

A clear, impartial guide to...

Letting a property

Preparation | Checklist | Agent



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How an RICS member can help you let your property

This guide has been written by RICS (Royal Institution of Chartered Surveyors) and explains the basic legal and practical issues involved in letting a flat or house.

Giving you a checklist of the process you will go through, it also explains how RICS letting agents can help if you need any professional advice.

Here are the advantages of using an RICS letting agent:

- They give you clear, impartial and expert advice
- They act in your interest
- They are tightly regulated and have to follow strict rules of conduct – including having in place insurance to protect you
- RICS publishes a specific set of rules and best practice guidance, the Blue Book: Residential Property Standards designed to help ensure RICS letting agents provide exceptional service
- RICS members have to update their skills and knowledge throughout their careers, so you can rely on their expertise
- You are protected by a complaints procedure.

Once you have your property to let, it is worth remembering that it could take several weeks for a suitable tenant to be found.

Look out for firms that are 'Regulated by RICS' and that follow the standards set out in the Blue Book. Firms that are regulated by RICS will be easier to spot as they will be using 'Regulated by RICS' on their stationery and advertising material.



The process

1. Preparing your property for let

There are a number of issues to consider before you are able to put your property on the market for let.

2. Choosing an agent

Once you have decided to let your property you may decide to employ a letting agent to put your property on the market. Employing an RICS agent will help ensure you obtain the best rental and management for your property and ensure you don't fall foul of HMO legislation.

3. Marketing your property

A letting agent will discuss the best way to let your property and the rental income to expect from the let. You will need to sign a contract with the letting agent marketing your property.

4. Agreeing the let

Once you have found suitable tenants for the property, you will have to agree the terms of their let which will involve negotiating the terms and conditions of the agreement. To avoid potentially costly misunderstandings these should be set out in a written tenancy agreement.

1. Preparing your property for let

Whether you have let a property before, or this is your first time, when you let a home there is a lot to think about:

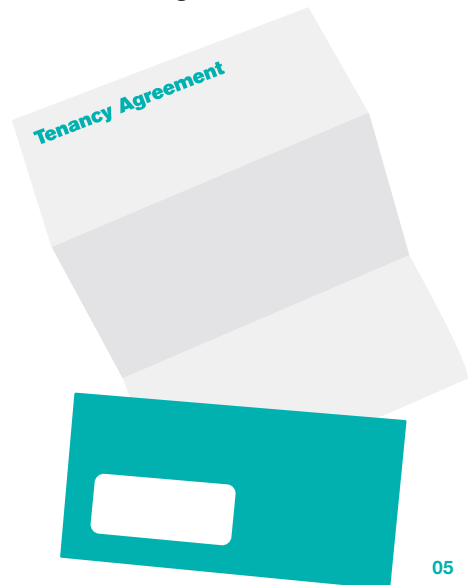
What is an Assured Shorthold Tenancy and when should I use it?

If the rent on the property is £100 000 per year or less and you rent your property to private individuals, the tenancy automatically becomes an Assured Shorthold Tenancy (AST). An AST usually lasts for 6 to 12 months, unless you agree a different fixed term for the tenancy in advance with your tenant.

When the fixed term of the tenancy has expired the landlord is able to gain back possession of the property provided they give two months written notice to the tenant. In addition, if the tenant owes at least 2 months or 8 weeks rent on the property you can apply through the court to seek a possession order.

What about Tenancy Deposit Protection?

Anyone holding a tenancy deposit (either as landlord or managing agent) must belong to an authorised scheme which protects the deposit during the tenancy and deals quickly and independently with any dispute over its return at the end of the tenancy. You or your managing agent must tell your tenant within 14 days of them handing you their deposit which one of the three authorised schemes the deposit is protected by and provide details of the scheme. Failure to protect the deposit can result in a fine of three times the amount of the deposit and difficulty regaining possession. For more details on the authorised schemes please visit www.rics.org/tds



Is my property subject to Houses in Multiple Occupation license provisions?

Landlords are required to apply for a licence from their local authority if the property they manage falls under the government's Houses in Multiple Occupation (HMO) license provisions and may also require planning permission.

An entire house or flat let to three or more paying tenants who form two or more households is defined as an HMO. Licencing requirements differ between local authority areas. Landlords should contact their local authority to find out if their property is subject to HMO licencing. An RICS letting agent will be able to advise you on this tricky area. For more details please visit the Department for Communities and Local Government website www.propertylicence.gov.uk

What is the new Housing Health and Safety Rating System (HHSRS) and what action do I need to take to comply with it?

The HHSRS provides an analysis of how hazardous a property is through assessment of 29 potential hazards found in housing. Landlords have to maintain their properties to provide a safe and healthy environment. The HHSRS is enforced by local authorities. For further information visit

www.communities.gov.uk/hhsrs

What are the health and safety requirements?

Before you let your property you must make sure by law that it and its contents comply with various safety regulations, including:

- Furniture and Furnishings (Fire) (Safety) Regulations 1988, as amended 1993
- Gas Safety (Installation and Use) Regulations 1998
- Smoke Detectors Act 1991
- Electrical Equipment (Safety) Regulations 1994.

Visit www.communities.gov.uk for more details.

Landlords are required to produce certificates meeting these regulations where appropriate and should ensure that a Portable Appliance Testing (PAT) for all electrical appliances is undertaken.

Other considerations before letting your property

In addition to all of the above, you will also need to make sure you have:

- An agreed inventory of all items left in the property and a property condition report. This is particularly useful in avoiding disputes over repayment of deposits.
- Obtained permission from your mortgage lender (if you have a mortgage on your property) and/or told your freeholder
- Advised your insurers and highlighted what items within the property you will be insuring and those that will fall to the tenants to insure.



2. Choosing a letting agent

You can advertise and manage your property yourself, but it can be a lot of worry and hassle. Many landlords use an agent to market and/or manage their property.

Make sure you get written confirmation of the agent's terms, conditions and costs for acting on your behalf before signing anything.

Most tenants look for properties through letting agents. Agents who are RICS members follow the correct legal procedures to find a suitable tenant.

In general, an RICS letting agent will:

- Advise on the current length of tenancy and rent to charge
- Advise whether to let out your property unfurnished, partially furnished or furnished
- Promote your property to potential tenants
- Handle the letting process
- Prepare the tenancy agreement
- Belong to a tenancy deposit protection scheme to safeguard the tenant's deposit.



3. Marketing your property

Once you have your property ready and if you have employed a letting agent to undertake the letting for you, they will discuss the best way to let your property, whether this be to multiple or single tenants.

The letting agent will also discuss the rent to expect from the let, taking into consideration the type of property, age and the fixtures and fittings to be included in the let.

The letting agent will offer advice on the best way to find tenants for your property,

arrange for an Energy Performance Certificate (EPC) and will advertise the property on your behalf in order to find suitable tenants. An RICS letting agent will undertake the viewings and ensure that the property is let without delay.

If you employ an agent to undertake the letting, you will need to sign an agreement with them which outlines their charges and the length of the contract. It is important that you understand the contract before you sign as you should avoid a lengthy tie-in.

4. Agreeing the let

Once you have found suitable tenants for your property you will need to agree the terms and conditions of the let with them.

Essentially, it is at this point that you must determine who is responsible for what. But here are a few of the more usual responsibilities:

Landlord is responsible for

- Repairing the property
- Paying the building insurance
- Paying any ground rent and service charge where applicable
- Insuring any items, such as furniture and kitchen equipment included in the property

They must not discriminate on the grounds of sex, race, sexual orientation, age, religion, marital status or disability.

Letting agent's responsibility to

Get written references for the prospective tenant. Usually these include:

- Credit referencing check
- Current and previous employer(s) to confirm both if the tenant is a permanent employee, and their salary
- Current and previous landlord(s) to confirm whether the rent was paid on time, is not outstanding and that the property was kept in good condition
- Where needed, guarantor's references
- Ensure an Assured Shorthold Agreement (where appropriate) is completed
- Obtain the necessary deposit and initial rent
- Arrange the inventory checks on the property.



Tenant's responsibility to

- Pay the rent and deposit
- Pay or make a contribution towards the bills, as well as any other costs agreed and stated clearly in the tenancy agreement, such as:
 - Inventory and tenancy agreement costs
 - Administrative charges
 - Responsibility for Council Tax, water rates, gas, electricity, telephone charges, television licence fee, etc.
- Return the property to you at the end of the tenancy in the same condition as at the start of the tenancy allowing for fair wear and tear.



Energy Performance Certificate

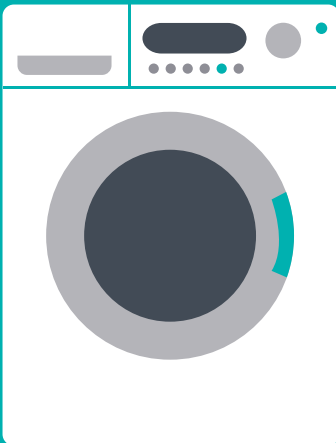
All domestic properties being let require an Energy Performance Certificate (EPC). The EPC is broadly similar to the labels now provided with domestic appliances such as refrigerators and washing machines.

Its purpose is to record how energy efficient a property is as a building. The certificate will provide a rating of the energy efficiency and carbon emissions of a building from A to G, where A is very efficient and G is very inefficient.

EPCs are produced using standard methods with standard assumptions about energy usage so that the energy efficiency of one building can easily be compared.

with another building of the same type. This allows prospective tenants to see information on the energy efficiency and carbon emissions so they can consider energy efficiency and fuel costs as part of their investment.

An EPC is always accompanied by a recommendation report that lists cost effective and other measures to improve the energy rating of the home. The certificate is also accompanied by information about the rating that could be achieved if all the recommendations were implemented.



Landlord's checklist

Here is a brief summary of the various costs to consider when letting your property:

Gas and electrical testing

You will need to ensure that you have tested all gas and electrical appliances to ensure they comply with current safety standards. This will need to be undertaken by a qualified professional and there will be charges made for this service.

Insurance

You need to ensure that you have insurance on your property and make sure you know exactly what is covered in the policy. You will need to advise the insurers that the property is being let.

Letting agent's fees

There are likely to be fees incurred for employing an agent to undertake the administration and management of your property. Charges vary from one agent to another, so it's worth checking on fees in your area.

Repairs and maintenance

Any repairs or maintenance that is required on the property will need to be paid for by the landlord.

Storage

You may have to put some of your furniture and furnishings in storage if the tenant brings his/her own belongings. The costs of storage will need to be covered by the landlord.

Tax

Landlords are liable to pay tax on income received from rent. Further information can be obtained from the Tax Office. Visit www.hmrc.gov.uk

Tenancy Deposit Protection

You will need to ensure that you or your agent belongs to a scheme to protect tenants' deposits.

Useful links

Here are some useful website addresses for advice when you're letting a property:

Royal Institution
of Chartered Surveyors

www.rics.org/buyingahome

Department for Communities
and Local Government

www.communities.gov.uk
www.propertylicence.gov.uk

Inland Revenue

www.hmrc.gov.uk

Local councils

www.direct.gov.uk

National Approved Letting Scheme

www.nalsscheme.co.uk

Residential Property
Tribunal Service

www.rpts.gov.uk/

Tenancy Deposit Scheme

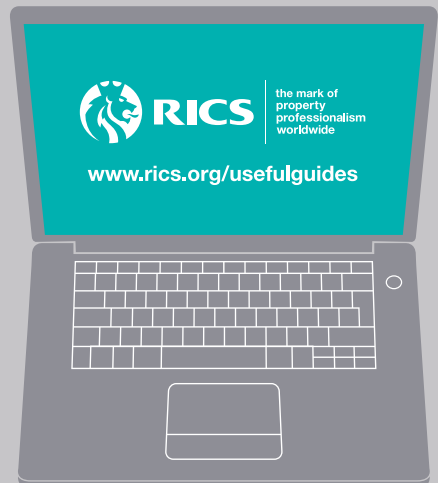
www.tds.gb.com

My Deposits

www.mydeposits.co.uk

The Deposit Protection Service

www.depositprotection.com



Free RICS guides



RICS have a range of free guides available for the property issues listed below.

- Buying a home
- Selling your home
- Property surveys
- Extending your home
- Subsidence
- Boundary disputes
- Party walls
- Right to light
- Compulsory purchase
- Letting a property
- Renting a property
- Flooding
- Property auctions
- Buying and selling art and antiques at auction

To order your free copies, visit www.rics.org/usefulguides

alternatively email contactrics@rics.org

or call the RICS Contact Centre

0870 333 1600

For more information

We hope this guide is useful to you. If you'd like to know more about letting a property, or how RICS can help, please contact us.

Visit our website
www.rics.org/letting

alternatively email
contactrics@rics.org

or call the RICS Contact Centre
0870 333 1600

Consumer helplines

RICS offers telephone helplines giving you 30 minutes free advice on:

- Boundary disputes
- Party walls
- Compulsory purchase

Just call **0870 333 1600** and you will be put in touch with an RICS member local to you, willing to provide a free 30 minute initial consultation. Lines are open 0830 – 1730 (GMT), Monday to Friday.

Find an RICS member

If you want to find independent, impartial advice from a qualified professional with good local knowledge, contact us.

Look out for firms that are 'Regulated by RICS'. Estate agents and surveying firms that are regulated by RICS will be easier to spot as they will be using 'Regulated by RICS' on their stationery and advertising material.

To find a chartered surveyor in your area visit
www.ricsfirms.com

alternatively email
contactrics@rics.org

or call the RICS Contact Centre
0870 333 1600



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Advancing standards in land, property and construction.

RICS is **the world's leading qualification** when it comes to professional standards in land, property and construction.

In a world where more and more people, governments, banks and commercial organisations demand greater certainty of **professional standards and ethics**, attaining RICS status is the recognised **mark of property professionalism**.

Over **100 000 property professionals** working in the major established and emerging economies of the world have already recognised the importance of securing RICS status by becoming members.

RICS is an **independent** professional body originally established in the UK by Royal Charter. Since 1868, RICS has been committed to setting and upholding the **highest standards of excellence and integrity** – providing **impartial, authoritative advice** on key issues affecting businesses and society.

RICS is a **regulator** of both its individual members and firms enabling it to **maintain the highest standards** and providing the basis for **unparalleled client confidence** in the sector.

RICS has a worldwide network. For further information simply contact the relevant RICS office or our Contact Centre.

Your local RICS member

