

LANDBAY[®]

Broadening your horizons – and those of your clients

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Home ownership culture is changing

According to the ONS:

The number of households in the private rented sector in the UK increased from 2.8 million in 2007 to 4.5 million in 2017, an increase of 1.7 million (63%) households.

Younger households are more likely to rent privately than older households; in 2017 those in the 25 to 34 years age group represented the largest group (35%).

Households in the private rented sector are getting older; between 2007 and 2017, the proportion of households aged 45 to 54 increased from 11% to 16%.

Landlords: One hit wonders?

45% of landlords have just one rental property
(Representing 21% of the private rented sector)

38% own between two and four properties
(Representing 31% of the sector)

17% of landlords own five or more properties,
(Representing 48% of the private rented sector)



Therefore: 55% of landlords
represent 79% of the private
rented sector

Think about it

More business minded clients – open to your advice

More likely to come back to you - regularly

More specialist lending providers in the market



What is a MUFB?



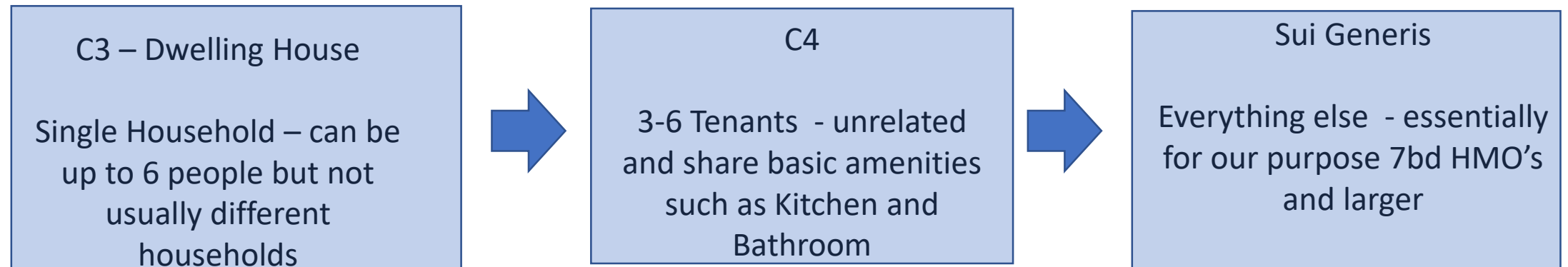
A unit of self-contained accommodation

Has a kitchen (or cooking area), bathroom and toilet inside it for the exclusive use of the household living within the unit.

If the occupiers need to leave the unit to gain access to any one of these amenities, then that unit is not self contained.

What is an HMO?

An entire house or flat which is let to 3 or more tenants who form 2 or more households and who share a kitchen, bathroom or toilet.



3 things to remember



The definition of an HMO

Does it need a Licence?

Is the correct planning permission in place?

HMO – When to License?



If the property is let to five or more tenants from more than one household and some or all the tenants share toilet, bathroom or kitchen facilities, a mandatory licence is required.

In addition to mandatory licensing, a local authority can designate specified areas as being subject to additional licensing.

KNOW THE LOCAL AUTHORITY'S STANCE!!!

KNOW THE AREA – SATURATION POINTS

KNOW THE TENANT PROFILE / DIVERSIFICATION?

Article 4

A planning tool for controlling the number of HMO's in a specific area

Article 4 direction is a statement made under the Town and Country **Planning** Acts. The **direction** removes all or some of the permitted development rights on a site.

Existing HMO's rented prior to the planning requirement coming into place automatically qualify.

Any gap in HMO rental means you lose Article 4 Permission.

A landlord who purchases a 3bd single dwelling to convert to an HMO has to be aware of any current/potential Article 4 directive.

Very rarely does a council give Article 4 retrospectively.

KNOW YOUR LOCAL AUTHORITY'S STANCE!



Sui Generis... Sui what?

Sui generis is Latin for 'of its own kind'. It is a term used to categorise buildings that do not fall within any particular use class for the purposes of planning permission.

7bd+ HMO

HMO Licence

Planning – Full planning/Cert of Lawful Use/Assumed

NB. Just because the landlord has a license doesn't mean the property has planning permission

A landlord who purchases a 6bd single dwelling to convert to an HMO has to be aware of any current/potential Article 4 directive.

A landlord adding an extra room to their 6bd HMO (which has Article 4) will still have to get planning for sui Generis use.

It can be difficult to get Planning/Cert of Lawful use but not impossible.

Size matters!

The floor area of any room in an HMO used as sleeping accommodation by one person aged **over 10 years** **must be not less than 6.51 square metres.**

The floor area of any room in the HMO used as sleeping accommodation by **two persons aged over 10 years** **must be not less than 10.22 square metres.**

The floor area of any room in the HMO used as sleeping accommodation by one person **aged under 10 years** **must be not less than 4.64 square metres.**

AGAIN: KNOW THE AUTHORITY'S STANCE!



Valuation Types

Standard Valuation

- ❖ Standard single dwelling
- ❖ Single family rental value
- ❖ Comparable evidence from standard property sales

Investment Valuation

- ❖ Properties up to 6 beds
- ❖ More comparable evidence
- ❖ Rental Multiplier & Annual Rental Income
- ❖ Running Cost Allowance

'Red Book' Commercial Valuation

- ❖ 7+ Properties
- ❖ Free format report - a lot more detail with further commentary on the area and the property as a whole.

General Criteria

Landlord experience – Landbay 12 months

Room / Unit amount – Landbay up to 12

Loan size – Landbay up to £1,000,000

Rental calc's – Landbay pay rate can be used on 5 year

Day one refinance – Landbay YES

Investment val or not – Landbay YES for all

Direct access to experienced underwriters – Landbay YES

Rates from 3.49%



Title Indemnity Insurance

Absence of Planning Permission, Listed Building Consent, Building Warrant or Completion Certificate in respect of the construction, alteration or extension of a property. Here, TII is an alternative to obtaining retrospective consent and would provide financial compensation should the local authority take enforcement action in the future.

Lack of formal rights of access to a property over land that is owned by a third party. If the owner of the property was prevented from taking access, the TII policy would cover the cost of obtaining the necessary rights of access or the loss of value of the property. TII may be appropriate if access has been taken for a number of years or the owner of the land or road over which access is taken is unknown.

A title condition has been breached by the owner of a property - for example a "granny flat" has been built in the garden but the title deeds prohibit the erection of anything other than a shed or garage. In this example, a TII claim would be made if a neighbour or other interested party successfully raised an action to enforce the title condition so that the granny flat had to be removed.

Other products from Landbay

2 year fixed rates from 2.95%

5 year fixed rates from 3.55% (with free vals)

Free Title Indemnity Insurance on qualifying remortgages

Could save up to 6 weeks from Offer to Completion

Could also save approx. £500 case



Conclusion

There is an increasing trend for landlords choosing to grow their residential property portfolios by taking on HMOs & MUFB's rather than traditional lets.

In times of uncertainty people want flexibility and to keep their costs low – HMO's & MUFB's become attractive.

Landlords who operate in the HMO / MUFB market will generally be more regular customers.

When searching for HMO / MUFB products make sure you enter any filtering information.

REMEMBER

Landbay's application process is completely online...no paper is required

We ONLY provide buy to let mortgages...our underwriters are experts

We offer FREE valuations on some products

We offer FREE Title Indemnity Insurance on qualifying remortgages

We are ALWAYS at the end of the phone...including our underwriters

The background of the image is a photograph of a row of colorful terraced houses in a city street. The houses are in various colors including red, blue, yellow, and orange. They have multiple stories and many windows. The sky is blue with some white clouds. The text is overlaid on the left side of the image.

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Thanks for watching.

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