

## Property development and investment in the UK

May 2023



### The Renters Reform Bill Cause for concern?

The government has recently announced plans to introduce new legislation, which will help protect the position of tenants.

As you might expect, landlord representative groups etc. have immediately jumped in and condemned the proposed reforms.

At first glance it appears their concerns are valid as the reforms do nothing to enhance the appeal of becoming, or even remaining, a landlord.

However, before panic sets in and landlords consider exiting the market, it is worth considering whether the reforms are warranted and what their effect will be on landlords' incomes.

There are always two sides to every argument and we hope the article below will help investors put the reforms into perspective.

If you want impartial advice on rental issues that may affect a property you own or are thinking of buying, please contact us.



### Positive feedback

In last month's newsletter we mentioned the merits of investing in the supported-living sector and we hope everyone enjoyed the article.

We have received quite a lot of positive feedback regarding it, as well as requests for further information.

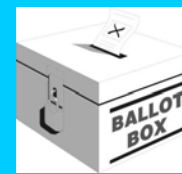
As our long-standing clients will know, we don't rush blindly into new sectors or opportunities.

The keys to success in property development include thorough research and long-term commitment to the sector.

It won't work from anyone's point of view if we adopt a 'dip your toe in the water' approach.

They say the good things in life are worth waiting for and we are confident this will be the case with our supported-living projects and opportunities.

In the coming months we will be offering some carefully selected opportunities in the sector and everyone's patience while we finalise these is greatly appreciated.



### Housing is going to be an election issue

It is evident that both the Conservative and Labour parties think housing is going to be a major factor in the next general election.

Sadly, the conservatives have scrapped their housing targets and are fighting amongst themselves over their "NIMBY" housing development problem - Not In My Back Yard.

To keep the peace with its MPs, the government has come out in support of preserving the greenbelt and it is still going on about reforming the planning system. Don't hold your breath on anything changing soon.

Labour is adopting an alternative approach - it wants more greenbelt development, even if it upsets the NIMBYs.

Housing is going to be a key issue in the run up to the election and the two parties have set out their stalls.

The cynics amongst us....



*Some Thoughts from  
Tony Davies  
Managing Director*

# HOT OFF THE PRESS

## and market updates



About 700,000 households missed mortgage or rent payments last month as the cost of living crisis continued to take its toll, according to a survey.

Which?, the consumer group, said its online polling found that 5% of renters missed a payment, continuing a high level over the past year and “showing many are struggling to keep a roof over their head”.

UK house prices unexpectedly rose between March and April, according to data from mortgage provider Nationwide which suggests the property market is stabilising as borrowing costs ease.

Prices increased 0.5% last month, ending seven months of decline and beating analysts' forecasts of a 0.4% fall.

However, house prices were down 2.7% compared with April last year.



The average price of properties sold in Britain hit a record £372,894 this month, according to Rightmove, a 1.8% increase (or £6,647) on April and ahead of a historic average rise in May of 1%. Prices were also 1.5% higher than they were in the same month last year.

The largest monthly increases in asking prices were in London and the southeast, up by 2.8% and 2.3%, respectively. The average house price in the capital hit £696,477. Northeast England remained the cheapest region, where prices fell by 2.3% to £179,693.

## The Renters Reform Bill

The proposed legislation is unlikely to come into force until next year. Whilst the government may change course in the intervening period, it seems likely the reforms will be implemented.

The reforms include;

No-fault evictions will be abolished to protect tenants who complain about poor standards from being made to leave their home through no fault of their own. However, notice periods will be reduced where tenants have been irresponsible — for example, by breaching their tenancy agreement or causing damage.

Blanket bans on tenants having pets in the property are to be prohibited. Landlords cannot unreasonably refuse, although they can require the tenants to pay for pet insurance to cover any damage to the property.

Landlords will not be allowed to place a blanket ban on renting to tenants in receipt of benefits or with children.

The over-65s have a record £2.2 trillion in mortgage-free housing wealth, double the total of a decade ago, underscoring the generational divide in the housing market.



Last year 54% of solo borrowers who applied for a mortgage from Leeds Building Society were women, up from 46% in 2016.



Landlords can only increase the rent once per year and will have to give two months notice to end a tenancy.

Councils will be given stronger powers to ban unscrupulous landlords from the market through banning orders and be better able to shield tenants from excessive deposits and fees.

A rental ombudsman will be established to mediate disputes between tenants and landlords and to avoid the need for expensive legal fees.

There also will be a new digital property portal that will enable landlords to understand their obligations and will help tenants to make better decisions when signing a tenancy agreement.



Our latest acol co-living/hmo property is now available



Seven en-suited, fully furnished rooms in a great location ; Three year master tenancy  
7% p.a. rental income after all costs ; For further information please contact us

## This time it is Labour making promises

We have previously mentioned that, despite countless public statements and promises, the government has dropped its target of 300,000 new homes being built every year.

Sir Keir Starmer , the leader of the Labour party, has recently vowed to make his the party of housebuilding by relaxing planning restrictions and allowing more homes to be built on the green belt.

He has accused the Conservatives of killing “the aspiration of home owning for a whole generation” and warned that housebuilding was on course to fall to the lowest level since the Second World War. He said that Labour would give councils and residents more power to build on green belt land to meet local housing need. The government has committed itself to enhancing protections for such land.

A government source highlighted the fact that Lisa Nandy, the shadow secretary for levelling up, housing and communities, recently opposed the building of homes on green belt land in her Wigan constituency. “You can’t trust a word that Starmer says on housing,” the source said. “These are more empty promises from Labour.”

The pot calling the kettle black!

## Conservative Housing Ministers since 2010

Continuity of leadership is seen as essential if long-terms plans are to be successfully implemented.

When it comes to housing, the government seems to think the opposite.

Housing Ministers come and go on a regular basis and the housing shortage goes on.

Housing ministers - duration in office

- Grant Shapps (2 years and 4 months)
- Mark Prisk (1 year and 1 month)
- Kris Hopkins (9 months)
- Brandon Lewis (2 years)
- Gavin Barwell (11 months)
- Alok Sharma (7 months)
- Dominic Raab (6 months)
- Kit Malthouse (1 year)
- Esther McVey (7 months)
- Chris Pincher (2 years)
- Stuart Andrew (5 months)
- Marcus Jones (2 months)
- Lee Rowley (7 weeks)
- Lucy Frazer (3 months)
- Rachel Maclean - ?





There are more than 650,000 supported homes in Great Britain with over 700,000 people living in this type of accommodation. Approximately a quarter of these people live in specialised supported housing (SSH).

SSH is a type of social housing provided for vulnerable adults with special needs including learning and physical disabilities, mental health problems, drug and alcohol addictions and those at risk of homelessness.

Projections suggest the overall number of supported homes may need to rise to 845,000 by 2030, which is a 30% increase. To meet this demand, expenditure on social housing would need to rise by 27% from its 2015 levels to £5.24bn in 2030.

## Specialised supported-housing

The SSH sector has become a widely recognised investment class within a relatively short space of time. It is estimated that more than £1.5bn of private capital has been invested into the sector in the past five years.

Importantly for investors, regulated Registered Providers are prepared to enter into long-term, fully repairing and insurance tenancies, which offer an attractive net yields after all costs.

This sector has all the ingredients to appeal to investors seeking an attractive and secure investment return.

## The interview

Ben joined us this year to help us develop our supported-living properties.

We recently caught up with him to discuss how he is settling in .

Q. What is your experience in the supported-living sector?

A. I co-founded a land & property brokerage in which we sourced development opportunities for supported living developers, care providers, housing associations and local authorities. I ran that for two years before joining St David.

Q. What does your role entail?

A. I speak to providers & local authorities to gain an understanding of where they have demand for new housing stock and for what type of housing. I then go out to find the opportunities that will satisfy this demand and work with the providers to deliver the project.

Q. How have you settled in?

A. I have really enjoyed my first few months at St David and since moving to Chester have grown very fond of the local area.

Q. What are the challenges?

A. Trying to satisfy all of the different counterparties involved with a project can at times be difficult, as well as trying to ensure the projects work from both a care & financial perspective.

Q. What is the best part of the job?

A. Being able to explore my passion for property & development, whilst also feeling like we're providing a social benefit.

Q. Targets and goals?

A. I want to help drive St David Group's growth in the supported living & social housing sectors and enhance my knowledge and understanding of the care industry and property development.

Q. Hobbies and interests?

A. I enjoy reading & listening to audiobooks and I love going on hikes, especially with my five dogs.

Q. Favourite food and music?

A. Pizza and rap music.

Q. Something that most people don't know about you

A. I played for Liverpool FC's Academy from the ages of 12 to 17. I lived in Manchester at the time and was a United supporter.



Ben Jackson  
Business Development  
Manager



Purplebricks, the online estate agent which was once worth £1.3 billion, has been for sold for just £1. In 2015 the company was floated on AIM with a market capitalization of £240m.

The business, assets and most of its liabilities will change hands, while the company will retain up to £5.5m in cash to return to shareholders.

Its new owner, Strike, will embark on a cost-cutting drive that includes "reducing the employee base" among its 750-strong workforce.

*We are not surprised this has happened - poor service, no follow up etc. The concept may be great, but if you don't follow through with good implementation then disaster will inevitably follow.*

### Death of an icon - Sam Zell



Sam Zell is not a household name in the UK, but he has long been regarded in the USA as one of the most successful property developers the country has ever produced.

He built Equity Office Property Trust into a powerhouse and with his knowledge of the market and business acumen he had few, if any, peers.

His autobiography 'Am I being too subtle' is a wonderful read and should be compulsory reading for all aspiring property entrepreneurs. 'One of a kind', RIP.



As we mentioned in last month's newsletter, we have introduced a new reporting system for our landlords.

For many years our Property Management team used a software system called Veco. We found that it worked reasonably well but following some changes to the compliance rules in 2020 a decision was made to move to a new system called Payprop. While this system was very precise in tracking money movements, we found that it was not very user-friendly and that some landlords found it difficult to follow the statements it produced.

As a result, the introduction of a new software package called Rentman was completed early in April and all the early feedback has been very positive. We hope our landlords like it and we welcome any feedback.

## Something lighter

### Thought of the month

It is not your ability to predict what will come that guarantees your success  
It's your ability to adapt when it comes

*Elie Horn, property developer*

If you would like a conference call to discuss our opportunities and projects, please contact us

[info@stdavidgroup.com](mailto:info@stdavidgroup.com)

[www.stdavidgroup.com](http://www.stdavidgroup.com)



### You have to laugh sometimes

Politicians should only serve two terms

One in parliament and one in prison for the promises they have broken

A bit harsh, but we hope everyone can appreciate the sentiment....

Important

This newsletter, including information on its fixed interest opportunities, should not be viewed as an offer to the general public to invest.

Such opportunities are only available to selected professional and sophisticated investors as defined in the jurisdictions in which they reside.