

LETTING YOUR PROPERTY

A Guide from CB ESTATES for Landlords



INTRODUCTION

Being a landlord can be profitable and letting out your property can provide a useful source of income.

However, there are a wide range of rules and regulations that a landlord needs to be aware of in order to safely and legally let out their property.

We have put together a useful Guide with some great tips to help you understand what you need to think about when letting your property. We cover the main regulations and also provide some practical tips drawn from our many years of experience in lettings.



NEED FURTHER INFORMATION?

PLEASE CONTACT THE TEAM
ON 01752 917458 OR
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FIRST STEPS

OBTAIN RELEVANT PERMISSIONS

It is important that you obtain all relevant permissions before you start. You will need to contact your mortgage company if there is a mortgage on the property. They may charge you and put certain conditions on the type of tenant you can let to.

If you are buying a property to let out, you will need a 'buy to let' mortgage. If the property is a flat and has a lease attached to it you will need to check that you are allowed to sublet the flat to a tenant. You may also need approval from the Freeholder.

FURNISHED OR UNFURNISHED

You can let out your property unfurnished or furnished. If you want to only leave some furniture then you can even let it as 'part furnished'. Which you choose is up to you as the landlord, but you do need to consider your target market.

If you are letting out a room in a shared house then you would be expected to fully furnish the property. This also applies to student property.

Houses and flats let to a couple or a family can be either, but by far the most common approach is to let these unfurnished. Most tenants will already have their own furniture and will prefer an unfurnished property. Sometimes it may be worthwhile supplying some appliances (part furnished) if the tenant does not have any.



It is important to note that any furniture or appliances you do supply must comply with the relevant regulations:

Furniture - The Furniture and Furnishings (Fire Safety) Regulations and The General Product Safety Regulations

Electrical Appliances - The Electrical Safety Standards Regulations and The Health and Safety at Work Act

If you do furnish the property make sure the items are good quality as you will have an ongoing duty to maintain or replace these should they need a repair. Electrical appliances will require regular testing and furniture must be fire resistant.

ENERGY PERFORMANCE CERTIFICATE

Energy Performance Certificate (EPC) - You must have a valid EPC in order to let your property. These are relatively inexpensive to arrange and need to be carried out by an accredited EPC assessor. Expect to pay around £50-£75 for one of these. There is a national public register where you can check to see if your property already has one and download a copy of it

Click on this link to download your EPC - www.gov.uk/find-energy-certificate

Once you have an EPC it lasts for 10 years before you need to get it renewed. Properties are graded A - G. Your property EPC must be at least Rating E in order to let it out. If you have an F or G rating you will need to upgrade its energy efficiency.

You should be aware that The Government is proposing to increase the minimum rating to a C for all new tenancies by 2025.



PREPARING THE PROPERTY

Now is the time to carry out any minor repairs that you keep putting off. Engaging contractors to carry out repairs will be more difficult and more expensive when the tenants have moved in.

Walk around the property and make a note of anything that needs fixing. Fix these before the tenants move in:

- Lightbulbs not working
- Loose shelves
- Sticking doors
- Loose cupboard handles
- Extractor fan not coming on
- Back door key missing
- Shed window cracked

You do not need to professionally clean your property but it does need to be tidy and cleaned to a good standard. Unless the carpets are fairly new its often worth getting these professionally cleaned as this encourages the new tenants to look after them. A professional clean of an oven is relatively inexpensive and the oven will look almost as good as new.

A fresh coat of paint is highly recommended if the walls have not been decorated for a few years. Keep any colours neutral. Magnolia works very well as does simple white or cream. We advise using a matt finish and also making a note of the paint type to make things easier when you need to touch up at the end of the tenancy.

Keep receipts of any works carried out, in case you need to make a deposit claim at the end of the tenancy.

A well presented property will encourage better quality tenants and also encourage them to look after it. It will also be easier to show wear and tear during the tenancy if the walls are newly painted.

STAYING COMPLIANT

There are a of rules and number of regulations that you as the landlord will need to comply with. It is worth remembering that even if you employ an agent to manage the property for you it is still you as the landlord who has the overall legal duty to ensure your property is safe and compliant.

It is not possible to cover all the regulations which may affect you as a landlord but we have picked out some of the main ones that apply to most properties.

We advise that you speak to an accredited Letting Agent at an early stage to discuss what services they offer. They will be able to advise you on what is required and the steps needed.

GAS SAFETY

All gas appliances must be checked every 12 months by a registered gas engineer. This will apply to boilers and cookers. The Engineer will issue a certificate and a copy must be given to the tenant.

ELECTRICAL SAFETY

The Electrical installation must be safe and it must be tested every 5 years by an approved Electrician. A copy of the certificate must be given to the tenant.

Portable electrical appliances must also be safe. Although there is no specific legal requirement to test them, it is good practice to carry out regular testing. We recommend they are tested every 12 months by a competent person.

SMOKE ALARMS

A smoke alarm must be fitted on each floor of the property at the start of the tenancy. These do not have to be mains wired and they can be battery powered. If you do fit a battery alarm we recommend supplying a 10 year maintenance free model which does not require the batteries are changed.

During the tenancy the tenant would be responsible for changing any batteries and reporting any faults.

It is also compulsory to fit carbon monoxide alarms in appropriate locations in the property.

FURNITURE

Any furniture that is supplied must be fire retardant and comply with the relevant British Standard. In practical terms this means that you should check that the furniture has a label sewn into it stating that it complies. These are usually found on the underside of the sofa or chair. Only supply furniture which has this label.

RISK ASSESSMENTS

You should consider whether you need to do any risk assessments. A **fire risk assessment** may be required for communal areas and a **legionella risk assessment** may be required if a property has been empty for some time.

You can do these yourself but we recommend using a competent person unless you are experienced in carrying these out. Fire risk assessments of complex HMO properties are definitely best left to a professional.

FINDING A TENANT

Once your property is ready you will then need to advertise it and start looking for a tenant.

ADVERTISING

There are a wide range of places where you can look for tenants. You can place an advert yourself on the internet and there are various websites offering this.

You can also promote your property on social media through facebook and instagram. You could even make your own 'TO LET' board and place this in front of your property.

To ensure that your property is seen by the most tenants and to give it its best possible exposure we recommend using an accredited Letting Agent.

A high street Letting Agent will be able to promote your property to the widest possible audience using national property portals such as zoopla and primelocation. They will display your property in their window and mail it out to tenants actively looking on their mailing list. They will also publish it on their own website,

An agent will take colour photos, prepare a colour floorplan and also produce a colour brochure of the property. This will encourage potential tenants to view your property.

The agent will promote your property on their own social media channels which will have a large number of followers and tenants looking for their next property.

VIEWINGS

Your property is now being advertised and you are looking forward to your first viewings. If you are carrying out your own viewings then safety is very important.

Ensure that you take personal details of potential viewers beforehand. As a minimum this should include contact number and email address. You should also check their suitability first;

- Can they afford the rent?
- Are they employed?
- Do they have any pets?
- Are they claiming benefits?
- Do they have a Guarantor?

If you engage an agent they will arrange these with the tenant and will accompany them during the viewing. It is important to ensure your property is looking its best beforehand. Your agent will check that the viewer is suitable and is in a position to proceed should they decide to apply for the property.

You will receive feedback from the agent on how the viewing went and any comments from the viewer. This can be taken into account in future marketing or if the property is not letting.

Your agent will monitor interest levels of your property advert and provide you with data on how it is performing.

They will advise on any pricing adjustments and whether any changes are required to ensure that the marketing remains current and does not go stale.

REFERENCING

Once the viewing has taken place you may receive an application. At this point your agent will ask the viewer to complete an application form so they can assess their suitability and whether they are likely to pass the tenant referencing process.

The next step would be to take a 'holding fee' from the tenant to hold the property while referencing checks are carried out. Under the Tenant Fees Act this fee cannot be any more than 1 week's rent.

Once the fee is paid the property is reserved for the tenant and viewings will stop while reference checks are carried out. We recommend that the following checks are carried out as part of the referencing process:

- Landlord or Letting Agent reference
- Employment reference
- Accountant reference (if self employed)
- Credit reference/check
- Right to rent check
- Identify check

If the tenant has a pet then ask the previous landlord whether the pet caused any damage or nuisance.

You can ask for the tenant to provide a Guarantor if they fail the reference checks.

Once all the references have been completed, which can take a few days, it is time to offer the tenancy to your applicant. At this point it is good practice to check all the details of the tenancy with them to ensure there is no misunderstanding after they move in.

THE TENANCY

THE TENANCY AGREEMENT

Once a move in date has been agreed and the references have been completed, the tenancy agreement and paperwork can be prepared ready for signing.

The tenancy will usually be an Assured Shorthold Tenancy for a fixed term of 6 or 12 months. Tenancies can be for shorter lengths but for legal reasons we advise no shorter than 6 months. Some student tenancies are often for 10 months.

The wording of the tenancy agreement is not set in law and you can write a tenancy agreement yourself. We strongly advise against this as they are complicated documents and they need to contain various important bits of information to ensure that it is legally valid.

Well written Tenancy Agreements can be 20 pages or so long. They specify all the terms of the agreement together with all the responsibilities of both the tenant and landlord. This helps to ensure that the tenancy runs smoothly.

OTHER DOCUMENTS

The Deregulation Act made it a requirement to give various documents to the tenant before they move into the property. These are usually given at the same time the tenancy is signed.

These documents are just as important as the tenancy agreement itself and comprise:

- The How to Rent Guide
- EPC
- Gas safety certificate
- Electrical Condition Report

INVENTORY

An inventory is not compulsory but without one it would be virtually impossible to claim for damages against the deposit.

If you prepare the inventory yourself you will need to ensure that you record everything, including the condition. Here are some tips:

- Order the inventory into rooms
- Document each room in the same order to avoid missing anything
- Note in particular areas prone to wear eg oven, bath, doorways, walls at hand height
- Take plenty of photos and use reference points to identify where the photos is
- Take photos of meter readings
- Don't forget to take photos of the garden and inside the shed
- Make a note if light bulbs are working

Send a copy to your tenant and ask them to read and sign it

THE DEPOSIT

Once your new tenant has signed the tenancy agreement they can then pay the deposit. **The Tenant Fees Act states that a deposit must not be more than 5 weeks rent.**

It is usual to deduct the holding fee already paid from the total deposit and ask the tenant to pay the difference. This deposit must be protected in an approved Government deposit protection scheme within 30 days from being taken.

You must also give the new tenant a copy of the 'prescribed deposit information' and a copy of the Deposit Scheme's terms and conditions.

MOVING THE TENANT IN

Move in Day checklist:

- Check the first month's rent has been paid
- Each tenant over 18 will need a key
- Leave a Tenant Folder at the property. This will contain any instructions for the property, numbers to call in an emergency and landlord contact details and bank details for rent payment
- Test the smoke alarms. The Smoke and Carbon Monoxide Alarm Regulations state that these must work and be tested **on the day the tenancy starts**
- Take meter readings and submit them to the utility companies
- Notify the Council of the change of occupier

We hope you have found this Guide helpful and we wish you every success with the letting of your property!

The CB ESTATES team



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