

Thinking about renting out your home?



**Avoid the pitfalls
of private renting**



part of the **LGA group**

The housing market has stalled and mortgages are difficult to come by because of the credit crunch. This makes selling a home very difficult. To help meet financial commitments, many homeowners are looking to rent out their home.

When owners do their sums, they often look at the rent they could charge and whether it would cover the mortgage costs. However, many owners fail to appreciate the responsibilities they take on by becoming a private landlord.

If you are thinking about renting out your home in England or Wales, this simple guide will help you avoid some of the common pitfalls of private renting:

1 Speak to your mortgage lender

You could be in breach of your mortgage agreement if you rent out your property without getting consent from your mortgage lender.

2 Get references from potential tenants

This will help minimise the risk of your property being damaged and the rent not being paid.

3 Prepare a formal tenancy agreement

Having a signed tenancy agreement will make it easier to deal with any disputes, should they arise. Assured shorthold tenancies are the most common type. You can get tenancy agreements from most stationery suppliers.

4 If you take a deposit, it must be properly protected

Any deposit you take from a tenant must be protected through one of the three government approved tenancy deposit protection schemes:

My Deposits (www.mydeposits.co.uk)

The Deposit Protection Service (www.depositprotection.com)

The Dispute Service (www.thedisputeservice.co.uk).

If you do not follow the rules, you may be ordered by the Courts to pay the tenant three times their original deposit, plus the deposit itself in compensation. You would also lose the right to regain possession of the property using a Notice of Possession under section 21 Housing Act 1988.

5 Obtain an energy performance certificate

You must get an energy performance certificate (EPC) and show it to prospective tenants. You must give a copy of the certificate to whoever takes up the tenancy. EPCs usually cost about £100, but can be cheaper. If you let your property without an EPC, your council's Trading Standards Officers might give you a £200 fine (<http://campaigns.direct.gov.uk/epc/>).

6 Find out whether you need a property licence

If your property has three or more storeys and houses five or more people who are not all related, you must get a licence from your local council so that your property can be used for multiple occupation. In some areas, licensing applies to other types of properties as well. This is called an HMO (House in Multiple Occupation) licence. If you do not get a licence you could be taken to court and, upon conviction, fined up to £20,000. If you are unsure if you need a licence, you should contact your council's private sector housing team for advice.

7 Get all your gas and electrical appliances checked

All gas appliances must be checked annually by a registered Gas Engineer and you must give your tenants a copy of the landlord gas safety certificate before they move into the property. From 1 April 2009, all gas engineers must be registered with the Gas Safe register (www.gassaferegister.co.uk).

You must ensure that the electrical installation and any electrical appliances you provide are safe, to reduce the risk of electrocution or fire. Electrical installations should be inspected and tested at least every five years and appliances more frequently dependent on their type. For details on how to find a registered electrician visit: www.esc.org.uk.

8 Minimise the risk from fire

You must ensure that there is a safe means of escape from the property in the event of a fire and that a suitable fire alarm system has been fitted. Each property will be different and you may need to carry out a fire risk assessment. To get further information, you should contact your council's private sector housing team. LACORS' national guidance on fire safety in residential accommodation can also be downloaded free of charge: www.lacors.gov.uk/lacors/ContentDetails.aspx?id=19843.

9 Ensure that your property presents no risk to your tenants' health and safety

Before the start of the tenancy, carry out an inspection of your property and look for any obvious hazards. The accommodation must be in good repair, well-maintained, and capable of being effectively heated. Any safety hazards must be promptly dealt with. www.communities.gov.uk/hhsrs

10 Don't find yourself in court when something goes wrong

Being a landlord is a huge responsibility and you will need expert advice. A wealth of information is available through landlord associations such as the National Landlords Association (www.landlords.org.uk), the Residential Landlords Association (www.rla.org.uk) and the British Property Federation (www.bpf.org.uk), or through council-run landlord accreditation schemes. Some local councils also run short training courses.

If you don't want to take on the management of the property yourself, you may want to consider using a reputable letting or managing agent. Details of local agents can be obtained from the Association of Residential Letting Agents (www.arla.co.uk), the National Approved Letting Scheme (www.nalscheme.co.uk) and the UK Association of Letting Agents (www.ukala.org.uk). Terms and conditions vary, so please check the small print before signing any agreement.

This information has been prepared to help you understand the responsibilities of becoming a private landlord. It is not intended as a comprehensive summary of the relevant legislation and you may need to seek independent legal advice.

If you have any specific queries in relation to the topics covered in this leaflet, please contact the Private Sector Housing Team at your local council.

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The Local Government Association is the national voice for more than 450 local authorities in England and Wales. The LGA group comprises the LGA and five partner organisations which work together to support, promote and improve local government.