



**SPRING 2021**

**NEWSLETTER**





# Welcome

Hello! Welcome to our Spring 2021 Horizon Lets Newsletter. We hope you are enjoying the warmer weather and had the chance to eat too many eggs over the Easter Period!

Hopefully, the unpredictable times will be coming to an end soon and we have done a good job in keeping you up to date with all the new legislations/rules which have happened because of the pandemic! We will continue to provide these newsletters with up-to-date information to keep you ahead of the rest.

Even though the last year has been difficult for some, as we are moving through 2021, the UK property market remains buoyant with most tenants finding their feet again now if they have suffered any effects of furlough throughout the pandemic. Throughout the uncertainty, one thing has remained the same – good tenants do still

exist, and they are still looking for well looked after houses to live in!

We have seen things in the past year which we never thought we would see – a overwhelming number of mortgage holidays being used, stamp duty holiday being extended time and time again but hopefully things are on the way to being normal again and this will happen as quickly as the weirdness took over!

At Horizon Lets we have worked hard to ensure that our customers are not affected by the pandemic and thank you all for helping us along the way! We work as hard as we do because we want to continue giving the customer service that we pride ourselves on; even in such strange times! We are constantly working on enhancing & developing our service so we hope to bring more value to our landlords in 2021 and beyond!!!

# Landlord Guide To Garden Maintenance

So, you have new tenants in your rental property and they're busy getting settled... but who's responsibility is it to make sure the garden stays looking nice?

Tenants are responsible for the upkeep of both outdoors as well as indoors unless the tenancy agreement states otherwise.

- The tenants are expected to keep the garden in the same condition as when they moved in by ensuring that the grass is cut, any shrubbery is maintained, and any furniture is taken care of
- Tenants should keep the garden litter free and relatively tidy
- If there is a visitor, then it is the responsibility of the tenant to ensure that they do not cause any damage
- If a tenant wants to make any changes the garden, they need to ask the Landlord. It can then be agreed by both parties who is carrying out the work, who is paying for it and whether it needs to be returned to how it was after the tenant leaves

The Landlord should add any particular requested outdoor maintenance and terms they wish to be upheld into the tenancy agreement, this stops any confusion between both parties

The landlord should always ensure there is an inventory before the tenants move in. This should show photographs of all outside areas. This helps with production of the Check Out Report and with any deposit claims that needs to be made at the end of the tenancy. At Horizon we always strongly encourage landlords to have an inventory completed prior to the start of any tenancy.

The team at Horizon Lets work hard to ensure tenants are suitable for the properties under management. Some tenants will go to great efforts to make their garden nice but often we see tenants that don't focus on their gardens, perhaps because they don't "own" them.

We are happy to advise landlords on designing their gardens to make them suitable for tenants and to make them as appropriate as possible for renting out – while we love them, sometimes maintaining a huge lawn can be a burden for tenants!

## Top Tip For Landlords!

Take out buildings insurance that covers you for any damage, malicious or otherwise, to ensure that repairs can be made, and you not left with a big bill!

## Our Guide To The Property Investment Strategies; The Pros & Cons

At its simplest, there are only two property investment strategies:

- Buy a property and rent it out
- Buy a property then sell it on for a profit

But if it were that easy, there would be no need for this article. Indeed, there are a much larger number of approaches – each suitable for differing types of people, approaching different types of goal.

When you put together a business plan for your property investments, you'll need to think about which type of investment strategy best fits your objectives.

So, in this post, we'll look at each one – looking at what it is, and what the advantages and disadvantages are compared to other strategies a landlord could pursue instead.

### Buy To Let

By buying a property to rent out, you aim to make money in two different ways:

- The monthly rental income more than costs
- The growth in the capital value of the property over time

There are lots of different varieties to look at, but they all share the basic model: regular income, with the hope of further gains over time.





## House Of Multiple Occupation (HMO)

An HMO is basically a “house share” – where a property is rented out room-by-room to unrelated individuals.

**Renting out a property by the room tends to generate more revenue than letting it, however there are more costs**

If you decide on an HMO you could take a three-bedroom house with two reception rooms, create a fourth bedroom, and rent out each room for £400 per month. As a single property, you might only get £1,000 – so the HMO makes £600 more in rent per month.

However, there are also higher costs: HMOs tend to be let furnished with bills included (this can be significant expense!), plus there is likely to be more wear and tear. Management is more time-consuming too, which means either higher letting agent fees or more involvement from the landlord.

Even after the extra costs, HMOs may offer a higher yield – and as a result, they have grown massively in popularity over the last five years. The knock-on effect is that councils are taking more action to regulate them: tightening up existing regulations, increasing the types of HMO that need to be licensed, and refusing permission for new HMOs to be set up in some areas.

### Pros:

- Higher yields than single lets
- Diversified income streams: if one tenant stops paying, there's still income from the others

### Cons:

- More intensive management required
- More regulations to comply with
- Harder to get a mortgage than for a single let

## Professional Single Lets

You can think of this as “normal” or “traditional” buy-to-let renting out a property as a single unit to a working individual or family.

It has been around forever, and it is about as simple as it gets. All you need to do is get your sums right in the first place, buy in the right place, get a good tenant in, and make sure they are happily paying the rent.

That is an oversimplification, but at its heart that's all there is to it. While you will hear a lot about other more advanced strategies, most property investors stick to normal buy-to-let – and there is a lot to be said for keeping it simple.

### Pros:

- Easy to understand and get started
- Easy to get mortgages for, compared to other types of buy-to-let
- Takes up little management time – or a letting agent is easy to find
- Predictable returns if you make an adequate allowance for costs

### Cons:

- Returns aren't as high as some other types of buy-to-let

## Student Property

Student lets are just a sub-type of HMOs – but are worth considering separately because the student market has its own characteristics.

Generally, the management of a student property is more predictable because they sign up for a set amount of time, and you know exactly when they will be moving in and out. Also, they will usually be on one joint contract – so if one student leaves, the others will have to continue paying their share of the rent.

The challenge is that traditional student house-shares are coming under pressure from new purpose-built student accommodation. Increasingly, students are attracted to high-spec city centre flats with lots of facilities – and in some areas, this has made traditional student houses hard to let.

### Pros:

- The increased revenue of HMOs, with less management overhead
- A predictable student “cycle”

### Cons:

- Pressure from purpose-built accommodation in some areas

## Housing Benefit Tenants

The terminology around housing benefit is tricky: it is calculated using something called Local Housing Allowance (LHA), but in some areas it has been rolled into Universal Credit (UC), and many people still refer to it as “DSS”.

You will see all these terms mentioned, but all mean the same thing: renting to tenants who have their housing paid for by the local authority.

The upside of this tenant type is that the rent paid by the local authority is the same for all properties of certain sizes in the same area, so you know exactly how much you can charge – and due to how it is calculated, it can be higher than a private renter would pay for the same property.

The downside is that the tenants can be trickier to manage, and councils tend to pay the housing benefit to the tenant – who may or may not pass it to the landlord in some instances.

There are ways around many of the challenges, and it can be a high-yielding strategy – but it is best to only approach this idea with a willingness to put time and effort into finding the right tenants and building knowledge about the workings of the benefits system.

### Pros:

- High yielding
- Predictable levels of rent
- High tenant demand

### Cons:

- More specialist management required
- Properties tend to be less desirable and benefit from less capital growth

## Holiday Lets

A holiday let is a property that is rented out short-term to holidaymakers. You will also hear about “serviced accommodation”, which is the same thing but aimed more at business travellers.

There is a lot of crossover in the two terms, and the model is the same: the only difference is the type of customer you target.

This type of short-term accommodation can be very profitable if you achieve a high level of occupancy. For example, for a seaside cottage it'll be easy to fill up the summer months – but the real money is made if you manage to fill up the rest of the year, albeit at a lower nightly/weekly rate.

The downside is that the work is almost constant, with marketing and frequent changeovers of occupancy to deal with. It is also difficult to find a mortgage that will allow short-term lets – so with reduced leverage, return on Investment may be lower even with higher rental income.

### Pros:

- Extremely high yielding if occupancy is high
- No possibility of having to evict, as tenure isn't secure
- Better tax treatment than for single lets

### Cons:

- Lots of work, with constant marketing and changeovers
- Exceedingly difficult to find a mortgage that allows it

# Buy To Sell

Buying to sell, also known as “flipping”, couldn’t be more different from all varieties of buy-to-let. There’s no steady income or long-term growth: the aim is to make a profit by buying at one price and selling at another.

As such, you could think of it as “trading” rather than “investing”. The fact that the product is property is unimportant: the model is no different from fixing up and selling on cars, computer equipment or anything else.

The big attraction of flipping is that you can generate meaningful amounts of cash quickly: a successful project could make tens of thousands of pounds in a matter of months, rather than a buy-to-let property just making a couple of hundred pounds per month.

And the downside is the same thing: the property won’t continue to make money every month, so you’re only generating income when you’re completing projects: as soon as you stop working, the money dries up.

The two keys to a successful flip are buying the property at the right price and keeping the refurb costs within budget. It is not easy for an amateur to do but can be highly lucrative if you find the right former.

Really, whether buy-to-sell makes sense for you will depend on your end goals.

## Pros:

- Ability to generate quick lump sums
- No need to deal with tenants and maintenance
- No need to worry about the long-term health of the property market

## Cons:

- No residual income: you only make money if you’re executing projects
- Hands-on, complex work with lots of aspects to manage
- Could be forced to sell at a loss if you get it wrong: can’t be bailed out by rising prices in the long term



# Commercial Property

Some people are put off by the fact that while everyone needs somewhere to live, commercial property is more subject to the whims of the economy – and if you lose a tenant, it can take a long time to find a new one.

However, it undoubtedly requires less ongoing work: leases are for multiple years and tend to be “fully repairing and insuring”, so if you’ve got a tenant with a stable business there isn’t a lot to do.

There are also tax advantages, and commercial property can be owned by a pension – so it could well become more popular in the coming years.

## Pros:

- Tenancies tend to be longer-term
- Tenants are responsible for maintenance
- Can be held within pension
- More generous tax treatment than residential

## Cons:

- Tends to be harder hit at times of recession than residential property
- Voids can be longer
- Mortgages are always on a repayment basis and may be lower loan-to-value



## Rent-To-Rent

As the name suggests, rent-to-rent involves renting a property from a landlord then renting it out to a tenant – with the profit being the margin between the two rents.

It is common for this to be used in conjunction with an HMO strategy. As a property rented room-by-room will usually generate more rent than a whole property – so it's possible to rent a whole property, sub-let it by the room, and keep the difference between the two as profit.

Alternatively, it is possible to find landlords who are willing to rent properties at a discount in exchange for certainty of income and a lack of hassle. Rent-to-rent would then work by paying the landlord a reduced fixed level of rent for several years, then re-renting the property at the market rate.

### Pros:

- A way of generating income from property with limited cash input
- Can get started quickly

### Cons:

- No long-term capital growth
- Usually not enough margin to employ a managing agent, so hands-on
- Hard to find landlords who want this kind of arrangement

## Lease Options

Lease options are like rent-to-rent, but the investor also has the “option” to buy the property for a fixed amount for a set amount of time.

For example, a property is worth £100,000 and an investor takes the option to buy it for £110,000 at any time in the next five years. In the meantime, they take over the owner's obligations and expenses, and rent the property out.

It became more popular during the recession when properties were in negative equity. The owners were unable to sell for a high enough price to clear the mortgage balance, so may have been willing to agree a future price and wash their hands of the property in the meantime.

Now the market is stronger, there are fewer opportunities for lease options – but they are still popular in some areas.

### Pros:

- A way of generating cash, with the possibility of capital growth
- Limited cash needed to get started

### Cons:

- The owner could attempt to back out of the deal, so the option can only be enforced by an expensive legal battle
- Hard to find landlords who will agree to this arrangement
- Usually not enough margin to employ a managing agent, so hands-on





## 10 Tips For Preparing A Property To Let

### Double glazing

Install A-rated double-glazed windows which include trickle vents and request that tenants keep the trickle vents always open to improve air flow in the home. This can help reduce condensation.

### Plumbing

Install quality taps and shower valves which benefit from a minimum of 10 years warranty. The upfront cost of the equipment is higher, but it will save you in the long run as we all know you get what you pay for.

### Boiler

Install an A-rated gas boiler with a long warranty, ideally a minimum of 10 years from Ideal or a similar manufacturer.

### Bathroom

Fit removable bath panels to baths so that plumbers can access the hot and cold feed and waste easily if you have any leaks or plumbing issues. Ensure that shower trays are watertight with no gaps where water can escape and cause leaks. Use quality mastic to waterproof the area.

### Condensation

Condensation dampness is more common than you may think, particularly in older homes, and during the winter months, many of us notice the problem more. One option is to install a Nuaire Drimaster unit which provides positive input ventilation costing an estimated £550. Read more about this [here](#).

### Kitchen

Install kitchen appliances which have a minimum of two-year warranty. Ideally, I would suggest investing the extra money to benefit from a five-year warranty.

### Decorating

Paint the walls with washable paint so that they can be touched up when the walls are scratched or marked.

### Lighting

Fit LED light bulbs. Many LEDs have a rated life of up to 50,000 hours. This is approximately 50 times longer than a typical incandescent, 20-25 times longer than a typical halogen, and 8-10 times longer than a typical CFL. Used 12 hours a day, a 50,000 bulb will last more than 11 years, which saves you the hassle of having to change light bulbs when tenants complain about them failing.

### Flooring

Floors are the biggest victim of wear and tear in any property because they receive the most physical contact, and that's why I always spend a little extra on thick and durable carpets that can withstand heavy treading and toxic carpet shampoos. Carpet retailers should be able to advise you on which carpets are suitable for BTL properties. Where I can, I use tiles on the floor.

There are mixed feelings towards laminate flooring. Some find them durable and long-lasting (which they can be) but, if they get wet or even moist, they expand, which can cause problems. This frequently happens in the winter due to the moisture in the air, but also because most people clean laminate flooring with a wet mop – a recipe for disaster.

### Tradespeople

Finally, ensure you have a local team of trades to assist when there are general wear and tear problems. The most common issues relate to plumbing, electrics, roofing repairs and damp/condensation.

## Good News... Horizon takes care of everything!

If you are a Landlord with Horizon Lets, then we will ALWAYS pay utility bills on your behalf, so you don't have to! This is particularly important when there is a void period even when it is just a day or two!







## Did You Know?

If you are looking to either start or extend your portfolio, we can source properties for you!

All you need to do is give us an idea of what property you are looking for, the budget you have set yourself and the area you are interested in then we will do the rest! Contact us for further details of this service.

## A final message from The Team

Well, who would have thought we would still be living through this pandemic a year on from when it first began? So many things have changed, some for the better and some for the worse unfortunately too but all in all, at Horizon, we are feeling positive for the rest of 2021 once talk of face masks, cancelled appointments and lockdowns finally disappears into the distance and we can finally start making plans to see our family and friends again or even have a day trip ... maybe even a holiday!!!

As a company we have seen ourselves up against things such as restricted contractor availability due to furlough and isolation, to safety concerns with viewings and move-ins and changing guidance all the time, but we feel we have worked hard to keep things moving as easily and stress free for all as much as possible, especially for our tenants and landlords. Indeed so far, no landlord with Horizon has suffered

financially as a result of the Covid pandemic... this is something we are very proud of.

With how things have changed since 2020 we know that buying and renting properties can seem a daunting thing to be thinking about, hopefully we can support you through it and make it a little easier! The property market is picking back up quite drastically as we start seeing things getting back to some form of normal, so we feel positive about how things will go in the housing sector moving forward!!

Finally we are grateful to the new landlords who have joined us in 2021, we are delighted with the growth this year and we hope to continue to serve all our landlords with an unrivalled service. As always we love to hear feedback from landlords about how Horizon can be even better, thank you for being on our journey and we hope this newsletter has been valuable.



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THOSE WHO  
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