

The Landlord

For Landlords and Sectional Title Owners



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TAKE AWAY THE LOOP

By now I think that you know that I am very concerned about security – most of the break-ins that we are seeing are not people coming over the wall but rather burglars who walk through gates – often aided inadvertently by a helpful resident. While not so far a major problem in Bloemfontein, in some areas car thefts are a major concern. Whatever you do please disconnect the exit gate loop that allows you to drive out the exit gate without having to use your remote. This is a simple pressure switch system that opens the gate when there is a heavy weight on it such as the wheels of a car. But it simply makes it easy for a thief too. They find it easy to get in but now you are making it easy for them to drive your precious car out and away. It really makes sense to remove the loop and install another cell to gate system on the outgoing gate.

BECOME YOUR OWN DEVELOPER?

I quite often have investors for sectional title units that are less than impressed by prices being asked for units in the market. Remember that the higher the price the lower the investment return. The reality is that Sellers are looking to sell for the highest price while Buyers are looking for the cheapest. But what are the alternatives. One of the alternatives is to buy a complete building such as a block of flats. Owners of this type of building are far more likely to sell based on realistic returns than on some price that they “feel” that they should get. With whole buildings the information that you need for calculating the returns on a building are also far more likely to be available. When buying it is also possible to judge if there is “fat” in the rentals ie the rentals are lower than the “norm” in the market so that while perhaps not buying at the ideal return gives leeway to increase rentals and get a better return.

Another potential method is to become your own developer – ie build your own units. While this might sound daunting a lot of the professional that you need to use will be more than happy to help and the rest is fairly obvious. What are the advantages of developing your own building? Well you are in control of what is being built from design, to building, to finishes, to layout, to security, to type of materials being used, to quality of finishes and how much maintenance will be required. Most built for owners buildings are better built than those that are built purely for sale. Not only do you save on the cost of building but save in many other ways. Your building is likely to have little or no maintenance, have water and electricity meters installed to collect the cost of these items from tenants, have good parking ratios making it more lettable and be warm and sunny because it faces the right way.

From experience, in the letting market being modern, bright and light is just what tenants are looking for and they are prepared to pay over the top rentals. Saratoga, in Wilgehof is in a very old suburb of Bloemfontein but has a high letting ration (low vacancy factor) with very high rentals. This new building has actually helped to upgrade the surrounding area with old houses being upgraded as a result. Yes being your own developer can be a real advantage.

Tough Financial Times Having an Effect on the Letting Market

Make no mistake times are tough. While Bloemfontein has not been hit as hard as other centres it is still not an easy market when letting residential units. This is the first time for many years that we have had vacant flats with no takers.

This is especially true of Willows and similar areas with lots of students. Many students come from disadvantaged homes and their parents just don't have the spare cash for student accommodation. While it might not be in terms of the Rules of the Body Corporate many students are trying to crowd flats in order to save on rental. Trustees must be very wary of this happening as it leads to a host of problems if not nipped in the bud. But the main effect is on the Landlord with a vacant unit that still has all the costs of ownership to pay in difficult financial times with no rental income.

We sympathise with owners with this problem and do our best to find them new tenants but it is not easy in the current economic climate.

Not only is this effecting student areas but also more upmarket areas where tenants no longer have the income to support top of the range properties. Unusually quite a few townhouses and large homes are finding it difficult to find good tenants.

Talking about good tenants, one of the worst steps you can take is to take any tenant to fill a vacant unit. Rather offer a lower rental to a good tenant than take full rental from a bad one. You will simply lose out. Rather leave your property empty than consider a bad tenant.

To help let your home quickly you need to make sure that it is in the best possible condition. Make sure that everything is in good order, the little things do count. Ensure that taps work and windows are not cracked. Does the property need painting and have the carpets been clean? Bringing in professional cleaners can be a good thing to do.

Check the garden is in good order. A neat well looked after garden can make all the difference to the attractiveness of your unit to a potential tenant.

Remember that you are in a competition with other people trying rent out their units. You just have to be better than your competition to make sure that your home gets rented out first.

Update Your EUA Plans

Ex Land Surveyor Bryan Innes is able to assist with the drawing of plans for EUAs (exclusive use areas). These plans indicate which areas of the common property have been allocated to which units and normally covers gardens, carports, garages, storerooms and the likes.

Quite often plans are drawn into the Rules rather than as a separate to-scale plan. Bryans plans makes things all that clearer to everyone. They also allow for the charging of more accurate EUA use levies – yes the body corporate is supposed to allocate a levy for these EUAs to cover the cost of maintaining them as part of the common property allocated to individual owners. The total of these levies can then be deducted from the total levy and the individual unit levy is then calculated on the remained by the unit PQs. This in effect means that any owner with an EUA is responsible for its upkeep. The EUA holder must look after the day to day things like cutting their lawn, sweeping leaves etc.

Older schemes registered under the original Sectional Titles Act don't have EUAs but were required to have a register of sections of the common property allocated to specific owners. By having an EUA plan drawn this allocation is not only formalised but certain. No longer will there be any confusion as to who has use of what and again proper levies can be implemented for these areas. Typically in a high rise building the garden on the ground floor will be allocated to the ground floor unit – while other floors obviously don't have a garden! People with garages will pay more than people with carports for example. A much fairer system.

Bryan has done plans for the largest managers in PE and has drawn plans for basement parking, carports, garages, storerooms, roof top gardens and more. Bryan's plans can be registered with the Deeds Office for permanence. He is able to do allocation plans for Residential and Commercial Buildings. Plans are not only drawn but the actual owning units is indicated on the plan.

Bryan is happy show you samples of plans that he has already done. He is also very happy to put you in touch with people he has done work for. Bryan can be contacted at brywen@absamail.co.za, cell 084 245 8405 or home 051 431 8777.

NEW ACT REQUIRES NEW BUDGETING

The new "Sectional Titles Act" is due to come into force before much longer. They are currently selecting an Ombudsman to police the new Act. Actually it is not purely intended to cover sectional title properties but to cover almost every other form of group housing and to impose on them some of the standards of governance that is currently in the Sectional Titles Act. Home Owners Associations and Share Block Schemes will be incorporated in the new act.

One of the major differences is that the Act will be in many ways simplified when the creation and registration of new body Corporates will be split away from the day to day management of registered schemes. Body Corporates that have been registered will only be concerned with the later and not at all with the former. That is actually as it should be as apart from the Developers responsibility towards the Body Corporate when he first registers the scheme should not concern the body corporate. The new act will make it very clear what is required of the Developer and one of these will be the fact that the Developer must build the scheme in terms of the plans that he submitted when he first opened the register and will not be able to make substantial changes to future buildings (or even have no plans for future development). Permission from registered owners will be required before any except for minor changes can be made. This will stop the character of a scheme changing after the first units are registered.

The act will also ensure that Developers hand over schemes in a proper way and not burden the Body Corporate with debt that the developer contacted for- security services, pool services, etc. It will also make it compulsory for a developer to pay his share of the costs for future development areas within the scheme. It will no longer be possible for a developer to keep a piece of ground within a security village and pay nothing towards it upkeep or the services he uses for example the security of a complex are in reality stopping illegal squatters claiming his right of extension – why should the Developer not pay some of the security costs?

The new act makes it compulsory to budget properly. Budgets must run concurrent with the financial year and must now include reserves in the current year's budget for maintenance. It will no longer be right to thumb suck a reserve fund but it will be necessary to allow for future upgrading and replacement of such things as lifts, painting, waterproofing, pool and gate motors, lift replacement etc. Platinum Global have been doing this to a great extent for many years and would be happy to share their knowledge on how to budget this way. Mike is very happy to speak on budgeting on functions about the new Act. Mike can be contacted at mike@platinumglobal.co.za.



Neat as a Pin Townhouse R899,000

Three bedroom townhouse with private garden. double garage, two bathrooms, built in oven, open kitchen lounge dining room.

Centrally situated in cliff front setting with large private garden. Well secured in security complex.

Platinum Global Managed and excellent finances. Full financial records available.

For more details contact Ben Miller 082 430 3076

New In the Market – Just Arrived



Serenitas - secluded - secure- serene!

Idealic retirement home for singles or couples. 2 spacious bedrooms, openplan kitchen and lounge, private garden for those who love gardening. Full lock up garage with access to unit. Sunny north facing. Serenitas is the premier retirement home in Bloemfontein. Facilities include security, frail care, nursing services on demand, hairdresser, restuarant, sick bay. High quality setting in quarry site. Just a short distance from Preller Square shopping centre. Great place to retire to. Call Ben 081 430 3076

VISTA PARK R990,990
Three bedroomed, two bathroom, totally upgraded family home with fridge, flat screen TV, microwave oven and fridge in super suburb. Just move in. New area filled with new homes ideal for the young couple and their family. Light facebrick finishes with bronze aluminium windows for long term low maintenance. Enclosed carport included. For this and a choice of other designs contact;
Thabo Ramabolu Tel 083 593 6185



GREENSIDE - LANGENHOVEN PARK SMALL-HOLDINGS

Brand new building first units ready for occupation. 105 sq metre three bedroom two bathroom townhouses each with a private garden. Near no maintenance finishes. Fully north facing for bright warm sunny interiors. Location in country atmosphere not far from Pretty Gardens. Deep red soils for easy gardening. 3 Bedroom, 2 bathroom, open plan living area. Kitchen with wash up/laundry. Good security. Double lock up garage plus two open parkings.

To view contact Thabo Ramabolu 083 593 6185

Talk to Platinum Global about all your property questions. From Body Corporate Management to Industrial Letting Platinum Global are able to give you practical user friendly advice. We are able to help you with letting, property management, practical management aspects of your new developments, property sales, property design. Contact Mike Spencer 082 881 4711