



elliotleigh
Guaranteed Rents

GUARANTEED RENT

A complete guide for
landlords & investors



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WELCOME

Landlords who don't want to face the daily responsibility of managing a property and managing tenants, will often hire a letting agent to save them the hassle.

The basic principle of guaranteed rent is fairly simple; the landlord and letting agent enter into an agreement which effectively makes the letting agent the landlord's tenant. However, there are different products, policies and schemes which can be backed by letting agencies, councils and insurance. It is important to decide what is right for your personal circumstances.

In this guide, we will run through the fundamentals of Guaranteed Rent in order to help you make an informed decision as to whether Guaranteed Rent is suited to you.



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What is **GUARANTEED RENT?**

Guaranteed Rent, also known as Rent-to-Rent, is a scheme designed to ensure that a landlord has minimal hassle when letting their property.

A company, known as the third party, will lease your property from you for a period of time and then rent the property to other tenants on your behalf, taking full control of the property management. Tenants have no direct relationship with the landlord- everything is handled by the third party, making your experience as a landlord hassle-free.

Common users of a Guaranteed Rent scheme include, but are not limited to, first time landlords with little experience, landlords that do not reside near to their properties, landlords that have a large property portfolio and HMO landlords where management is extremely time consuming.



How do Guaranteed Rent Schemes work?

The third party will sign a contract that guarantees a set monthly income to the landlord in return for taking full control of the property and its management. It is the responsibility of the third party to find suitable tenants, complete administration, resolve any property maintenance issues, ensure the property meets any legal requirements and take care of any legal proceedings such as evictions. As a landlord you will be giving up potential profits in exchange for a guaranteed rental income and stability as the third party takes all the risk.

Who offers these schemes?

Guaranteed rent schemes are offered in both the private and public sectors:

Local Authorities

Councils often use these schemes to increase their housing supply. The council will become your “tenant” and will rent the property to those in need. This can provide a stable income, even if your property is in a less desirable area, however the income is often lower than offered by other schemes. Local Authorities will often outsource work to Guaranteed Rent Schemes who work directly with the Landlord. They will take charge of the property management and maintenance.

Lettings Agents/Dedicated Providers

These businesses often offer commercial Guaranteed Rent services which are for profit as tenants are often sourced from the private rental sector. The third party will usually provide refurbishments and will take total control over property for the contractual period.



What's in it for **LANDLORDS?**

Most agents will agree to be responsible for the property management once a contract has been signed. This will range from maintenance & redecoration through to compliance. Other benefits include:

Long Term Contracts

Contract lengths can vary from 1-10 years, offering long term security for the landlord.

Guaranteed Rental Income

The third party will pay the agreed fixed rental income to you each month whether the tenant is paying or not.

Low Risk for Landlords

The third party is the first point of contact for property damage, repairs and maintenance. They will also deal with the eviction process.

No Loss From Void Periods

Rent is guaranteed even when properties are empty, saving you losses from empty periods.

Zero Risk of Tenant Arrears

Rent is also guaranteed to you from the third party regardless of if the tenant fails to pay rent.

Hassle Free

A Guaranteed Rent Scheme is ideal for Landlords who don't have the time/don't wish to be hands on.



Pros & Cons of **GUARANTEED RENT**

Pros of Guaranteed Rent

Payments on Time

Rent is paid on time & consistently whether the third party has tenants or not. Landlords can relax during the duration of the contract.

No Utility Costs

Once the contract is signed, the third party is responsible for all utility costs, saving the landlord money.

Regulations

Once guaranteed rent is agreed upon, it becomes the responsibility of the third party to enforce all property rulings.

Cons of Guaranteed Rent

Profitability

Guaranteed Rent Schemes focus on providing a stable income stream rather than producing the highest yield.

Lack of Control

The Landlord will sign over their property for a period in exchange for your monthly rental income - the third party often has final say.

Legal Liability

Even once compliance has been signed off to the third party, the property owner is still often the one responsible and could face fines.

INCOME COMPARISON: TRADITIONAL RENT VS GUARANTEED RENT

Guaranteed Rent may be more beneficial for you. We understand that this is different for each person so remember to consider the advantages and disadvantages, and take your personal circumstances into account when deciding.

Below you will find a table depicting an example of the total annual income a landlord could receive from Guaranteed Rent. Please note this is just an example and the rate you achieve will depend on factors such as the location and size of your property.

	Private Rent – £1,650pm	Guaranteed Rent via Elliot Leigh – £1,650pm
Annual Rent income	£19,800	£19,800
Commission @ 10%	-£1,980	£0
VAT @ 20%	-£396	£0
Referencing/set up fees	-£250	£0
Inventory / check in / check out	-£250	£0
One month rent arrears	-£1,650	£0
Total annual income	£15,274	£19,800
<i>Please note the above is an example & may not reflect the costs for your specific property</i>		



Guaranteed Rent for HMOs

HMOs can be a rewarding investment for Landlords but it comes with a fair share of challenges. Here are some of the benefits of Guaranteed Rent for HMOs:

Steady Rental Income

Regardless of whether the property has empty periods or tenants fail to pay, landlords still receive their rental income.

Reduced Administration

By delegating responsibilities to property managers, landlords can save valuable time and effort.

Decreased Risk of Arrears & Evictions

The local authority that places the tenant will take on the responsibility of rent collection and manage any arrears.

Maintenance & Repairs

Guaranteed Rent Schemes cover property maintenance and repairs, with some minor work included free of charge.

Long Term Agreements

Contract lengths can range from 1-5 years. These agreements offer stability and predictability for landlords.



HMO MANAGEMENT VS GUARANTEED RENT

HMO Management is focused on maximising profits by renting your HMO on a room-by-room basis, whilst Guaranteed Rent promises a stable income each month. We have compared the services offered between the two:

	HMO Management	Guaranteed Rent
Marketing your Property	✓	✓
Locating Suitable Tenants	✓	✓
Inspections	✓	✓
Maintenance	✓	✓
Income During Voids	✗	✓
Free of Service Charge	✗	✓





Find the right **GUARANTEED RENT SCHEME**



MAKE SURE THEY HAVE A GOOD NETWORK

It's best to look at an agency that has a good range of contacts in the industry, such as local authorities. This often ensures good tenants are found and that the home is well cared for.



ENSURE THEY HAVE IN-HOUSE MAINTENANCE

You want an agency that uses the same plumbers, painters and plasterers so that you get consistency every time. While you might not think these things matter, they do.



DO THEY OFFER A FULL RENTAL SERVICE?

Rental agencies vary so it's crucial to find one that fits your needs and requirements perfectly. You may want to opt for a guaranteed rent agency that offers a full rental service.



Is GUARANTEED RENT FOR YOU?

We understand that a Guaranteed Rent Scheme is not suitable for every Landlord and is dependent on your personal circumstances. If you tick any of these boxes then Guaranteed Rent could be a solution for you.

- I am not a hands-on Landlord
- I want to have a stable income
- I have multiple properties
- I'm a new Landlord
- I live far away from my properties
- I struggle to find suitable tenants
- I want to free up some of my time as a Landlord
- I want to minimise the risk of voids & arrears
- I want to do my bit to help with the housing crisis
- I want free minor repairs on my properties
- I want property management but I want to avoid expensive upfront costs

About **ELLIOT LEIGH**

Elliot Leigh Group has been established since 2003 and is a trusted name in property management and Guaranteed Rent schemes.

With over 20 years experience in property management and private sector leasing, we have a proven track record in providing a quality orientated service to our clients, helping landlords, tenants and local authorities with all aspects of residential property services.

Our founders have been and still are very much hands on and involved in the day to day running of the business, ensuring standards are kept to the highest level as the quality of our business stops and starts with them.

The company is split into two departments:

- *Guaranteed Rent*
- *Supported Living for Young People (TLC)*



CFO
Leigh Young



CEO
Elliot Altman

Joining **OUR SCHEME**



1

VIEWING & VALUATION OF YOUR PROPERTY

The property is viewed by an Elliot Leigh Property Consultant, the rent is agreed and any required works are listed.

2

SAFETY & COMPLIANCE CHECKS

Safety certificates are carried out by Elliot Leigh, free of charge, to ensure your property meets required standards.

3

MOVE IN COMMENCES & RENT BEGINS

A final inspection is carried out, a suitable tenant is found for your property. Rent will then commence.



What makes us **DIFFERENT?**



We offer a seamless service that maximises your investment and minimises day to day problems with managing property and tenants.

For over 20 years we have worked in partnership with local authorities and housing associations, allowing us to provide the best rent & service. All of our staff are friendly, well trained and dedicated to ensuring we meet a client's demands and expectations.

We have a number of in-house specialist contractors such as gas safe engineers and electricians to minimise landlord costs. Plus we have numerous multi trade operatives, painters and cleaners who are all qualified and experienced in their relevant field.



We value our landlords, and their time, very highly. That's why we offer these further perks once signed up to our scheme.

✓ **RENT UPFRONT**

Depending on your contract, you'll have the option of up to 3 months rent upfront.

✓ **MAXIMUM RENT**

We work with most London boroughs so are able to source the best possible rental income.

✓ **NO FURNITURE NEEDED**

We only require a fridge freezer and a cooker - no other furniture is needed.

✓ **24/7 MAINTENANCE**

We operate a 24/7 maintenance service, with free minor repairs.

✓ **FREE PROPERTY MANAGEMENT**

Regular inspection are completed approximately every 8 weeks on behalf of you, ensuring your property is being maintained

✓ **FREE REFURBISHMENTS**

During your contract with us, properties will be refreshed each time a tenant moves out, ready for your new tenant to move in.



The NUMBERS

Established

20+

Years of experience

Payments

400M

Paid in Rent Payments

Rent Arrears

0

Rent Arrears Faced

Properties

1600+

Properties under
Guaranteed Rent

Partnerships

50+

Local Authorities and
Partnerships

HMO Properties

50+

Under Management

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