

## Ten things

# New strategies for investing in the landlord business

**1** Invest in a good area of town, says Stuart Law, of buy-to-let specialists Assetz. By doing this, you will not only attract a good calibre of tenant but increase your chance of the best capital and rent growth.

**2** Pick a respectable lettings agent to find your tenant. Also, use the internet to gain a rounded impression of your tenant-to-be. George Spencer, of the online service Rentify, recommends making payment of rent by direct debit a condition of the tenancy.

**3** Meet the tenant; the theory is that a tenant is more likely to look after a property and pay rent on time if they know you. "The personal 'look them in the eye' approach can also make it easier when dealing with issues that may arise," says Peter Hughes, an estate agent operating in West Sussex. June Inglis, of Finders Keepers lettings agency in Oxfordshire, says she knows of a landlord who invites his new tenant to dinner. "It works like a dream — the tenants cared for the property very personally as a result," she says.

**4** Visit the tenant in their current home — it will give you an idea of how yours will be in six months.

**5** Make your property sparkle. Tenants are much more likely to take care of their new home if it is in great condition. It's about mutual respect: if you treat the tenant well, they are more likely to repay the favour.

**6** Watch for warning signs, which include a tenant who wants to move in immediately for no clear reason, or someone who has had lots of addresses in a short time or is unwilling to share financial details. Alan Carter, of Legal 4 Landlords, says a tenant who claims to have been living with parents

might be avoiding providing details of a previous landlord or bad debt.

**7** Be wary of any would-be tenant who makes a very low offer, says James Bailey, of the Henry & James agency in London. He says: "Even if they subsequently raise their offer, these people rarely make good tenants. A sensible offer from the outset sets the tone for a straightforward tenant/landlord relationship." Bailey also warns against accepting six months' rent instead of references, a tactic used by people who will have problems paying later.

**8** Get references from two landlords — not one — and three months of bank statements. When renting to two or more tenants, agree to have a lead tenant who will pay the rent in one payment rather than in separate amounts for different tenants, suggests Jonathan Monjack, of the Happy Tenant Company.

**9** Credit-check your tenant and if you are using a guarantor, credit-check them too. "We're seeing some experienced investors use the difference between high rents and low mortgage payments to set aside rainy-day slush funds or to pay for rental-guarantee insurance to protect against the possibility of arrears," says David Newnes, of LSL Property Services.

**10** Be flexible. Steven Bond, of Beresfords estate agency, says: "With the average age of a tenant increasing and more families choosing to rent before they buy, the 'no pets or children' rule should be reconsidered by landlords if a tenant has a good credit rating and references. Landlords can take out pet damage insurance and ask for a higher deposit to cover damage or for the property to be professionally cleaned upon completion of the tenancy." *Jessie Hewitson*



**Make sure your property is in tiptop condition before letting, and your tenants are more likely to look after it**

## 'I've evicted three tenants on welfare

**J**ames Davis, the 38-year-old chief executive of the online lettings agency Upad, has 15 buy-to-let properties in northwest London and Swansea. Until recently, he thought that housing benefit tenants were better than private ones as they looked after properties and stayed longer. After the housing benefit caps took effect last July, he found that he had to evict just such tenants.

"Previously, rents were set at the market rate, but now a three-bedroom flat is set at a maximum £340 per week, regardless of where it is in the country," says Davis, right, who is married with two children. "I have a three-bedroom property on Edgware Road, in northwest London — I was getting £700 in rent a week; after last July this was halved. Since July, tenants have been able to get money from the council topping up the shortfall, but now that money has been spent and landlords are evicting

tenants on housing benefit because the sums don't stack up.

"I have evicted three tenants on benefits in the past few months — families mid-way through the school term. It's a horrible experience — mostly for them, but for me too. You can't just issue a Section 21 notice to a private tenant to inform them that they have two months to move out. The council won't rehouse the tenant unless you apply for a court order and employ a bailiff. It's traumatic for the tenant and expensive and time-consuming for the landlord: it is a three to four-month process that costs me £1,500 a property in court and legal fees.

"Once the tenants leave, they turn up at the council to be rehoused, it's a roll of the dice whether they be in the same area. They end up in B&B, which isn't suitable housing for a family and costs more than the housing cap saves in the first place, imagine." *Jessie Hewitson*

