednesday of the month
Village Hotel Dudley Castlegate Drive Dudley West Midlands DY1 4TB
Host: Phillip Hunnable
www.blackcountrypin.co.uk

Coventry and Warwickshire pin
2nd Tuesday of the month
Citrus Hotel Coventry A45 London Rd Ryton on Dunsmore Warwickshire Coventry CV8 3DY
Host: Sebastien Buhour
www.coventrypin.co.uk

Worcester pin
1st Wednesday of the month
The Pear Tree Inn & Country Hotel Smite Worcester WR3 8SY
Hosts: Andy & Karen Haynes
www.worcesterpin.co.uk

Stoke-on-Trent pin
2nd Wednesday of the month
Premier Inn Trentham Gardens Stoke Stone Road Stoke-on-Trent ST4 8JG
Host: Steve and Emma Barker-Hall
www.stokepin.co.uk

PPN Wolverhampton **02/07/2019**
Molineux Stadium Waterloo Road Wolverhampton WV1 4QR
Hosts: Tim and Sue Gray
progressivepropertynetwork.co.uk/wolverhampton

PPN Birmingham **09/07/2019**
Members Club House Edgbaston Priory Club Sir Harry's Road Edgbaston Birmingham B15 2UZ
Host: Kirsty Darkins
progressivepropertynetwork.co.uk/birmingham

PPN Leamington Spa **17/07/2019**
The Saxon Mill Coventry Road Guys Cliffe Warwick Warwickshire UK CV34 5YN **Host:** Mark Potter
progressivepropertynetwork.co.uk/leamingtonspa

Great Property Meet Warwickshire
3rd Monday of the month
Dunchurch Park Hotel & Conference Centre Rugby Road Dunchurch Warwickshire CV22 6QW
Hosts: Andrew Roberts and Peter Lazell
www.GreatPropertyMeet.co.uk

Saj Hussain's Peer Meetup for Property People **3rd Tuesday of the month, no meeting in August and December** Midlands Arts Centre, Cannon Hill Park, Birmingham, B12 9QH
https://www.sajhussain.com/networking

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups
Birmingham The Lost and Found Birmingham 8 Bennetts Hill Birmingham B2 5RS

ZONE 6

Luton pin 4th Tuesday of the month
Hampton by Hilton 42-50 Kimpton Rd Luton LU2 0SX **Host:** James Rothnie
www.lutonpin.co.uk

Milton Keynes pin
3rd Wednesday of the month
Holiday Inn Milton Keynes 500 Saxon Gate West Milton Keynes MK9 2HQ
Host: Reemal Rabheru
www.miltonkeynespin.co.uk

Leicester pin 1st Thursday of the month
The Fieldhead Hotel Markfield Lane Markfield LE67 9PS **Host:** Jo and Gary Henly **www.leicesterpin.com**

Nottingham pin
3rd Tuesday of the month
Park Inn by Radisson Nottingham 296 Mansfield Road Nottingham NG5 2BT **Host:** Spike Reddington
www.nottinghampin.co.uk

Watford pin 2nd Thursday of the month
The Mecure A41 Watford Bypass Watford Hertfordshire WD25 8JH
Hosts: Waseem Herwitker and Shack Baker **www.watfordpin.co.uk**

Northampton pin
1st Thursday of the month
Holiday Inn Express Northampton, Junction 15, M1, Loake Close, Grange Park, Northampton NN4 5EZ
Host: Amelia Carter
www.northamptonpin.co.uk

Lincoln pin 4th Thursday of every month
Holiday Inn Express Lincoln City Centre Ruston Way Brayford Park Lincoln LN6 7DB **Hosts:** Ankie Bell and Hannelie Ehlers **www.lincolnpin.co.uk**

PPN Derby 09/07/2019
Nelsons Solicitors Sterne House Lodge Lane Derby DE1 3WD
Hosts: Mike Alder & Jamie Hayter
progressivepropertynetwork.co.uk/derby

PPN Leicester 03/07/2019
Marriott Hotel Smith Way Grove Park LE19 1SW **Host:** Kal Kandola
progressivepropertynetwork.co.uk/leicester

PPN Northampton 16/07/2019
Hilton Hotel 100 Watering Lane Collingtree Northampton NN4 0XW
Host: Kim Hendle
progressivepropertynetwork.co.uk/northampton

Stevenage Wealth Investing Network
3rd Wednesday of every month
Stevenage Novotel Hotel Steveage Road Knebworth Park SG1 2AX
Hosts: Stephen & Bridget Cox

UK Property Network Leicester
2nd Tuesday of the Month
The Field Head Hotel Markfield La Markfield Leicestershire LE67 9PS
Host: Tracey Hutchinson
www.meetup.com/UKPN-Leicester

Landlords National Property Group
1st Monday of the Month
The Derbyshire Hotel Carter Lane East Derby DE55 2EH **Hosts:** Paul Hilliard and Nick Watchorn **www.lnpg.co.uk**

Midland Property Forum
3rd Thursday of the month
The Oldmoor Lodge Mornington Crescent Nottingham. NG16 1QE
Hosts: Kal Kandola Hannah Hally Kelly Hally James Howard-Dobson Steve Harrison
https://www.facebook.com/MidlandsPropertyForum

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups

St Albans The Beech House 81 St Peter's Street St Albans AL1 3EG

Nottingham St James Hotel No 6 Bar & Restaurant 1 Rutland Street Nottingham NG1 6FL

ZONE 7

Liverpool pin 4th Thursday of the month
The Shankly Hotel Millennium House 60 Victoria St Liverpool L1 6JD
Hosts: Billy Turriff Julie and Oliver Perry
www.liverpoolpin.co.uk

Manchester pin
3rd Wednesday of the month
Best Western Cresta Hotel Church St Altrincham WA14 4DP
Host: Julie Whitmore
www.manchesterpin.co.uk

Chester pin 2nd Thursday of the month
Mercure Chester (formerly known as Ramada) Whitchurch Road Christleton Chester CH3 5QL **Host:** Hannah Fargher
www.chesterpin.co.uk

PPN South Manchester 25/07/2019
Best Western Plus Pinewood on Wilmslow Wilmslow Road Cheshire SK9 3LF
Host: Mike Chadwick
progressivepropertynetwork.co.uk/wilmslow

PPN Blackpool 22/07/2019
Ribby Hall Village Ribby Road Wrea Green Nr Blackpool PR4 2PR
Host: Niki Torbett
progressivepropertynetwork.co.uk/blackpool

PPN Liverpool 24/07/2019
Marriott Hotel One Queen Square Liverpool L1 1RH **Hosts:** Andrew Budden & Alison McIntyre
progressivepropertynetwork.co.uk/liverpool

TPM Meeting Warrington
4th Monday of every month
The Park Royal Hotel Stretton Road Stretton Warrington WA4 4NS
Host: Susan Alexander
http://thepropertymentor.eventbrite.com

TPM Meeting Wigan & Worsley
4th Wednesday of the month
Holiday Inn Express Leigh Sports Village Sale Way Leigh WN7 4JY
Host: Debra Long
http://thepropertymentor.eventbrite.com

ASANA North West Property Meet
1st Monday of each month
The Willows Douglas Valley A6 Blackrod Bypass Blackrod Bolton BL6 5HX
Hosts: Howard Cain and Kathy Bradley
www.asanapropertyinvestments.co.uk

Manchester Property Investor Breakfast 1st Friday of the month (7.30am – 9.30am) Village Hotel Ashton under Lyne OL7 0LY
Host: Fraser Macdonald
www.meetup.com/Manchester-Property-Investor-Breakfast

Property Leverage Network Manchester
1st Tuesday of every month Chill Factore 7 Trafford Way Urmston M41 7JA
Hosts: Andrew Wilcock & Gary Collins
http://propertyleverage.co.uk/manchester

Warrington Property Investors' Meet Up Last Tuesday of the month from 7pm-9pm Olympic Park Unit 7 Olympic Way 1st Floor Birchwood Warrington Cheshire WA2 0YL (free parking)
Hosts: Patricia Li and Michael Hopewell
www.meetup.com/Warrington-Property-Investors-Meetup/

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups

Liverpool Punch Tarmey's Liverpool 31 Grafton St Liverpool L8 5SD

Manchester The Bridge Street Tavern 58 Bridge Street M3 3BW

Connect property network
1st Wednesday of the month
Wychwood Park Hotel, Wychwood Park, Crewe, CW2 **Hosts:** Daniel Hennessy and Scott Williams
www.connectpropertynetwork.co.uk

YPN Strongly recommend that you attend your local property networking events. However the events listed are not staged by Your Property Network Ltd. Please check venue and dates on the relevant website before travelling to the event.

ZONE 8

Hull pin 2nd Thursday of the month
Mercure Hull Royal Hotel 170 Ferensway Hull East Yorkshire HU1 3UF **Host:** Neil Brown
www.hullpin.co.uk

Leeds pin 4th Wednesday of the month
Crowne Plaza Hotel Wellington Street Leeds LS1 4DL
Hosts: Jay and Nana Sharma
www.leedspin.co.uk

Harrogate pin
1st Wednesday of the month
Cedar Court Hotel Park Parade off Knaresborough Road Harrogate HG1 5AH **Host:** Paul Bellas
www.harrogatepin.co.uk

York pin 3rd Wednesday of the month
York Pavilion Hotel, 45 Main Street, Fulford, York, YO10 4PJ **Hosts:** Mike Q Hainsworth and Olga Hainsworth
www.yorkpin.co.uk

Sheffield pin
2nd Wednesday of the month
Mercure Sheffield Parkway Hotel (previously known as Aston Hotel) Britannia Way Sheffield South Yorkshire S9 1XU
Hosts: Paul Hastings and Stuart Cooper
www.sheffieldpin.co.uk

PPN Leeds 08/07/2019
Novotel Hotel 4 Whitehall Quay Leeds LS1 4HR **Host:** Mo Jogee
progressivepropertynetwork.co.uk/leeds

PPN Sheffield 23/07/2019
Mercure Hotel Britannia way Catcliffe Rotheram Yorkshire S60 5BD
Host: Kevin McDonnell
progressivepropertynetwork.co.uk/sheffield

Property Leverage - Leeds
3rd Monday of the month
The Stables Weetwood Hall Leeds LS16 5PS (Location subject to change)
Host: Rob Hodgkiss (07398858256)

Property Leverage - Wakefield
1st Wednesday of the month
Kirklands Hotel Leeds Road Wakefield WF1 2LU **Host:** Dominic Woodward (07794223136)

Property Leverage Network – York
2nd Tuesday of every month
Beechwood Close Hotel 19 Shipton Road YO30 5RE York
www.propertyleverage.co.uk

THE PROPERTY HUB
1st Thursday of the Month
http://thepropertyhub.net/meetups

Leeds Dakota Deluxe Hotel 8 Russell Street Leeds LS1 5RN

ZONE 9

Edinburgh pin
3rd Thursday of the month
Capital Hotel 187 Clermiston Rd Edinburgh EH12 6UG **Host:** John Kerr
www.edinburghpin.co.uk

PPN Glasgow 29/07/2019
The Corinthian Club 191 Ingram St Glasgow G1 1DA **Hosts:** Philip Howard & Aaron Percival
progressivepropertynetwork.co.uk/glasgow

Property Leverage Network - Glasgow
4th Tuesday of every month
Glasgow Pond Hotel Great Western Rd G12 0XP Glasgow United Kingdom
www.propertyleverage.co.uk

ZONE 10

Cardiff pin 2nd Tuesday of the Month
Mercure Cardiff Holland House Hotel & Spa 24-26 Newport Rd Caerdydd Cardiff CF24 ODD **Host:** Morgan Stewart **www.cardiffpin.co.uk**

Swansea pin 4th Thursday of the Month
Village Hotel Langdon Road (Off Fabian Way) SA1 Waterfront Swansea SA1 8QY **Host:** Bernadette & Ian Lloyd **www.swanseapin.co.uk**

PPN Cardiff 11/07/2019
Celtic Manor Resort Newport NP18 1HQ **Hosts:** Sean Forsey & Phill Leslie
progressivepropertynetwork.co.uk/cardiff

ZONE 11

Belfast pin 1st Tuesday of the Month
Balmoral Hotel Blacks Road Dunmurry Belfast BT10 0NF **Host:** Ian Jackson
www.belfastpin.co.uk

Belfast Property Meet
1st Thursday of the Month
The Mac Theatre St. Anne's Square Belfast **Host:** Chris Selwood
www.belfastpropertymeet.com

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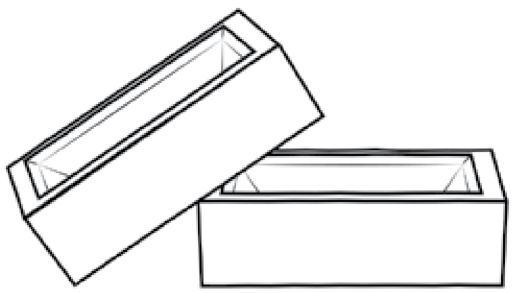

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