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A LANDLORD'S GUIDE TO LETTING PROPERTY

Letting a property involves a series of tasks from deciding on the right rental income figure through to effective property marketing. We have created a brief guide to make sure your property meets the required standards.

ASKING PRICE & RETURN

Before you let, you must have a realistic, achievable rental income figure. From this you need to deduct costs associated with letting, which may include legal, accountancy and estate agency fees, property management, re-letting fees, tax and on-going maintenance costs including annual gas safety checks.

PREPARING A PROPERTY FOR LETTING

Consents

You must ensure you have the appropriate consents with your mortgage provider, insurance company and any Superior Landlord or Freeholder to confirm that they are happy for the property to be let.

Cleaning

The property needs to be presented in the best possible way, so at a minimum this will entail professionally cleaning the interior of the property throughout, including carpets, curtains, kitchen equipment and sanitary ware. The exterior should be checked for any dilapidations and made good beforehand.

Garden

The garden must be presented in good seasonal order. If the tenant is to be responsible for maintaining the garden you should supply appropriate tools and equipment (eg lawnmower, hosepipe, etc).

Decoration

You may need to decorate and carry out upgrades (eg: replace carpets, bathrooms and kitchen equipment, etc). Decoration is the Landlord's responsibility

Keys

One set each per occupant should be provided and we recommend you provide 3 sets of keys at a minimum.

Alarms

Landlords are responsible for maintaining alarm systems. Tenants are usually liable for any call out charges.

Appliance Manuals

You must provide manuals for all appliances, including oven, washing machine, boiler, etc. You should also arrange for the Tenant to be shown how to use them and let them know what to do in an emergency (eg example turning the water off if there is a leak)

Special Care Items

If any items in the property require special maintenance (eg flooring, work surfaces, etc) please ensure you let the tenant know how they should look after them.

Inventory

You should provide a professionally prepared inventory. This document will be checked at the start of the tenancy with the Tenant and again at the end of the tenancy when it should show the difference between 'fair wear and tear' and damage to your property. Meter reading should be taken where appropriate and noted in the inventory and submitted to the relevant suppliers with the tenants' names.

LEGAL REQUIREMENTS

Energy Performance Certificate (EPC)

Before we start marketing your property you will need to provide an EPC compiled by an energy assessor. This advises tenants of the energy efficiency and environmental impact of the property. It is valid for 10 years

Gas Safety Certificate

Gas appliances in rented properties must be tested at least once in every 12 months by a registered Gas Safe engineer and certified that they comply with gas safety regulations. You must provide a copy to the Tenant *before* the tenancy starts.

Smoke and Carbon Monoxide Regulations

Smoke and carbon monoxide alarms are a legal requirement in rental property. Smoke detectors must be installed on each floor of the property and carbon monoxide alarms in any room where there is a solid fuel burning combustion appliance. Detectors must be tested at the start of a tenancy and you must keep records.

Furniture Fire Safety

It is a criminal offence to let a property that does not comply with the Fire Safety Regulations. Please ensure all furniture supplied carries a manufacturer's label that states it complies with BS7177. The regulations apply to arm chairs, three piece suites, sofas, sofa beds, futons, beds, headboards, mattresses, divans, pillows, fitted covers, cushions, pillows, etc.

Electrical Equipment

Regulations came into force on 1st June 2020 that require landlords to have the electrical installations in their properties inspected and tested by a suitably qualified electrician at least every 5 years and certificate given to the Tenant

How to Rent Guide

All Assured Shorthold Tenancy tenants must now receive a copy of this Government produced guide

Tenants Right To Rent

Landlords and Lettings Agents throughout England must check that anyone who proposes to rent a property is allowed to be in the UK and therefore has the right to rent. People who are not allowed to be in the UK are not allowed to rent. Please visit the Government's website for details as to how to conduct Right to Rent checks. Usually Arlington Residential will conduct the initial check, but Landlords are expected to carry out follow up checks <https://www.gov.uk/government/collections/landlords-immigration-right-to-rent-checks>

PROCEEDS OF CRIME ACT

We comply with stringent Money Laundering legislation, therefore you will need to let us see a valid passport or photo-driving licence as well copies of recent bank statement or utility bills showing your current address. We will also need to see the same identification for at least one director in the event that the owner is a company. You are also required to complete a PEP questionnaire (Politically Exposed Person) before we can market your property.

INSURANCE

You are responsible for insuring the building and any contents provided. The Tenant will be responsible for insuring their own goods. You must advise your insurers of your intention to let the property.

PROPERTY MARKETING

Promoting your property isn't just about great photos and floor plans; you also have to meet legal requirements, for example, attaching the energy performance certificate (EPC) to any property particulars and including the rating in any marketing material. The full EPC needs to be available during viewings.

VIEWINGS

We typically vet any potential tenants prior to personally showing them around your property, to be as sure as we can that they are a good match.

TENANCY AGREEMENT TYPES

AST - Assured Shorthold Tenancy – the most common form of tenancy for private individuals paying rent of less than £100,000 per annum / £1,923.07 per week for a minimum term of 6 months

Common Law Agreement – used for private individuals paying rent of £100,000 per annum/£1,923.07 per week or more

Company Let – used where the Tenancy is in the name of a registered company and the occupant is a bona fide employee of the company

TENANT FEES ACT 2019

This Act affects all ASTs (Assured Shorthold Tenancies). It effectively bans the charging of letting fees to tenants and limits the amounts of deposit they can pay.

Key points of which you should be aware are:-

- It is not possible to charge tenants, occupants or guarantors for any kind of referencing.
- Inventory costs, including check-ins and check-outs cannot be charged to tenants. Landlords bear these costs. Tenants cannot be charged for gardening costs or professional cleaning.
- Security Deposits are now limited as follows:-
For tenancies up to £50,000 per annum rental yield – equivalent to 5 weeks' rent
For tenancies over £50,000 per annum rental yield – equivalent to 6 weeks' rent
You may not charge extra security deposit if a tenant keeps a pet.
- Holding deposits may not exceed 1 weeks' rent and must be held for 15 days during which time the property must be withdrawn from the market.
- The Tenant Fees Act will not affect a landlord's entitlement to recover damages for breach of the tenancy agreement. Damages can still be claimed via a deduction from the Tenancy Deposit.

Full details are at: <https://www.gov.uk/government/collections/tenant-fees-act> .

MANAGING A TENANCY AND MAINTENANCE ISSUES

If you do not manage the property yourself, you must appoint a suitably qualified person to deal with any maintenance or management issues that may arise during the tenancy. Arlington Residential are able to provide a full property management service to relieve you of this responsibility.

RENEWING A TENANCY

If you look after your tenant and always deal with maintenance issues quickly, they are more likely to stay. Depending on your contract, it is important to check well in advance of termination deadlines whether your tenant would like to renew or advise they are moving out. Arlington Residential will do this for you as part of the service and in the event your tenant wishes to vacate you have adequate notice so you can prepare to re-let the property.

DEPOSIT AND CHECKING OUT A TENANT

Your tenant will usually have paid a deposit against damages and dilapidations at the start of the tenancy, which will have to be protected in a government-approved tenancy deposit scheme if the annual rental income is under £100,000 per year. Arlington Residential are members of Tenancy Deposit Scheme (TDS) and we hold Tenant's deposits in separate client accounts. At the end of the tenancy after the inventory has been checked out, you must facilitate the deposit being returned, either in full or with legitimate deductions which have been agreed in with the Tenant.

PROPERTY TAX

We are legally obliged to advise the HMRC of any properties that are let. Property income tax is applied individually and what you owe depends on your overall income and assets, not just earnings from your property. You may be able to make deductions from rental income to cover items such as agents' fees, maintenance costs, repairs, insurance, etc. We therefore recommend that you seek advice from an accountant in this regard.

NON RESIDENT LANDLORD

If you live abroad for 6 months or more you will be considered to be a Non Resident Landlord. You will still be liable to pay tax on any income earned by letting your property, and the tax you will pay will be determined by tax rules in your resident country as well as the UK.

Non Resident landlords should apply to HMRC (website: <https://www.gov.uk/government/collections/non-resident-landlords-forms>) in order to be able to receive rent without tax deducted. If not, tax will have to be deducted from the rent by the tenant or Arlington Residential.

Property tax is complicated, so we believe you should seek the advice of a property tax specialist.

Our Property Redress Scheme - PRS
Our Client Money Protection - Propertymark

