

STRAWBERRY STAR

GUIDE TO RENTING



Strawberry Star
GROUP

DECIDE HOW YOU WILL MANAGE YOUR RENTAL

Once you have decided to lease your property the first decision you should make is whether you will become a private landlord or employ the services of an agency.

As a private landlord you retain more control over your rental and will not be subject to agency fees, but these benefits come at the cost of convenience – professionally managing a rental property entails significant commitment in terms of administration and maintenance.

Agencies can be employed on 2 levels: a lettings agent will simply find you a tenant whilst a management agent will administer your property for the full term of the rental agreement, including rental collection, inspections and maintenance management. Most agencies will offer both services, and you must ensure you know which services you will be paying for and receiving.

Opting for an agent that is a member of a professional body and bound by a code of practice is strongly recommended and may give you recourse in the event you are dissatisfied with their performance. Membership of bodies such as the National Association of Estate Agents or the Association of Registered Lettings Agents indicates a degree of professionalism and service to provide peace of mind.

You should opt for an agent with experience and success in lettings in your local area and one that can find the right kind of tenant for your property. Stipulate the type of tenant you would like, the length of tenancy you would prefer and whether you would exclude certain tenants owing to factors such as children or pets.

Fees vary from agent to agent and are normally a percentage of the rental income of the property. Typically lettings-only commissions will range from 5%-10% depending on the level of service provided. A full lettings and management service is likely to cost around 15% of the rental value, although it is not uncommon to find promotional offers lower than this for a limited period of time.

Management-only agencies may charge as low as 5% and can be useful if you employ the services of multiple lettings agents, although for convenience many landlords opt for a full lettings and management service.

GET A RENTAL VALUATION

Your lettings agent should advise you on the rent you should charge based on comparable properties in the area, and the yield you can expect to achieve once all costs and fees have been taken into consideration.

If you are renting your property privately you will need to research the rent being asked on properties of a similar specification and location – online property portals are the easiest way to achieve this although be aware that rentals being asked by an agency are likely to be higher than those from private landlords so be careful that you do not over-value your rent.

PREPARE YOUR PROPERTY FOR RENTAL

First impressions are vital in the sale or rental of a property – the better your property looks the greater market interest it will generate.

To maximise your chances of securing a tenant you should ensure the appearance of both the exterior and interior is in the best decorative and structural order possible, free of clutter, clean and sanitary. Often the smallest of restorative measures have a significant impact on the appearance of a property, so attend to as many issues as you can.

MAKE YOUR PROPERTY SAFE

Renting a property carries obligations for the landlord; private landlords will need to attend to these regularly themselves, whereas a management agency should include such administration as part of their service:

Electrical regulations – the property's electrical system (including sockets and light fittings) and all appliances supplied must conform to safety requirements. A periodic assessment by a qualified professional is highly recommended.

Gas regulations – all gas equipment supplied must be safely installed and maintained by a registered Gas Safe engineer and reviewed on an annual basis. A current gas safety check report must be supplied to new tenants prior to check-in and, in the event the safety record is renewed during the tenancy, this must be presented to the tenants within 28 days of the renewal date.

Fire safety – all furniture must comply with current fire safety regulations and, for properties built after 1992, hard-wired mains operated smoke alarms must be present on each level of the property. Typically the tenancy agreement should stipulate that tenants are responsible for the periodic testing of alarms.

ADDITIONAL REQUIREMENTS

In addition to conformity to safety standards you will need to consider factors including:

Energy Performance Certificate (EPC) – this property energy efficiency rating is a legal requirement for letting a property and must be renewed every 10 years. Your lettings agent is also legally obliged to display the EPC rating when marketing your property.

Deposit Protection Scheme – landlords are legally required to register all deposits with an approved deposit protection scheme that holds the deposit until the end of the tenancy and mediates in the case of any disputes between landlord and tenant over deposit deductions. Lettings agents will normally deal with all aspects of the deposit protection scheme on the landlord's and tenant's behalf.

Income Tax – landlords are liable to pay tax on rental income, with different legislation applying to UK and overseas-based residents. You should familiarise yourself with the legislation and declare your income to the Inland Revenue (see www.hmrc.gov.uk/index.htm for further details).

Insurance – in many cases standard buildings and contents insurance will not cover your property if it is rented out. You should check with your insurance provider(s) and if necessary amend your policies or take new ones out. Policies specifically designed for landlords will typically include Public Liability Insurance to ensure cover against damages caused to 3rd parties on the property.

Mortgage – The terms of your mortgage may preclude you from letting your property out. You should confirm with your mortgage lender and if necessary renegotiate the terms of your loan.

Leasehold – Whilst unlikely, your lease may stipulate that your property cannot be rented out. In such cases it may be possible to draw up a new leasehold, although this is likely to prove time consuming and costly.

FIND A TENANT

Be sure your lettings agent is proactive in getting your property listed in as many different media as possible, although the internet is today by far the most important place to advertise and your agent should be prominent on portals such as Rightmove. Private landlords are able to list properties across portals, but often the costs associated with doing so become prohibitive. Window cards are an effective means of promoting to passing trade and your lettings agent should give some degree of exposure to your property in the relevant branch.

Once a suitable tenant has been found checks should be made regarding their financial background and previous rental history, obtaining where possible references from employers, landlords or guarantors. This process is undertaken as standard by any reputable lettings agent.

MAKE AN INVENTORY

Before your tenant moves in you should have a thorough inventory of the property prepared. This is a report that documents the condition of the property and all removable items supplied as part of the tenancy, as a point of reference for when the tenant moves out. Specialist companies can prepare the inventory at check-in and check-out and are usually employed by the lettings agent as part of their service; standard practice is for the landlord and the tenant to share the costs of inventory preparation.

THE DEPOSIT AND RENTAL PAYMENTS

As mentioned, it is a legal requirement to lodge the deposit with a recognised TDS. Rental payments are typically made on or by a specified date each month and can either be paid directly to your bank account or collected on your behalf by your agent.

CONTRACT RENEWAL

As the termination date of the initial contract approaches, you will need to decide whether to renew or terminate it. If you chose to terminate you will need to give the tenant the required notice period as stipulated in the contract. If you choose to renew, you must secure the agreement of the tenant for any changes or additions to the contract, including any rental increases; in case the tenant is not in agreement then the required notice must be served, after which the contract is terminated, the tenant vacates and the deposit (less any deductions as mediated by the DPS) returned to the tenant.

PROPERTY INSPECTIONS

Periodic visits to your property should be made to make sure it is being adequately cared for by the tenants. These will need to be arranged with the tenant in advance but, presuming they form part of the contract, cannot be refused by the tenant. If your property is managed your agent will attend to the inspection visits.

MAINTENANCE

Reasonable wear and tear to a rented property is inevitable and it is the landlord's responsibility to bring the property back to a suitable condition for new tenants. If damage occurs to the building or its contents as a consequence of a demonstrable lack of care on behalf of the tenant then they may be held responsible for financing the repairs or purchases necessary to restore the property to the condition in which it was originally rented, but otherwise it is the landlord's responsibility – and in their best interests – to keep the property in good structural and decorative order.

BAD TENANTS

Despite background checks and tenant vetting there is always the risk, albeit uncommon, that your tenants default on their rental payments. It is sensible to insure yourself against such eventualities and many forms of landlord insurance cover this; you will ultimately have some degree of recourse via the deposit held with the DPS but if your tenant does not pay the rent for a set period (or refuses to leave the property) you have the right to serve an eviction notice. A set procedure must be followed to evict a tenant via legal action – rent protection insurance will usually cover the legal fees required to regain possession of your property.

Strawberry Star Lettings and Sales
Unit 5, Milliners House,
Riverside Quarter,
Eastfields Ave, London,
SW18 1LP
(0)203 072 0040
lettings@strawberrystar.com