

# MANAGE YOUR HMO WITHOUT MANAGING YOUR HMO

ARSH ELLAHI

Hi Arsh,  
I have an HMO and have been self-managing. However, I have found myself spending a lot of time conducting viewings and managing the tenants etc. Are there any tips you can share?

Thanks,  
Mr Q – Wiltshire

Thanks for getting in touch Mr Q. I feel your pain as I have been there, done that and worn out many t-shirts in the process.

Let me start by saying, self-managing can be as easy or as hard as you make it. I have met thousands of property investors who are all split on whether they self-manage or pass the management on to a letting agent. I firmly believe that no-one can do the job better than you, as ultimately, you can:

- Take calls around the clock (agents normally close at 5pm)
- Do viewings on weekends and evenings (agents normally closed)
- Sell the room

As you are the one paying the mortgage, you will know the urgency in getting the house filled to pay the outgoings and making cash flow from the property. An agent will have many HMOs to manage, and therefore your prized possession may not always be at the top of their priority list.

I started self-managing my properties almost 20 years ago, and over this time have found a system which allows me to:

- Still stay in control of the properties
- Remain at a very high occupancy level
- Manage the properties without having to manage the properties
- Taking as little as one hour per week for a large 23-bed HMO



## HERE'S THE SECRET ...

In 2006, I purchased a 17-bedroom care home and was forced to turn it into a 17-bed HMO (due to the care home going bust). The property was approximately 30 minutes away from where I am based, and admittedly, I was very worried about managing such a large property from a distance.

What was possibly worse was the fact that I was intending to fill the property with tenants who were on benefits (housing benefit back then). I had to think of a system quickly, otherwise this property could have been the end of me. I was worried that the property would be very draining on my time, and the fact that I would have to manage 17 vulnerable people from a distance.

I became very uneasy with the fact that the property could very easily be turned into an unmanned hostel, and could create a myriad of problems for me and the neighbouring community.

**I ran the property myself for approximately six months, which included:**

- Visiting the property every day (Mon-Fri) at approximately 11am
- Placing all the adverts online and in newspapers
- Taking all the calls from people who were enquiring/interested in rooms
- Meeting all the prospective tenants and do the viewings
- Doing all the paperwork
- Collecting all the rent
- Being on call for maintenance



## DOES THIS SOUND FAMILIAR FOR ANY OF YOU?

Slowly but surely, this started to grind on me and I started to fall out of love with property. Admittedly I ran a very tight military operation in this HMO to ensure rules were 100% abided by and the property was generating a very handsome return, but this came at the detriment of my time. I was spending so much time at the property, it stopped me from doing other things ... which was actually costing me money.

Having ran the HMO, I got to know the tenants and their profiles quite well. One tenant in particular stood out as being the 'father figure' in the house. A lot of the tenants would go to his room and would ask for his advice, and as a result they all respected him. I approached 'Paul' and asked him if he would consider becoming the Head Tenant, which would include the following duties:

- Tenants in the building would have to contact him initially with any queries or maintenance
- Start to collect the tenants top up on a daily basis – this would be approximately £15 per tenant which covered their fortnightly top up towards the rent. Every tenant would pay on different days according to when their benefits were paid
- Keep a general eye on the building – liaising with tenants to keep them all in high moral to run a harmonious house

We gave it a test run for a month and I was surprised at how quickly he took to the responsibility. Slowly, my daily visits dropped to every other day, and slowly went to twice a week. I remained at this level of attendance for a whole year, which allowed me to collect the rents from Paul (in order to avoid temptation) and maintain an element of control too.

In return for being head tenant, we reduced his rent by 15% initially allowing him to live there top up free. In essence, his whole rent was covered by the council and the arrangement worked well for us both.

**From this point, I then started to add additional levels of responsibility. I started to allow Paul to:**

- Pay rent into my bank (I gave him a paying in book)
- Conduct viewings (I would set up the viewings)
- Pass maintenance problems on to my maintenance team (removing me as the central point of contact)

And I started visiting the property once a week.

The game changer for me, was when Paul started to do the viewings. I would leave the keys to the vacant rooms with him and, when I had vetted a prospective tenant over the phone, I would arrange the viewing. Naturally, I thought that as they would have the day-to-day contact with Paul, it was only best that they get to meet him and vice versa. **More importantly, as Paul lived on site, he could now do viewings:**

- During the day
- In the evenings
- On weekends

Previously, I would have only met people there on weekdays at 11am (when I would visit the property). Having him on site with the keys was a blessing. As an incentive to sell the room, he would get an additional £25 for every room he let. Another win-win for everyone.

If you still have a question which you would like answered in next month's article, please feel free to email me: [arsh@arshellahi.com](mailto:arsh@arshellahi.com) and I'll aim to answer as many as I can over the following months.

**CONTACT** As always, you can connect with me on my social feeds by finding me on:

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Unfortunately, after almost 10 years in the property, Paul found love with another female tenant in the building and moved on, and I found another head tenant immediately within the house. Martin, who had lived in the building from the start, had seen what Paul had been doing and knew exactly what to do. Therefore, training Martin was not too much of a task as he knew the majority of it.

**Over the years, the role has evolved where Martin now covers:**

- Paying rent into my bank (I gave him a paying in book)
- Taking the calls from any prospective tenants – I put Martin's number on the adverts (with his consent)
- Conducting viewings (he arranges these from the calls)
- Doing the Universal Credit claim with the tenant from his laptop (which I provide)
- Receiving emails from my office (if we need to get any info to any other tenant)
- Screening the tenants (any credit checks online)
- Passing maintenance issues on to my maintenance team (removing me as the central point of contact)

And now, I only visit the property once a week as a general check. It takes 20 minutes max.

As a result of running the head tenant scheme successfully in West Bromwich, I now run this in most of my HMOs allowing me to become free again to enjoy doing other things in property ie deal sourcing.

Some would say that I have created a management team within the house, which works perfectly well. The 23-bed HMO runs smoothly with Martin on site, generates a handsome £120,000 per annum and only takes approximately 30 minutes per week. I keep in contact with Martin – a call a day just to check that all is in order – but overall I couldn't recommend this highly enough.

So there you have it, my secret to managing a HMO without managing it. I get all the benefits of a highly occupied property but really, I am only managing a single person.

Finally, to get access to all my updates and whereabouts, please sign up to my weekly newsletter at [www.arshellahi.com](http://www.arshellahi.com)

