

Landlord's Guide to Letting

There are many things to consider prior to letting out your property and the process can become complex and time consuming. As specialists, we understand the letting process and can manage your property giving you peace of mind and relieving you of the commitment of being a full-time landlord. Check out our guide below of things you will need to consider before renting out your property:

Getting the property ready for rental

Now that you have decided to rent out your property, you will want to maximise the letting potential by making sure you address the condition, the quality of the presentation and attention to detail. The most important thing to remember is that you are not going to be the one living in the property, so your personal taste should take second place to what the market demands. Better properties tend to attract better tenants, be taken better care of and yield the highest rents.

Exterior

The first thing that a potential tenant sees is the front of the property, so the exterior should be in good, fresh decorative order. Any pathways and driveways should be cleared of weeds and should be tidy, presentable and rubbish free. Trim hedges, mow the lawn, repair any cracks, holes or blemishes in the exterior and make sure the house number is clearly visible. If you are letting a garage with the property, this should also be cleared and made ready for use. The garden should be tidy and presented in an attractive manner - remove any dead or unsightly plants and if needed add some new ones.

Utilities

Ensure that all available utilities have working connections to the property including telephone, broadband, gas, water and electricity. Where provided, check any LPG/OIL tanks are in working condition and full and that any septic tanks attached to the property are emptied.

Furnishings, Carpets, Curtains & General Interior

Your property can be let fully furnished, part furnished or unfurnished, this will be entirely up to you. We can advise you at the time on whether to furnish or not, and to what level. You will find that most tenants prefer plain, neutral colours for decoration, and you will also need to take into consideration wear and tear, especially on carpets.

Carpets should be good quality, practical and hard wearing. It may be appropriate to fit wooden floors in some of the rooms and avoid carpet in bathroom and kitchen. Bathrooms should have a good quality shower, and kitchens should be clean, well equipped and functional. All gas, electrical, plumbing, waste, central heating and hot water systems must be safe and in good working order.

Any instruction/operating manuals for any appliances and electrical equipment should be left in the property - preferably in one folder. Details of any maintenance contracts should also be supplied.

Before the commencement of a tenancy the whole property should be made clean throughout.

Other Important Considerations

Do you have a mortgage on the property? - If you have a mortgage on the property that you intend to let then you will need written permission from your mortgage lender unless already agreed. Depending on who your lender is will determine whether you need us to include extra clauses within the tenancy agreement.

Is your property leasehold? - If you are the leaseholder of the property then you will need to check the terms of the lease prior to letting and obtain any necessary permissions. You will need to provide us with any rules that the tenant must comply with. The same will be true if your property has an estate maintenance scheme. Remember, you will continue to be responsible for ground rents and service charges.

Council Tax & Utility Services - Arranging for transfer of the council tax and utility services into the correct tenant name and transferring them back to you

at the end of a tenancy is part of our services. Meter readings for each of the services connected to the property will be needed and can be taken when the inventory is done.

Insurance - You should advise the insurance company that you are letting out the property and you should make sure that you have adequate insurance cover for buildings, content and public liability in place. Failure to notify your insurer may invalidate your policies. If you need further information on You may want to consider Landlords Legal Protection, Rent Guarantee Cover or Contents and Building Insurance, please feel free to ask if you need further information.

Income Tax - New tax arrangements apply to interest relief since 2017. These may affect your cash flow significantly. If you need advice on this, please let us know. Non-resident landlords will need to register with HMRC to prevent deduction of tax from the rent.

Do you need an HMO licence? – Multi-occupancy properties and some flats require licensing. Obtaining a licence can take some months. We can advise you on these requirements before you let your property.

Post - If you are renting out a property where you no longer live (e.g.: you are moving and want to let the property) then you will need to arrange to have your mail re-directed to your new address.

The Cost of Letting Your Property

While your thoughts maybe leaning towards how much rent you can get by letting your property, you must consider and budget for any costs that could arise, for example:

- Mortgage payments due on the property
- Expenses for bringing the property up to the required standards, physically and in terms of safety
- Solicitors fees
- Letting agent and management fees
- Insurance
- Any ground rent and service charge

- Planned maintenance and repairs and a contingency budget for ad hoc maintenance and repairs
- Tax to be paid

Legal Requirements & Health and Safety

We can help you be compliant with the following legal requirements and many of these are included in our management service.

Gas

As a landlord of a property equipped with gas appliances you need to understand and comply with the law relating to gas safety.

- Under the Gas Safety (Installation and Use) Regulations 1998 all gas appliances and flues in rented accommodation must be checked for safety within 12 months of being installed, and thereafter at least every 12 months by a qualified engineer.
- All gas appliances and associated pipe work and flues should be maintained to ensure they are safe to use and prevent risk of injury to any person.
- Provide the tenant with a copy of the safety certificate before their tenancy commences and within 28 days of subsequent checks being done.

Electrical

Responsibility is on the landlord to make sure that the electrical installation, supply and appliances at the property are safe. Appliances included in the letting must be checked for defects (e.g. badly fitted plugs or frayed wires etc.). If an item is found to be unsafe then this should be removed from the property prior to offering it for rent. There is no mandatory checking procedure, but we strongly recommend that all landlords' have an annual inspection of electrical appliances (a PAT) and that the electrical installation and supply is checked every 5 years by a qualified electrician. Records of any checks should be retained and provided for inspection if required. All domestic installation work must be carried out by a Government "Approved" Contractor. Electrical contractors will also have to verify that the works complies with BS7671.

Furniture and Furnishings

It is an offence to install any furniture and furnishings in let properties that do not comply with The Furniture & Furnishings (Fire Safety) Regulations. The regulations apply to

- Headboards
- Mattresses
- Pillows and scatter cushions
- Stretch or loose furniture covers
- Children's furniture
- Garden furniture suitable for use in the dwelling
- Sofa-beds
- Futons

and any other item with similar type fillings of which must carry the appropriate labels of compliance. Upholstered furniture must have fire resistant filling material and must pass a cigarette resistance test and permanent covers must pass a match resistant test. Any furniture added to the property since 1st March 1993 must comply with these requirements whether new or second hand.

The regulations do not apply to

- Antique furniture made before 1st January 1950
- Bedclothes including duvets & pillowcases and loose covers for mattresses
- Curtains
- Carpets
- Sleeping bags
- Cushion covers

The recommended way to check whether furniture complies is to look for labels attached to the furniture. If you are unable to establish where the furniture came from or its compliance, it must be replaced. It is illegal to let a property with furniture which does not comply with these regulations.

Legionella

The Approved Code of Practice regarding Legionella Control recommend that all rental properties have a Legionella Risk Assessment carried out at the start

of a tenancy. The relevant legislation can be viewed at <http://www.hse.gov.uk/legionnaires/>

Smoke, Heat and CO Alarms

Landlords are required to have at least one smoke alarm installed on every storey of their properties, and a carbon monoxide alarm in any room containing a solid fuel burning appliance (e.g. a coal fire, wood burning stove). Heat detectors are required in some kitchens. The landlord must make sure the alarms are in working order at the start and renewal of each new tenancy. It is good practice to provide a fire blanket in any kitchen.

Immigration Checks

Landlords need to ensure that tenant(s) and other occupier(s) of the property have a legal right to rent in the UK. This requires checking passports and visas and confirming ID in a face-to-face meeting. Proof that these checks have been carried out needs to be retained.

Houses in Multiple Occupation (HMO)

If you let a property which is one of the following it is a House in Multiple Occupation to which rules apply and which may need to be licensed:

- an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet
- a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities
- a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households
- a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies

in order to be an HMO, the property must be used as the tenants only or main residence and it should be used solely or mainly to house tenants. Properties let to students will be treated as their only or main residence.

The landlord must check with the relevant Local Authority, complete the procedure, pay the fee and obtain the correct licenses before any tenancy can

commence. Failure to obtain a license can attract large fines of up to £20,000.

Oxford City Council has stricter rules for HMOs.

We can provide you with further information and assist you with applications and can also be the licensed manager of your HMO.

Discrimination

You may have preferences about the types of tenants you will let to. Being unwilling to let to some types of tenants will be discriminatory. Tenants with certain characteristics are protected by law. These are:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

Discrimination may be indirect where ruling out a type of tenant has a disproportionate effect on tenants with one of these characteristics. This has been found to be the case with 'no benefits' bans.

Disability Adjustments

A disabled person has the right to ask a landlord for reasonable adjustments to a property to enable him or her to enjoy the property and its features as an able-bodied person could. Such modifications are temporary and at the end of the tenancy the property can be reinstated. Any alterations and changes to the property will be at cost to the landlord.

Housing Standards

All let properties are required to be fit for human habitation at the beginning of and throughout the tenancy. A property will not be fit for human habitation if:

- the building has been neglected and is in a bad condition
- the building is unstable

- there's a serious problem with damp
- it has an unsafe layout
- there's not enough natural light
- there's not enough ventilation
- there is a problem with the supply of hot and cold water
- there are problems with the drainage or the lavatories
- it's difficult to prepare and cook food or wash up
- any of the 29 hazards set out in the Housing Health and Safety (England) Regulations 2005 exist

Landlords are advised to assess their property to determine whether there are serious hazards that may cause a health or safety risk to tenants. They should then carry out improvements.

The Tenancy Deposit Scheme

All deposits taken for an Assured Shorthold Tenancy after that date must be protected. The scheme is designed to encourage landlords and tenants to make a clear agreement at the start of the tenancy on the contents and condition of the property.

Energy Performance Certificates (EPC)

EPCs are required whenever a building is rented out. The EPC must be made available to any prospective tenant at the point of viewing or enquiring about the property. The certificate provides 'A' to 'G' ratings for the building, with 'A' being the most energy efficient and 'G' being the least. The certificate includes recommendations on ways to improve the home's energy efficiency to save money and is valid for 10 years. From April 2018 new tenancies to new and existing tenants must reach a minimum energy efficiency standard of an E rating. From 1st April 2020, these requirements will apply to ALL private rented properties in England and Wales, even when there has been no change in tenancy arrangements.

An Assured Shorthold Tenancy?

The Assured Shorthold Tenancy is the default tenancy for most lettings in England and Wales. An AST is normally created when:

- The tenant is an individual as opposed to a company
- The dwelling is the tenants main/principal home
- The dwelling is as separate accommodation

Assured Shorthold Tenancy agreements are normally arranged for a 12-month period but can be agreed for a shorter or longer period. An Assured Shorthold Tenancy entitles the landlord to a possession order immediately after the initial agreed period. The landlord is therefore able to recover possession after the initial fixed term without having to show a specific reason, provided the landlord gives at least two months' notice to end the tenancy. Recovery of possession for other types of tenancy can be more challenging.

Redress Scheme

It was announced in early 2019 that landlords will be required to join a recognised redress scheme which tenants can address complaints to. This is already the case for letting agents.

Tenant Referencing

You will want to check that your tenant is reliable and can pay the rent. This can involve credit checks, employer and previous landlord references and information from accountants and lawyers. This can be time consuming and can raise issues about data privacy under the GDPR rules requiring registration with the Information Commissioner.



01865 339400



www.brightproperties.co.uk

Stress-Free Lettings

Please contact us at contactus@brightproperties.co.uk or by telephone on 01865 339400 to discuss how we can take the stress out of letting your property. We look forward to being of assistance to you.

All efforts have been made to ensure this guide is accurate as at July 2019. You should not rely on it without either addressing any questions to us for consideration or obtaining other specific professional advice.