

1. Preparing to be a landlord

1.1 Why be a landlord?

If all or part of your property is empty, it is an asset that is being wasted. Many people consider letting their property, but are not sure of the steps they should take to do so. Letting out all or part of your home could provide you with additional income, and at the same time provide someone with a home.

In the past some people were reluctant to let out their property because of rents being too low, and because of problems of getting difficult tenants to leave. The Housing Act 1988 made it easier for landlords to let property. It did this by removing most rent controls, and allowing landlords to charge market rents. It also created more “grounds” or reasons for landlords to evict tenants. Additionally it created a new type of tenancy which guarantees that landlords can get their properties back as long as certain procedures are followed.

The law stipulates that there are certain rights and obligations attached to becoming a landlord. It is important that you make yourself aware of these conditions when letting property. This guide explains the basic steps you must take to ensure that you let the property effectively and avoid any problems arising.

1.2 Avoiding the hassle

If you wish to let your property but do not wish to become involved in the detail of being a landlord yourself, you may like to employ managing agents. Many firms of estate agents and solicitors offer a letting or management service.

If you want to use a managing agent, you must be clear what services you want him/her to provide and whether s/he is able to do so.

They may provide some or all of the following services:-

- * Finding tenants
- * Holding and managing deposits
- * Preparing and signing up tenancy agreements and inventories
- * Collecting rent
- * Dealing with repairs
- * Checking the condition of the property
- * Serving notices for the tenant to leave where necessary
- * Ensuring that the tenancy conditions are complied with

The fees and services that letting/managing agents will charge vary. Make sure you check thoroughly what they will provide and how much it is likely to cost.

1.3 What sort of accommodation do you want to let?

You can let different types of accommodation such as:-

- * Part of your own home – sharing facilities such as the kitchen, bathroom or toilet, with a lodger or lodgers.

- * Part of the property where you live, let separately – without sharing any facilities, except perhaps the front hall and stairs.
- * A self-contained flat or house
- * A block of self-contained flats
- * Flats or rooms in a house with shared facilities

1.4 What are you offering?

Before you begin, you need to decide what exactly you want to let and how you want to let it. For example:-

- * You may intend to let part of the home you live in yourself, either sharing with your tenant or on a self-contained basis.
- * You may own an empty house or a flat independent of your own home.
- * You may be away from home for a while and want to let your house or flat while you are away.
- * You may have acquired a property as an investment or specifically with the intention of letting it.
- * You may want to let your property to a single tenant or to a group of people.

1.5 Assess your property – how do you want it used?

If the property is in good condition when let, it will help reduce problems later. It will also help when trying to find a suitable tenant and in setting the rent.

Basic standards of condition the property should meet if it is going to be let

- * It should be clean, dry, safe and in reasonable repair.
- * The electric wiring, gas installation and plumbing should be carefully checked.
- * There should be reasonable kitchen facilities with hygienic provision for storage and preparation of food.
- * There should be adequate toilet and bathing facilities.
- * Whether the property is let as one unit (for one person/family) or let on a shared basis with a number of separate units will affect the standards required, the amount of rent you get for it and the level of management that is needed. For example, while you may get more rent by letting to a number of individuals, there may be a higher turnover, greater risk of disputes between tenants, and more costs to you to bring the property up to required standards.

If the property is divided into a number of separate units of accommodation, it is probably a house in multiple occupation (HMO). If this is the case there are further requirements relating to fire safety, upkeep of common parts and services and general management. These are enforceable by the Council and you should seek advice from Housing Services.

Avoiding over-crowding

There are rules restricting over-crowding relating to both room sizes and the number of rooms. For example, a room of less than 50 square feet is not suitable for letting on its own.

Furnished or unfurnished?

It is your choice whether you provide furniture or not. It rather depends on the market you are aiming at. For example, if you are letting a house as one unit, or similarly a large flat, it is likely that prospective tenants will have furniture of their own. If you are wanting to rent out bedsits many of your prospective tenants will probably be young, single people who have little furniture, if any, of their own, and who will at least need basic furniture.

Period of letting

The length of time you intend to let the property will affect the tenancy agreement required. Is it going to be for a short period (for example while you are working away) or as a long term investment?

1.6 Things you can decide

- * Choose an appropriate tenancy type
- * Decide on the terms of tenancy.
- * Find and choose a tenant .
- * Set out the terms of the tenancy clearly..

1.7 Who needs to know?

Before letting a property, you may be required to consult and/or obtain the consent of other people such as:-

- * Your mortgage lender (if any)
- * Your freeholder (if you want to let a leasehold flat)
- * Your landlord or landlady (if you are a tenant yourself)
- * The Council's Planning Department (HMO)

Structural changes to a property, or a change in the way it is used, may require formal planning permission or constitute a change of use. You can check with the District's Planning Department if you are considering this.

- * The Council's Housing Services

Housing Services enforce the standards under the Housing Acts with which the property should comply and will give advice as to whether any works are required to ensure compliance.

- * The Council's Council Tax Department

- * Your property insurance company

You will need household and/or building insurance on the property and tenants should normally have their own contents insurance to cover their personal belongings. Sometimes it is difficult to insure properties when they are let on a short term, multi-tenanted basis (e.g. bedsits) so you may wish to consider creating longer term tenancies. The Association of British Insurers has produced guidelines for owners who want to rent out their property. These explain how insurers assess the risks involved and the steps which can be taken to secure cover in "Multi-Tenure Properties and Insurance : Special Considerations".

- * Your Tax Office or accountant

You should discuss your intentions with your tax office and/or your accountant. You may be able to offset mortgage interest, maintenance costs and building insurance premiums against the rent for tax purposes.