

# FOREIGN POLICY TO PLANNING POLICY

## *Steady progress on a solid foundation*

Over the past couple of years, we have done a series of articles covering a range of topics relating to several stages of the development journey. We have also started to share the stories of some of our students who are enjoying the successes and rewards after taking the plunge to work on their own projects.



Richard & Brynley Little

 propertydevelopersacademy

As a slight departure from the usual format, this month I'd like to devote the whole article to the story of husband and wife team, **Guy Brown** and **Rupal Patel**, who have recently started a career in property development.

## OUR DEVELOPMENT JOURNEY

### *Guy Brown and Rupal Patel*



We both come from foreign policy and journalism backgrounds, so property investing may not seem like the obvious career trajectory, but we started because we wanted to earn a passive income that would allow us to see the world. We've travelled to more than 40 countries and lived in almost a dozen countries between us. We also wanted the flexibility to spend as much time as possible on either side of the "Pond", with loved ones (we're an Anglo-American-Indian couple with large, close-knit families).

We love the tangibility of property, and the satisfaction of transforming tired, rundown buildings into beautiful, high-end homes. We strive to create homes that people are proud to live in, and that do their little bit to improve the street scene.

Our first property investment was in 2012: a "2-up, 2-down" Victorian terraced house that we refurbished ourselves.

Our days were spent going to work, then working on site to strip endless layers of wallpaper (or re-plaster walls or sand down kitchen cabinets ...), then driving to London late at night (we were living in Swiss Cottage at the time) for a quick snooze, before waking up at 6am the next morning to drive back to Reading



and do it all over again. It was exhausting! And while we learned a lot, it took us 3½ months (of agony) to do work that would have taken any qualified builder less than a month to complete.



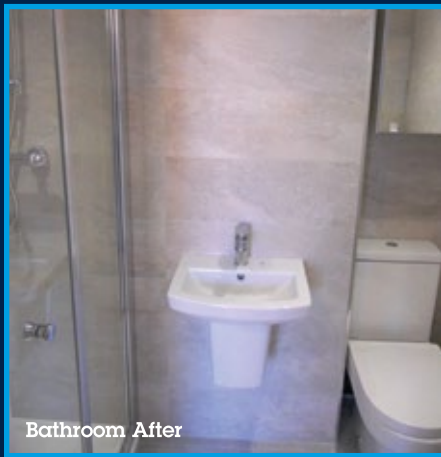
### *Lesson One, learned the hard way: always outsource to the experts.*

From that first property, we steadily grew our portfolio to include a few more single lets and HMOs (Houses in Multiple Occupation). When we reached about 25 tenants, we started to think about growing this; and after adding a few more HMOs, we felt the time was right to look for development opportunities. Don't get us wrong, HMOs are great for cash flow and they underpin our development efforts, but we were hungry for a new challenge.

To get started, we studied the projects of, and spoke to, more experienced developers who were doing what we wanted to do. We committed to growing our development business in the same way we grew our single let and HMO portfolio: by starting with something just a bit outside of our comfort zone, growing gradually and making steady progress doing more and more complex deals.



Bathroom Before



Bathroom After

Our first development project was a conversion of a large Victorian terraced house into three flats. The property was already converted into two shabby flats, but we saw scope to add value by reconfiguring the space to create a third unit. The support and knowledge we gained from the Property Developer's Academy (PDA) and the community of investors we met through PDA helped make this first development a success, but it wasn't without its hurdles.

From the beginning, the project proved more challenging than we had hoped. The development lender took a long time to release the funds (more details below); getting new utility supplies to site was time-consuming and frustrating; there were lots of moving parts to coordinate – building control, architects, contractors, warranty providers, specialist consultants – and one of the neighbours even threatened our builders for working on a Friday!

Despite it all, the project was well worth the stress and the constant juggling. We are thrilled with the finished product, and we transformed an unloved property into something beautiful. The surveyor valued it £40,000 higher than we had initially projected, and we are confident that once the flats are furnished and staged, we will smash beyond those preliminary valuations.

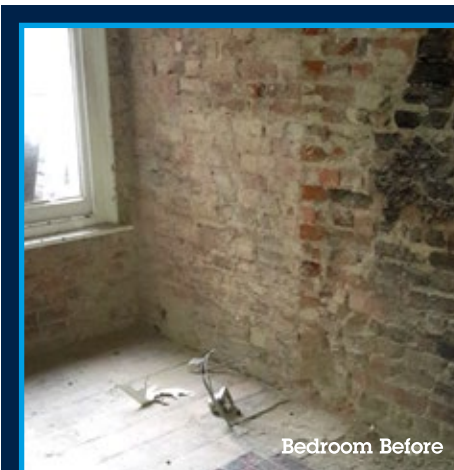
That type of transformation is why development is so appealing to us. Providing great homes is worth it. Improving our communities and the lives of the people who live in our properties is worth it. And creating wealth is worth it. BUT, it isn't plain sailing. You need to be resilient and build a great team before you build anything else. The risks with development are higher, the costs are higher, the delays are longer, and frustration can mount. Hopefully the lessons we're about to share from our experiences so far will help anyone who is considering property development for themselves.

## Always have a contingency plan

Our development lending on this project took 6 months to come through. Planning permission took 5 months instead of 2. Utilities companies took ages to come to site. There will always be delays and unforeseeable complications, so make sure you have a Plan B, and a Plan C. We were able to keep the build going only because we had contingency funds saved and had developed a good relationship with our Council Planning Officer and our build team. Make sure you have a plan for when things don't go to plan.

## Be conservative

With everything – cost projections, end values, rental figures, timescales – everything. Things take longer than expected and every extra day is an extra day of financing costs, insurance costs, and holding costs. It's better to be conservative on the financials and be pleasantly surprised, than to be optimistic with your figures and then find yourself in a hole. For this conversion, as with all of our projects, we were conservative with all of our numbers and the deal still looked attractive, so we were confident proceeding. But being conservative is a fine balance because you don't want to be so conservative that you scare yourself out of ever doing anything. So it's helpful to get



Bedroom Before

a second, experienced opinion if you are unsure about your plans and projections.

## Talk to the experts

We can't stress enough how important it is to have the right experts working with you at the right time. Make sure your broker, solicitor, accountant, architect, and planning consultant all have experience doing the kind of project you are working on. This will definitely save you some hair follicles! Also, talk to other developers who are a few stages ahead of you and doing the types of projects you want to do. We've found that people are usually generous with their time and advice as long as you don't abuse their generosity. Richard and Bryn have shared massively of their expertise, and we try to do the same with what we have learned so far.

## Set your standards and don't compromise

It's really important to us that we are proud of what we create and that our contractors share our standards. The guys we use tend to be more expensive, but the quality of their workmanship is faultless. That is evident both on the aesthetic finish and deep in the fabric of the building where we invest heavily to enhance things like thermal and acoustic insulation. We want to make sure our properties are future-proofed, and a pleasure to live in. We also believe that having high standards can have a cascade effect. For example, we put in beautiful replica sash vertical slider windows with Georgian bars and mock horns into this development, and neighbours literally stopped us on the street to ask which supplier we used so they could redo their own windows. People notice when you make an extra effort and it can inspire them to make little improvements to their homes as well.



Bedroom After

## Build a solid foundation

We believe it's a good idea to start on smaller projects before tackling bigger ones. The lessons we learned and our ability to overcome any setbacks we faced in our first few refurb and HMO projects gave us invaluable confidence to move forward and grow. A steady, gradual progression is also something that commercial and bridging lenders have told us they like to see. Why would they trust you with a million pound loan if your only experience with property is being a homeowner? Why should a private investor give you their hard-earned savings for a new-build block of flats, if you're just getting started? Credibility and track record are key.

## Don't be afraid of fear

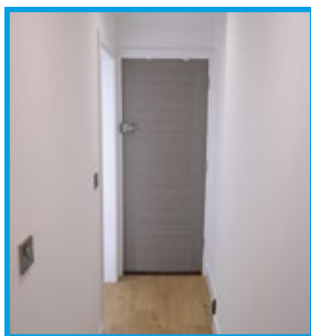
Fear is good, because it shows you aren't blind to the risks. But don't stop there. Be scared, and then write down what scares you. Is it the costs, the uncertainty in the market, your lack of experience? Pinpoint what you are worried about and then come up with a plan to overcome each perceived problem. If you are worried about costs, you can go for deals that have big margins and hire a great project manager to help you keep costs down. If you are worried about the market, make sure your projections are conservative and have multiple exit routes. Development can be scary, but then so is anything the first time around. Use your fear as a learning opportunity.

With everything we've learned from our first development project, we're already putting that knowledge to use on a similar project we now have underway. Our goal is to do a few more conversions and then start working on bigger schemes and new builds. We're excited about pushing ourselves forward, running multiple projects in parallel, and steadily scaling up, working with our fantastic group of advisors and builders as we grow. There will inevitably be difficulties and tough decisions to make, but with a great team around us, we are confident we can meet any new challenge along the way.

And if we can help other investors who are looking to take the leap into development, we are always happy to have a chat.

## CONTACT DETAILS

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## 'Building your Financial Future through Property Development'

Many see property development and 'BIG deals' as a natural progression on the property journey. More and more are turning to highly profitable development strategies as a way of kick-starting their property career, dramatically increasing their portfolio or generating large sums of money; and many property professionals are turning to development as an alternative to the disruption of buy-to-let and other investment strategies.

With more than 40 years' experience and over 3,000 builds under our belts, we have created, implemented and perfected proven systems and strategies to minimise risk and maximise the reward of development projects. We are pioneering property development education and helping aspiring developers build successful, sustainable development businesses through Property Developers Academy.

**Now is the perfect time to invest in yourself, develop that long term vision, take advantage of the abundance of opportunities, and build a successful, sustainable development business on solid foundations.**

If you're an action taker; want to massively accelerate your property journey; leverage other people's experience, knowledge, time, and funds; make more money in less time, giving you freedom of choice; and/or leave a lasting legacy, we'd love to help you achieve your goals!

## Property Development Discovery Weekend

**BRAND NEW EVENT**

Taking you through the 7 stages of building a £multi-million development business using our proven Property Development Business Blueprint. 2 full days of content on the fundamental systems, strategies, and services needed to be success in this business.

~~£997~~ + VAT

**YPN SPECIAL OFFER**

**£197** +VAT

**LAST FEW PLACES LEFT!!**

## Elite Developers Academy

A platform for you to build a successful property development business: monthly education, networking and masterminding, offering training, guidance, support, and confidence to new and experienced property developers.

**Places on the academy are already filling up and we have strictly limited places available.**

Express your interest by emailing us, [info@propertydevelopersacademy.com](mailto:info@propertydevelopersacademy.com)

Contact us for our 2017 dates of workshops and programmes.