

The logo for RAJ BERI PROPERTY MENTORING features a large, stylized grey letter 'R' in the background. The text 'RAJ BERI' is written in a bold, black, sans-serif font, with 'PROPERTY MENTORING' in a smaller, black, sans-serif font directly below it.

RAJ BERI
PROPERTY MENTORING

Top Tips - Renting to Housing Benefit tenants



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Top Tips - Renting to Housing Benefit tenants

Why rent to Housing Benefit Tenants? Highest Rental Yields are generally achieved by minimising the price you pay for the property combined with maximizing the rents achieved. One way to achieve good yields is to buy in perhaps average areas in your own town but rent to people claiming benefits. In addition, the other major benefit is that tenants tend to stay for years thereby reducing voids.

Follow the tips below to keep your housing benefit system on track & profitable:

- ❖ **Targeted Knowledge:** Get yourself educated in the benefits area especially the rules and regulations around Local Housing Allowance (LHA). This can be done initially via the Internet but think about combining it with more formal training.
- ❖ **Local LHA levels:** Pertinent to your own area, get familiarity with LHA rent levels dictated by BRMA (Broad Rental Market Areas).
- ❖ **Demand Research:** carry out marketing due diligence to assess LHA tenant demand in your own area of choice.
- ❖ **Rental Yields:** Armed with LHA rent levels and local house prices, start to calculate rental yields to ensure the most suitable areas for investment.

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- ❖ **Property Marketing:** using a combination of on-line and off-line marketing, advertise the property and have systems in place to capture enquiries. Also consider making yourself known to homeless charities and housing option teams at the council.
- ❖ **Tenant Vetting:** put together a qualification sheet to fully vet tenants including credit checks & referencing of both the tenant and guarantor to establish whether to proceed to viewing.
- ❖ **Determine current benefit status:** Establish the family structure i.e. adults, kids (their ages, gender) and this has a direct bearing on housing benefit entitlement. Also establish what other benefits are being claimed i.e. "income benefits" such as JSA, ESA.
- ❖ **What's required to move in?** Tenants in this sector rarely have enough money for 1st months rent in advance PLUS a deposit PLUS administration fees so decide on a system that works for you.
- ❖ **Tenancy Offer:** offer a tenancy subject to the usual checks BUT TAKE CONTROL RESPONSIBILITY for the Housing Benefit Application to ensure the council deal with it efficiently.
- ❖ **Housing Benefit Payments:** using the right paperwork try and ensure Direct Payments to yourself or use an intermediary to get these payments.
- ❖ **On-going Management:** establish a good working relationship with the tenants and undertake regular checks of the property.
- ❖ **Super rents via Advanced LHA:** it is possible to generate very high cash-flow (and yields IN EXCESS OF 15%) using specialist knowledge of the LHA area and this something you might want to explore with an expert.

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