

Landlords guide to letting out a property



Tenancy Agreement

Properties are currently let on the basis of an Assured Shorthold Tenancy. Since 1st March 1997 agreements can be entered into for short periods, however, it is our policy to encourage clients to enter into agreements for an initial minimum fixed term period of at least six months. Thereafter, a new fixed period can be established or the tenancy continues as a (month by month) Statutory Periodic Assured Shorthold Tenancy, whereby at any stage the landlord can give two months notice, or the tenant one month. If possession of the property is required at the end of the initial six months period, the landlord must give two months notice prior to the end of the fixed term.

Current Market

Generally, the local market is very good for landlords (provided the property is let in a good, clean condition). Nevertheless the marketing of a property, finding a suitable tenant and carrying out the necessary checks does take time. Four to six weeks is a reasonable estimate.

Rent Levels

We recommend that a property is marketed at a Realistic Rent Level ie. somewhere between the maximum and minimum levels that the sort of property could command in the local area. This ensures that a relatively large number of applicants apply, thus providing many candidates for tenant selection. Too high a rent level can also result in the property remaining unoccupied for long periods (with no income!).

Preparing the property

As you may already know potential tenants nowadays want the same level of comfort they would expect from purchasing a property and making it their home, and with the increased boom of buy to let mortgages available these days, the amount of property's coming to the market for rental is increasing. It is, therefore, important you make your property desirable and appealing to tenants as much as possible.

Consider these following questions:

- *Would I want to rent this property myself ?*
- *How can I make this property more appealing to prospective tenants than other properties?*

First impressions make lasting impact so it's important that your property is presentable and inviting.

These are a few points you may wish to consider:

Inside

- Floors and carpets cleaned and washed
- Walls should be a natural / light colour
- No evidence of dampness (wood clean and tidy)
- Windows clean, locks working with keys
- Doors secure, all locks working with keys
- Lights to have shades and bulbs working
- All rooms should be aired with heating times set
- Kitchen clean (cupboards, appliances, sink)

Outside

- Front of the house is warm and inviting
- Window frames rot free and clean
- Gardens cut, fences mended, gates fixed
- Outside lights working
- Garage clean and secure
- Shed empty and door secure
- Gutters and drains clear

- Anything damaged should be fixed / replaced
- Appliances tested, filters replaced, manuals supplied
- Bathrooms & showers clean and mould free
- Any furniture must be clean and damage free
(must meet fire & safety furnishings regulations 1998)

Furnished or Unfurnished

You can choose to let your property either furnished or unfurnished there is demand for both kinds of property. The decision to furnish your property will primarily depend who you're prospective tenants are. Families prefer unfurnished properties to accommodate their possessions they have collected over the years; similarly professionals may prefer furnished property. However, do ensure furnishings must be appropriate for your target tenants, whether they be students, single professionals or corporate market. If you are targeting top-end market then put in top of the range furnishes however if its student then do realize basic furnishes will suffice as quality of furnishing will not add any rent value.

Furnished

- Bed and mattress in all rooms (good & clean)
- Curtains / blinds in all room (natural colours)
- 2/3 seater sofa clean and damage free
- Good table and chairs to dine at
- Lawnmower (if any grassed areas)
- Fridge/freezer, Cooker, Washing machine
- Lampshades and light bulbs
- Curtains and poles / blinds
- Keep any electrical items to a minimum (one less thing to go wrong and replace)

Unfurnished

- Cooker (oven and hob)
- Fridge / freezer (Optional)
- Washing machine (Optional)
- Lampshades and light bulbs
- Curtains and poles / blinds

- **Installing a shower could make the property more desirable**

Things to consider before housing a tenant in your property

- **Mortgage**
If you do not have buy-to-let mortgage ensure you get approval from your mortgage lender. Some will charge a fee, others will ask you to change your mortgage over and some might just apply certain conditions.
- **Leasehold property**
If your property is leasehold, make sure you get permission from the head lessee before renting out the property and also check any conditions that might be applied as these could effect any potential tenants.
- **House Insurance**
Make sure you have buildings and contents insurance in place that covers rented out properties, carpets and curtains are classed as contents. The tenant is responsible for insuring his/her own possessions.
- **Overseas Landlord**
If you are moving abroad then the letting agent (if under full management) is required by law to deduct the required amount of tax from the rental income, usually 22%, however, this can be avoided if you register with the Inland Revenue Financial Intermediaries & Claims Office (FICO) and complete the necessary form called NRL1
- **Rent Guarantee Insurance**
You can take out rent guarantee and legal indemnity insurance, which covers the cost of legal expenses if you need to evict or take legal proceedings against a tenant and the loss of rent. (See enclosed Homelet booklet or ask us for further details)

- **Safety Regulations**
 - Gas Safety (Installation & Use) Regs 1994, and Amdt 1996 - all gas appliances, associated pipework and flues must be maintained in a safe condition and checked for safety at least every 12 months by a qualified gas corgi engineer.
 - Low voltage Electrical Equipment Regs 1989 - all supplied electrical equipment must be safe.
 - Furniture & Furnishings (Fire)(Safety) Regs 1988 - soft furnishings must comply with the match test and cigarette test. Soft furniture manufactured before First March 1989 is unlikely to comply.
- **EPC Certificate**

The EPC is part of a series of measures being introduced across Europe to reflect legislation which will help cut buildings' carbon emissions and tackle climate change.

The Energy Performance Certificate (EPC) gives tenants information on the energy efficiency of your property. It gives the building a standard energy and carbon emission efficiency grade from 'A' to 'G', where 'A' is the best and with the average to date being D/E.

As a landlord – you will need to provide an EPC which will be valid for ten years, to prospective tenants, the first time you let or re-let your property after 1 October 2008. Failing to provide this report can result in a fine being issued from your local council.

I have enclosed a brief EPC leaflet explaining the main points, however further information is available at www.campaigns.direct.gov.uk/epc/
- **Smoke Alarm**

If your property doesn't already have a smoke alarm, then it's worth investing in some just for that extra piece of mind. Properties built after 1992 should already have a hard wired smoke alarm as standard.
- **Income Tax**

Income from property rental is treated by the Inland Revenue as unearned income, and as such is liable to standard rates of taxation. There are, however, many allowances and expenses that can be used to offset the taxation; details can be obtained directly from the Inland Revenue or your accountant. You should be aware that self-assessment taxation which came into effect on 6th April 1996 requires landlords to retain all records of income and expenses regarding their property.
- **Housing Benefit**

Housing Benefit is a benefit that the Government pays via the local authority to people on low incomes to provide assistance with rental payments. Unfortunately there is often a stigma attached to tenants in this predicament, however, our experience has shown that many are trustworthy, loyal and maintain their properties in excellent condition. Tenant applicants in receipt of Housing Benefit still have to provide the required deposits and monies, and also a guarantor who is a house owner; they are treated no differently from other applicants.
- **Tenancy Deposit Protection**

From 6 April 2007, when a landlord or letting agent takes a deposit from a tenant, the deposit must be protected in a government-authorised tenancy deposit scheme. This new rule applies if the tenancy is an assured shorthold tenancy.

Within 14 days of taking the deposit, you must provide your tenant with details of how the deposit is being protected including:-

 - The contact details of tenancy deposit scheme
 - The contact details of the landlord
 - How to apply for the release of the deposit
 - Information explaining the purpose of the deposit
 - What to do if there is a dispute about the deposit

The websites for the three government approved schemes are as follows:

The Dispute Service Ltd – www.tds.gb.com 0845 226 7837

Tenancy Deposit Solutions Ltd – www.mydeposits.co.uk 0871 703 0552

Deposit Protection Service – www.depositprotectionservice.com 0870 707 1 707

If you have any questions or are unsure on any of the above matters then please give us a call, we will be happy to help and advise you.



Let the family agency take the strain!