

Richard Blanco:

Hello, and welcome to Listen Up Landlords with Ben Beadle and me, Richard Blanco. The government is encouraging developers to convert commercial properties into residential homes through changes in planning law. What are the opportunities? How do you source properties? And just how complicated is the planning process? Well, we'll be speaking to award-winning developers, Sanjay Kumar and Malkit Purewal who have a number of successful projects under their belts.

Richard Blanco:

Dan Cumming from the NRLA advice sign will be briefing us on the latest topics buzzing their way down to the advice team. But first, antisocial behaviour is one of those topics that all landlords hope will not darken their doors. Now, sadly, NRLA research tells us that over 20% of notices served are antisocial behaviour-related, second only to rent arrears. And of course, ASB can be caused by your tenants or their neighbours or sharers within an HMO. Why do you think ASB is such a thorny topic, Ben?

Ben Beadle:

Well, I mean, it can involve all sorts of things. Noisy parties, dogs barking, criminal behaviour, prostitution, you name it. And I think if you're living next door to where that is happening, firstly, you probably won't be the landlord, but it can cause untold misery. And I think from the other side of the coin, there will be tenants that think that they should live their life how they wish to live their life. It's a recipe for conflict, that's for sure.

Richard Blanco:

Absolutely. And I always think, if you're in a train carriage and someone's making a very loud phone call that's driving you mad, you can move to the next train carriage, can't you? You can't do that if you're living next door to someone and it can really get into your brain, can't it, and drive you mad? I think it's often pretty complicated to untangle, so you may have to talk to various neighbours as well as various sharers, potentially, within the property. And it requires the landlord to use softer negotiating skills, maybe conduct an investigation, sit down and chat through things. Listen. A lot of listening, I think, which not everyone is good at.

Ben Beadle:

No, that's right, Richard. And I think, yeah, landlords have to deal with this subject really, really sensitively because there can be a real messy web of issues to resolve. But I wondered, have you had any personal experiences of ASB?

Richard Blanco:

I have actually, yes. I had a situation where I had some sharers and one of the sharers was playing a musical instrument late at night. Now, I always give my phone number to neighbours so that neighbours can call me and let me know about this kind of stuff and the neighbour did call me and the way I handled it was a bit... I'm from an HR background, so I thought, right, I'm going to do an investigation. So I interviewed the neighbour, I interviewed the tenant and then I proposed some ground rules, which were around when it was appropriate to practise with a musical instrument, some rules around volume and stuff like that. And luckily, the offending tenant did move actually in the end.

Richard Blanco:

And the other example I had was some noisy neighbours to my tenants, but they were actually elderly and had hearing problems, so they were turning their TV and music up very loudly. So, okay. That was quite tricky, but I encouraged the tenants to talk to the neighbours there and that seemed to work. What about you, Ben? Have you had much stuff like this coming up?

Ben Beadle:

Yes. I had a chap in a HMO that was dealing drugs from his bedroom window. I only noticed it when I went round and someone had tried to crowbar their way in through the window. So that was really, really difficult. He was a young man within a group of six people and clearly had some issues. So I did what every student would probably hate for me to do and I rang up his mother and told her about the issues, which he obviously clearly hadn't, and that actually did resolve things very, very well.

Ben Beadle:

And the other example I've got is where one female tenant took out an injunction against another tenant in another room on a joint tenancy, which was quite a difficult scenario. And in the end, the chap vacated because an injunction against one room is never going to work. So he vacated, but fortuitously paid his rent up to the end of the tenancy and then left in a managed way, which was lucky.

Richard Blanco:

Wow, you've really been through the mill there, haven't you, Ben? The idea of someone using their bedroom window as a shop front.

Ben Beadle:

It was literally a shop front. It was incredible.

Richard Blanco:

Yes. The joys of managing HMOs. And also, it's quite interesting. With students, you're almost sort of in loco parentis sometimes, aren't you?

Richard Blanco:

But anyway, to discuss this topic, we're joined by Julie Ford, who is a mediator at the Property Redress Scheme, and Chris Grose, head of housing advisory services at Capsticks Solicitors. Welcome to the show, Julie. I wanted to ask you, first of all, can you tell us a bit about the mediation service and how it works at the Property Redress Scheme?

Julie Ford:

Yeah, absolutely. So mediation service is exactly what it says on the tin. It's there to ensure that the landlord and the tenant reach a mutually beneficial outcome for both of them. So mediation doesn't focus predominantly on the legal facts and who's right and who's wrong. It looks at the tenant and landlord situations and what they're currently going through to see what outcome both of them want and how we can make that come together so that everyone's happy at the end of it.

Julie Ford:

Sometimes it doesn't always go as well as we would like. Landlords tend to come to the fore wanting their rent arrears, tenants can't afford it. So the mediation takes a different track. But the mediator

themselves is neutral and unbiased, they're not in favour of the landlord or the tenant. And they're really there just as a vessel of communication between both parties to ensure that mutually beneficial outcome is reached.

Richard Blanco:

From your experience, Julie, how big a problem is ASB in the private renter sector?

Julie Ford:

From a mediation point of view, we don't see as much of it as we do rent arrears, but the cases that do come through to us are predominantly like what you've already said, so HMOs and sharers. But what we are seeing is a rise in people now working from home, those who have maybe lost their jobs and are self-medicating with alcohol and drugs and they themselves are the protagonists of the ASB, so we're seeing it quite on a different level from what we're normally used to. We've had experiences before, which obviously, I'll probably go into in a little bit later.

Richard Blanco:

And just to ask you a bit about the headline types of ASB for landlords, the criminal stuff often hits the headlines, doesn't it? The cannabis factories, the brothels and so on. But I'm wondering if it's often the more sort of what you might call low-level ASB that's actually more of a problem.

Julie Ford:

Yeah, absolutely. So we have neighbour disputes are probably our biggest issue, tenants and neighbours not getting on. HMO's and sharers, like I said. Suddenly everyone's living together, whereas before they'd be going out to work and just be ships that passed in the night. Suddenly they realise they don't like the person living in the room next to them. Someone's playing their music too loud and it goes from there. Domestic violence, we see quite a lot as well. I think particularly with everybody now staying at home, they're on top of each other a little bit more, so we see domestic violence increasing. But also the other side of antisocial behaviour, so people not being very tidy, garden maintenance and parking is a huge one. "You're in my space. Get out of my space." We see a lot of that.

Ben Beadle:

Interesting. And maybe I might just bring Chris in at this juncture. From a legal perspective then, Chris, what are the legal tools that landlords can use to manage this sort of behaviour that we're seeing?

Chris Grose:

Well, first of all, thanks to the NRLA for having me talk about my favourite subject, antisocial behaviour. There's a whole plethora of legal tools that are available to landlords, but of course, it depends which landlord we're talking about. And of course, in your sector, there are limitations, to some extent.

Chris Grose:

I predominantly work in the social housing sector and there are a plethora of sanctions available and private landlords don't have those same accessible tools. So typically, they would refer to their Section 21 notices, which of course, it may be problematic in the future, the abolition of the Section 21 notice. But they may also rely on their discretionary grounds under Section 8 of the Housing Act, typically

Ground 14, focusing on what we call nuisance and annoyance or using the property for illegal or immoral purposes.

Chris Grose:

But of course, there are relationship issues. So social housing providers predominantly have good relationships with local authorities, the police, because of the nature of work that they do. And private landlords, some don't always have the same access to those partner agencies because they might have pepper potted properties mixed across lots of different local authority areas, so that sometimes can be problematic for them.

Ben Beadle:

Indeed. And we're going to come on to Section 21 in a moment, a big issue for landlords, not least in dealing with ASB. But you mentioned about local authorities. If I'm a landlord that's got a problem, at what point do I involve the local authority and the police if necessary?

Chris Grose:

Well, of course, at any point, you can involve a local authority because they have statutory functions, statutory duties under the Crime Disorder Act 1998. But ideally, and especially when we get onto Section 21 notices later, what we typically expect of landlords is to have done some of the groundwork to start with. ASB is a hearts and minds business. Now yes, enforcement sanctions are there to use for those that are most antisocial, but this is about understanding why people do what they do, the backgrounds they have. Is it drugs? Is it mental health? What is it that's making this person antisocial? And if the landlord can evidence that they've tried to engage with that person, showed that kind of open-minded approach, they weren't biased in their investigation, when they come to a local authority, they're far more down the road to be able to utilise some of those sanctions. But working with the local authority early doors to get some advice and guidance is definitely advisable.

Ben Beadle:

No, agreed. Absolutely. And let's say we've been through that process and we need to resort to a notice of some description. My experience is it's actually quite difficult to use Section 8 to evict a tenant for antisocial behaviour grounds. What are the challenges that you see around this?

Chris Grose:

How long have you got, Ben? It is notoriously difficult. Ground 8 can be challenging. Why? Well, because the discretion of a judge. And we've already highlighted at the start of this podcast is that Richard mentioned about sitting on a train and hearing somebody else's conversation. For some, they would find that very annoying, frustrating. They'd move somewhere else. For others, they might find that interesting and want to kind of eavesdrop on their conversation. The point I'm making is, where we've got discretion of a judge, they might see it differently. So one of the biggest challenges is being able to articulate the impact that ASB is having on other residents. And of course, for landlords that are dealing with these things day in, day out, that might be a lot easier as opposed to landlords that rarely deal with ASB.

Chris Grose:

So just a couple of things that I think are really important in terms of the challenges. Proof is one of them. We're looking on evidence in relation to the civil procedure standard on the balance of probability to start with. But of course, when we focus on evicting people, we're looking at beyond reasonable doubt. We need some tangible evidence to solve these issues. Now, things like cannabis, for example, what we find is that whilst there's a huge trend in reports about cannabis smells, the police are not enforcing. So using your grounds like illegal and immoral purposes becomes hard in terms of your evidence threshold. Other challenges around mental health, vulnerability, equality act duties and proportionality, these are all challenges in the courtroom. And then the biggest one, which I think your listeners will definitely feel, is the time and cost. This takes time. To go through the process of a legal hearing, that can take a lot of time. And then, of course, you've got victims which are sat there waiting for an outcome, but they're not getting the result they require in a reasonable timeframe. And of course, that costs money.

Richard Blanco:

Julie, let's talk about some practical ways of dealing with antisocial behaviour. Let's imagine that my tenant is complaining that the neighbour's dog is barking. I mean, how, as the landlord, how should I be approaching that?

Julie Ford:

Well, most landlords are obviously emotionally involved in the situation and bringing a mediator into that can sometimes calm a situation from the start. Because like I said before, as mediators, we are just neutral and we're just there to resolve everyone's problem. We are the A-Team, we're the fixers. So what we would tend to do is speak to all parties involved and we do that on a mediation call, either like this on a Zoom or a three-way phone call, but only the mediator is speaking to other parties. The other parties can't contact each other. And what we will find is we get down to the bare bones of what the real issue is. And although a tenant may come to us or a landlord comes to us with the initial problem, sometimes we find when we drill down into it, there's a lot more to the situation than just the dog barking.

Julie Ford:

And usually what we would do in those situations is find out what everybody really wants. What's the real problem and how we get a resolution to that. Now, it's not up to the mediator to find those resolutions, but it is up to us to really drill down into pulling out from everybody what they think the resolution is. And that's really important, because if the parties find the resolution themselves, they're more likely to stick to it. And then we can put that into a written agreement, so a mediation agreement, and then both parties go away with their terms and conditions of what they need to do and they are there with the next steps of how they're going to resolve that.

Richard Blanco:

Sometimes as a landlord, I feel like I'm a bit of a mediator myself, actually, Julie. Do you think landlords are getting better at developing those sorts of skills or what help might they need?

Julie Ford:

Yeah, unfortunately, I don't see landlords improving in that area. And I go back to the fact that because they're emotionally involved. We do have landlords that come to us in crisis. They haven't had their rent for six months, for example, or the antisocial behaviour is causing effects, complaints from neighbours,

et cetera. And then when we speak to the tenant, the tenant's in crisis. So everybody's heightened in their emotion and the mediator is there to try and calm that down. And unfortunately, we find, even though landlords go forward with the best intention to their tenants, the emotions still get in the way and the demand for the resolution is probably harsher than the mediator's approach, which obviously, is trained and skilled in how to get the negotiations and the compromise moving forward.

Richard Blanco:

Are we a lost cause Julie or can we go on courses to learn how to get better at this stuff?

Julie Ford:

No, nobody is a lost cause. Absolutely. And all the mediators that I work with, including myself, we're all qualified and trained to be mediators. So there are training courses you can go on, absolutely. But the most important thing for a landlord to understand is from the second they put their property on the market, they are running a business and they need to understand it is a business that they are running, not a personal approach. So as wonderful as it is for landlords to be nice to tenants and give them as much as they can, it's a business at the end of the day and putting that fine line in place at the beginning can help when situations escalate to antisocial behaviour, because there's a much more professional approach from both parties.

Richard Blanco:

Can mediation work where there's a criminal element? I'm thinking of a cannabis factory or if a property is being run as a brothel.

Julie Ford:

Yeah, absolutely. Of course, it can. I mean, mediation is informal. So we don't work with, like I said before, the legal aspects of it, who is right, who is wrong. But obviously, any agreement we draw up certainly can't facilitate criminality. But what we're certainly doing is if we've got a tenant that is living in the property and using it as a brothel or running it as a cannabis farm, we can liaise with that tenant to get vacant possession. So we can do that with an agreed date for them to vacate, hand back the property, deed of surrender, and that's the end of the problem. There's ways that we can compromise and negotiate with landlord and tenant to get the property back, but when it comes to the actual legal aspects, the mediator wouldn't get involved in that.

Ben Beadle:

That's helpful, Julie, thank you. And maybe I might just finish off with a final question to Chris back on the legalities, if I may. We touched on the implications of Section 21 being abolished, but what would you like to see in a revised Section 8 to give it the strength that it needs to deal with ASB in a post-Section 21 world?

Chris Grose:

If we strip it back to some basics, perhaps some more workable notice periods. But I think perhaps more fundamentally, when I look at the judicial landscape that we have at the moment, development of a specialist housing court, where judges practise these issues on a daily basis would be really, really helpful, I think, and providing perhaps a more robust approach where required. Some judges will not be dealing with ASB that often. And because of the complexity, the nature of the potential defences,

ultimately, we're talking about a roof over somebody's head, which is a highly emotive issue and to be a judge to make that decision requires time, and of course, knowledge and compassion.

Chris Grose:

Now, if we've got specialist housing courts that do this day in, day out, they will understand the nuances. They'll understand why people do what they do and also the defence challenges. So I think that's certainly an area that I think would be really, really helpful in relation to an improved Section 8 process. But the court can't consider proportionality on paper, it does require a hearing, which of course, takes time.

Richard Blanco:

Chris Grose and Julie Ford, thanks very much for joining us.

Ben Beadle:

Right, it's time for our advice line slot and we're joined this month by NRLA advice line compliance specialist, Dan Cumming. Give us a flavour of what issues you've been helping landlords on this month, Dan.

Dan Cumming:

Well, Ben, it's been a lot of the usual stuff, helping landlords with tenancy management. In fact, as we've been talking about, there's been people looking for assistance with antisocial behaviour and there's been some possession, a bit on electrical safety, that's still a hot topic for landlords.

Ben Beadle:

Dan, we were talking earlier about the subject of gardens coming up on the phones. Just what do you do when the tenant is responsible for maintaining the garden, but just won't do it?

Dan Cumming:

Well, it can be a tricky one to deal with. Lots of landlords are very invested in their gardens and it can be quite an emotive topic for them. Obviously, if it's in the contract and you've already stated to the tenant, "This is something you're responsible for. This is something that's expected of you." The day-to-day jobs, trimming the lawn and trimming some hedges. And if it's in the contract, you can expect them to do that.

Dan Cumming:

You don't necessarily have to provide any gardening equipment to compel them to do it, but it can be difficult to say, "Go and cut this garden" if there is no lawn mower. It's often good to have provided something and also to put it in the contract. You can try and manage it, but if you get to a point where the garden is overgrown and it's become a problem, I would look to recover that out of the deposit for the cost of setting it right and setting it back to the condition it was in at the start of the tenancy.

Dan Cumming:

Sometimes we recommend to landlords what it might be preferable to do is actually pay for a gardener yourself because you can't charge the tenant due to the tenant fee ban, but have a small increase in the

rent so you're covering your costs, as it were. Then there's no issue with having to manage the tenants about the garden, the garden is nice, everyone's happy.

Ben Beadle:

And that's a particularly pertinent solution as I have three lawn mowers in the back of my car that I have retrieved from one of my student properties. And I think every time they went to mow the lawn when the grass was six foot high, they rang me to say that there was smoke coming out of the lawn mower and can we have another one. Yes, include in the rent going forwards I think is sound advice, particularly where you're dealing with students. Dan, thanks very much. We'll see you again next month.

Dan Cumming:

No problem. Thanks.

Richard Blanco:

COVID has caused a considerable reduction in the use of office buildings, and we're also seeing retailers large and small vacating high street premises. Permitted development rights are being extended this year to enable the conversion of commercial premises to residential. Well, I'm pleased to welcome Sanjay Kumar and Malkit Purewal who lead Buckinghamshire-based Savoys Properties and specialise in these types of developments. Well, Malkit and Sanjay, thanks very much for joining us. First of all, let me come to you, Malkit. How and why did you get into converting commercial to residential?

Malkit Purewal:

With commercial, there's a lot of prior approval planning rules in place, which allow you to quite easily convert these properties to residential use. So you don't have to go down the full planning route, there's a prior approval application. It takes 56 days, and there's only a handful of items which the council can either deem it successful or not.

Richard Blanco:

So you don't get kind of mired in all of the bureaucracy that you might if you were just building new build residential on a brown field site, there's a kind of protocol that's considerably quicker?

Malkit Purewal:

That's correct. So the council will only look at certain things such as is there adequate car parking, is it in a flood risk area and these sorts of aspects. It doesn't really take into consideration the neighbour's views. There's other benefits such as limited CIL liability, so it can actually make the development a lot more straightforward and also profitable at the same time.

Richard Blanco:

Now, Sanjay, tell me about this recent office block that you converted into 10 residential units in Burnham in Buckinghamshire.

Sanjay Kumar:

We saw an office block in Burnham, Malkit and I, and there was a lot of interest in it because people wanted to develop it, because of the PD rights that Malkit has just mentioned, into flats. Now, what people saw was an option of making it into four or five flats, but where we came in, me and Malkit sat

down and looked at it and we actually carved up to make 10 flats out of it, which is what we won the award for. Malkit's actually really good at carving these designs up, so I have to give him credit for that.

Richard Blanco:

So you have to be quite tenacious and presumably you're using an architect and a planning consultant, and you're getting all of that kind of expertise in, Sanjay, to help you out with the project, is that right?

Sanjay Kumar:

Absolutely. It's not something I would advise anybody just to think, "oh, the PD rights are here. I've seen the floor plans. I can make this, this, this, and let's go ahead and try and purchase it." No, you're absolutely correct. You have to have a team and we have our team that look into this. And if there are any issues with the council or planning or whatever else, they're there to sort of fight your corner. So you have the expertise there. You need to invest and spend that money with your team if you are going to purchase anything like this, because it is a major development, it is major monies, if you like, that you end up locking up and tying up. So it's very, very important that you do it the right way.

Richard Blanco:

Let's just have a bit more of a look, Malkit, at how planning has changed and how it's helping you in these situations. These new planning use classes, that's class E, came in from September 2020, and that covers shops, finance, professional cafes, offices. And many of those used to be use class A1, 2 and 3, and also class B. So they've been kind of replaced by this new class E and class E from the 21st of April 2021 has had permitted development rights to what's called class C3, which is dwelling houses. So that's essentially the change in the planning law, isn't it, Malkit? But as you say, you still have to go to the council for prior approval, don't you?

Malkit Purewal:

So you still need to go to the council for prior approval. However, there's a lot more properties that were not initially within that prior approval of catchment that now fall into it. The areas which Sanjay mentions where it's a little bit more challenging is if you need to make exterior changes. For example, some windows need inserting, skylights within the roof. These elements still need full planning, therefore, a council can refuse those. So you could have a big enough loft, for a flat within there. The council gives you permission for that flat. They don't have to give you permission to put the windows in. So this is where the difficult bit was and where Sanjay mentioned where we had a few challenges, because I think within our Burnham site, we had the planning for the 10 flats, but we needed to break up the undercroft and the council refused to give us permission on that and that's where we had a little bit of a stumbling block.

Richard Blanco:

So in a way they can kind of put barriers in your way and try and sort of scupper the whole process or frustrate it....

Malkit Purewal:

That's right.

Richard Blanco:

... rather than get behind. It's interesting, isn't it? Do you think any of that is to do with neighbours getting upset at the loss of local amenities? I mean, is there a genuine concern there?

Malkit Purewal:

A lot of these commercial premises have been empty for quite a while now, so when we actually take it on... So they end up with vandals and they get broken into, so I think in majority of cases, neighbours are actually happy that it's being put into some good use. Once it's occupied, it's going to be more beneficial for the local community. But I guess with everything, there is always some opposition to change.

Richard Blanco:

I guess you'd think there might be less opposition than the might be to a whole new build development. But I guess it just depends on the site, doesn't it?

Malkit Purewal:

It depends on the site. It depends on the history of the site as well. What we found, especially with, say in Burnham, if you just walk down the high street, you see offices above a lot of these commercial premises with "to let" signs. I think now with Burnham, as an example, I don't think there's any office space that is occupied within that high street because most people now have moved away and are operating sort of from a virtual office.

Richard Blanco:

Sanjay, can you talk us through the valuation of commercial premises because it's quite different, isn't it, to residential? And I noticed just from something I was reading about your Burnham project, that the office block was valued at £475k, but you actually bought it for £670k. And properties are valued partly on what they can be rented for as offices, aren't they? But then of course, you're turning them into residential. So how does all of that work in terms of valuation?

Sanjay Kumar:

Commercials is generally based on your rental that you're achieving. So if you have, for example, a vacant office block, let's say, for argument's sake. Let's say your rental was £10,000. The bank may say, "If it's occupied and you've got a tenant in there with a lease, we're going to value this at 10% yield." That would be £100,000 pounds. But if it was vacant and empty, that's the bank's money, so the bank's going to be very, very cautious about where they're investing their funds. All of a sudden, they're going to say, "Well, actually, you've got an office block which you haven't got planning on. If you haven't got planning, you haven't got a tenant. If you don't have a tenant, so it's now really going to be sort of bricks and mortar. So what's it actually worth?"

Sanjay Kumar:

That's where the valuation sort of changes and they may then value it at, for argument's sake, £60,000, £70,000 pounds, whatever it may be, which is what happened to our Burnham site. So when we acquired it, we paid £670,000 for it. It was valued down purely because it was a vacant office, difficult times, we didn't have a tenant, et cetera, et cetera. But once we got the planning, the property price went up. And once we obviously implemented flats and made everything residential, then the valuation was, as you can see, over £2 million.

Richard Blanco:

It must be quite hard to finance some of these deals as well. I was reading that you started out with a commercial loan when you bought this property, then you went onto a refurbishment loan, and then you got to term loan on a residential basis. Which kind of lenders are you approaching? And I presume you're using a broker for this as well. Is that right?

Sanjay Kumar:

Absolutely. So we've been fortunate. Myself and Malkit use Karl Griggs from CPC Finance. He's guided us in the right way and how to get the right products at each level or time of your development. So we had to get a bridging finance initially because it was empty. Then we got a commercial one because we actually found a tenant while we'd let it out for 12 months. So we got a commercial product, but once we then went into the works, then we had to switch that to a development product. So then you are paying more money. And once we got a development product, once it was ready and rented out, then it went to a long-term product, but yes, you're absolutely right.

Sanjay Kumar:

Again, I'm going to go back to it. You're going to have to have the right team, right advice. I think that's really, really important. So we have our power team, if you like. Our accountant, our lawyers, our architect, our structural engineers, and we've been using them for years and years. And I have to say my builders as well, because we've had them on board for over 10 years. And it just helps to have your power team that understand you, you understand them, they understand what their jobs are and their roles are every step of the way. And once you do that, you do things the right way. Once you do it the right way, you'll actually see there's a nice flow. There's only going to be obstacles and hurdles if you don't do things in the right way.

Richard Blanco:

Those relationships are so important, aren't they? And they're enabling aren't they? You feel empowered knowing that you've got those people in the background. Now, many of us will be used to refurbishing maybe three-bed houses, et cetera. What are the challenges, Malkit, in converting commercial to residential?

Malkit Purewal:

You're going to convert a commercial to residential and it may maybe multiple units, so you need to run the utilities through there, so this would be whether you're going to have gas or you're going solely electric. These are utilities that you need to run in and you don't really have too much choice in who you can go to.

Malkit Purewal:

If there's any external changes, then these need to go to a full planning application. There may be some issues. For example, if you're working on a high-street commercial property with the uppers where you have possibly some access issues for the builders to get materials because it may be dropped at curbside, and then you need to manually lift these into the premises, you have issues with skips. These are all items that we look at from day one, and we work out a plan on how we're going to get around this. Do we need to get parking permits, for example, to get a skip there? Do we need to get scaffolding up? Do we need, therefore, apply for a licence to the council? So we look at day one what do we need to

do and then we make a list. As we come to exchange, we are able to have all of these in place so it will make the job for ourselves and the builders a lot more easier once we do start work.

Richard Blanco:

Yes, I guess those high street locations can make the skips and the scaffolding and the curbside deliveries more complicated, can't it? I was just thinking, presumably sometimes these office blocks are going to be in locations where there isn't much residential. Can it be hard trying to get tenants to live in those sorts of areas?

Malkit Purewal:

It can. With ourselves, we tend to look at offices that are within short walk to a local community. So the one that we did in Burnham is just on the edge of the high street. So it made sense to convert to residential use. We look at the buildings that we can actually keep and refinance. Therefore, location is actually quite key. We're not too keen on getting a site and it's located in a business park because who really actually wants to live in a business park.

Richard Blanco:

Now, Sanjay, you can't be the only company that's kind of seeing the opportunities here. Has there been a bit of a rush into the sector? I'm presuming there are quite a lot of opportunities now because of the pandemic.

Sanjay Kumar:

Absolutely. So we've just acquired, a couple of weeks back, it was a bank, Nationwide, actually, in the same area, the high street that Malkit just mentioned. And what we found was exactly what you said. I think what's happened is we've had the pandemic, people have sat at home, you've got webinars, you've got all these Zooms happening, et cetera, et cetera. And people are discussing the opportunities out there.

Sanjay Kumar:

So what's happened is you've got people who have got experience and people who've got no experience actually just going out there thinking, "Well, actually I want to be in the property game. I want to do this. Let's just put a bid in for this, put a bid in for that." So yes, there has been a huge demand. And unfortunately, what's happened is obviously, with the pandemic, the high street, as we all know has suffered, and we've got so many retail units coming on the market at the moment. So the demand is there, but the supply is also there.

Richard Blanco:

And you've been buying at auction mostly, but sometimes you get agents coming to you with deals. Is that right?

Sanjay Kumar:

We've actually bought through agents and auctions. I would split it 50/50. Myself and Malkit have been doing this for over 20 years, so we have built up a really good reputation and relationship with dozens of agents. So normally, what happens is if something comes on the market and we like it, even if we put a lower bid in, these guys will vouch for us and tell the sellers, "I know these guys. I've known them for X

amount of time. They bought X amount off us and they've never let us down." So you might have Joe Bloggs, somebody new, coming in saying, "Well, I'll give you £30,000 pounds" or £10,000 or whatever, it may be more, but they may pull out on the 11th hour. But if it's us, they'll know that we complete... So it works in our favour to have those relationships.

Richard Blanco:

Yeah, so much of what you're doing is about trust and relationships, isn't it, Sanjay? Tell us what your plans are for the future.

Sanjay Kumar:

I want to retire, but Malkit doesn't let me, [laughter] unfortunately. No, to be honest with you, we rebranded our company about gosh, just over a year ago now. And the journey that we're on, we're really enjoying it. And I feel that we're going from strength to strength, so we're not going to retire. I'm just kidding. We're actually expanding. Our team's expanded. We're actually going to set up an office, we're going to increase the team even more. We're looking at sites. We never used to work for clients, but we've actually opened up another income stream, if you like. We're actually doing developments for clients now as well. So we're doing that. We're doing a lot more commercials. We're doing a lot more retails and yeah, hopefully we're going to go from strength to strength.

Richard Blanco:

Fantastic. Well, I wish you all the best with your future projects. Sanjay Kumar and Malkit Purewal, thanks very much for joining us.

Sanjay Kumar:

Thanks for having us, buddy.

Malkit Purewal:

Yeah, thanks for having us.

Ben Beadle:

That's it for this episode. Listen Up landlords comes to you from the National Residential Landlords Association and is produced by Sally Walmsley. You can find plenty of information on the topics we've covered today and more at nrla.org.uk. Many thanks to our guests. And don't forget to follow the NRLA on social media for the very latest on all things PRS. Join us again next month. Thanks for listening.