

# ROOM FOR IMPROVEMENT



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**This month we are going to look at keeping our tenants happy and ensuring the longevity of a tenancy. As landlords, we must agree that the worst thing for us is vacant properties producing no income. Actually, that is probably the second worst thing – the worse being occupied properties producing no income!**

Initially let us look at property improvements as a method of retaining tenants. Many have said to me following Brexit that the various energy measures will be scrapped in respect of property but I am not so sure. Whilst some originated from Brussels many are also now enshrined in UK law and there is a clear political will in terms of energy use within our country.

Landlords should be aware that as **from April 2018** they will be required to ensure that their **EPC rating on their rental properties is no lower than a band E** and recent research suggests that there are over 300,000 properties in the UK which have a lower banding of F or G. Some properties such as listed buildings are, and will remain, exempt but that doesn't mean to say that you cannot improve their energy efficiency too.

Currently tenants are permitted to request that their landlord undertake energy improvements but it seems that many landlords are less than willing to positively deal with such requests. Some of my clients who have taken a more proactive approach have had condensing boilers installed free of charge, room in roof insulation free of charge, loft insulation free of charge and cavity wall insulation free of charge. There are even schemes becoming available which will replace windows and doors! You could do the same with your properties subject to any qualifying conditions.

Anecdotal evidence suggests that a poorly insulated property can cost over £1,000 per year more to heat than an efficient home.

Many landlords I speak to are in the process of increasing the rents on their properties. Some in preparation for the effects of Clause 24, and others due to the additional costs to their business such as stamp duty, regulatory compliance and the like.

It therefore makes sense that such a request for an increase could go hand in hand with some energy improvement measures. Such action could mean an increase in income for the landlord without adversely impacting the disposable income of your tenant. In essence a win-win situation.

Aside from that you may improve the value of your property, and increase the longevity of the tenancy as well as doing your bit for the environment.

Aside from energy measures it also begs the question of what you may wish to do to your properties to justify an increased rental. Some landlords I act for have a policy of redecorating their properties every five or so years. Whilst this is a cost to the landlord it is likely to make a rent increase more palatable to the tenant and certainly likely to increase the length of the tenancy period.

I have another client who did a deal with a local conservatory company to put a basic conservatory on the back of each of his eleven properties. He was able to increase the rent on each of the properties to a level whereby the yield on the conservatory expenditure is 12% and in excess of the yield he achieved for the houses themselves! In addition he has doubtless improved the capital value of all of the properties too.

Landlords in the main however do very little to their properties until they become available for let again at which time they may be spruced up in order to attract a new tenant.

Surely it makes more sense to try and retain the tenant that you currently have. Indeed the inevitable void period, letting agency and inventory fees amongst others would probably add up to more than the cost of a lick of paint to retain your existing tenant.

The general process of rent increases is in my view a clumsy one. The tenant will never say that they are willing to pay an increased rent. Nor will they throw the keys straight back at you if you increase the rent as they need somewhere to live.

The reality is that your notification to them may be just the catalyst for them to look for an alternative property and therefore your attempt to increase your income may result in precisely the opposite. It seems to me that a far more effective method would be a sensible trade off where you discuss with your tenant the need to increase the rent but offer to do something in return which means they still feel they are getting good value for money and are therefore happy to stay. It seems to me that a prettier property, conservatory or a reduction in energy bills would go some way towards that goal!

So this month my message is to assess your portfolio and see what cost effective improvements you could undertake. Ones which will improve your property, improve your income, improve your yield and will likely mean the tenant will stay longer and may pay more in rent.

**You may be surprised at what you achieve.**

Graham is author of  
**"The Property Triangle"**



As always, I am happy to assist YPN investors with their plans to maximizing their portfolio performance and can be contacted on **0844 414 8659** or [graham@grahamkinnear.com](mailto:graham@grahamkinnear.com)