

# FIRST CHOICE HOMES OLDHAM

## TENANCY RELATIONS SERVICE

### Advice and Information for Landlords

#### SETTING UP A TENANCY

There are many issues which a prospective landlord should consider before deciding to rent out a property.

##### General Condition

- The property should be clean and in good repair before a tenancy starts.
- All gas and electric appliances/fittings should be safe to use.

##### Gas Appliances

- Landlords are legally obliged to maintain gas appliances and pipework.
- Landlords should arrange annual checks by a **CORGI registered contractor**.
- A record of checks and services should be kept, which the tenants may inspect.
- If unsafe, gas appliances can produce carbon monoxide which is a poisonous, invisible gas, that can kill.

For further details, consult the Gas Safety (Installation and Use) Regulations 1998 (enforced by the Health & Safety Executive). An explanatory leaflet on this subject is obtainable from **First Choice Homes Oldham's Tenancy Relations Service**.

##### Heating

There is no legal requirement to provide heating. It would be good practice to provide safe and efficient heating facilities. The advantages of doing this are:

- It will make the property easier and more attractive to rent.
- It may persuade tenants to stay longer.
- It will avoid problems such as condensation and fire risks caused by other types of heaters.

##### Fire Precautions

- For a property let to a single household, there is no legal requirement to provide fire precautions. It would be good practice to consider providing, e.g. fire blankets in the kitchen, smoke alarms.
- In the case of a House in Multiple Occupation (HMO), e.g. a house let in bedsits or flats, fire precautions are essential. Landlords should consult **Oldham Metropolitan Borough Council's Private Sector Housing Team** for advice on the means of escape and other fire precautions to be provided.

### **Furnished/Unfurnished Accommodation**

- It makes no difference to the type of tenancy offered by a landlord whether the property is furnished or not. Single people in bedsits, for example, would often prefer furnished rooms (including crockery and pots, pans etc.). Some families may prefer unfurnished accommodation, as they possibly already have their own furniture. It would be good practice for the landlord to be flexible about furnishing.
- It is good practice to complete an inventory or list of all the furniture and fittings provided in the tenancy. Photographic evidence of the condition of the property pre tenancy commencement would also be useful in resolving disputes should there be any loss or damage. The inventory and any photographic evidence should be signed and dated by both parties. The landlord and the tenant should each have an identical copy of the inventory/photographic evidence.

### **Regulations**

- If a landlord provides furniture it should meet fire safety regulations as laid out in the Furniture and Furnishings (Fire Safety) Regulations 1988, amended by the Consumer Protection Act Amendment 1993. A copy of these regulations can be obtained from HMSO.
- From 31<sup>st</sup> December 1996, all furniture must comply with these regulations, except furniture made before 1950.
- If the property was let to the current tenant before 1<sup>st</sup> March 1993, any furniture supplied which is not up to standard must have been replaced by 31<sup>st</sup> December 1996, with furniture which meets the fire safety standards/regulations.

### **Financial Implications**

- As a private landlord, it is accepted that you need to make a profit from renting a property whether this is as a business or simply to cover expenses due to a temporary absence.

- A landlord needs to consider if the rent will cover all expenses, for example, if the tenant cannot or does not pay the rent, if damage to the property occurs, and the cost of fulfilling repair obligations.

### **Mortgage or Leasehold Property**

- If the property is subject to a mortgage, permission from the lender must be obtained **prior** to renting out the property. It may also be necessary to convert the mortgage to a business loan.
- If the property is leasehold, written consent from the freeholder may also be required before renting out the property – see your Lease for details.

## Rental Income

- Rental income is taxable, so you must inform the **Inland Revenue** that you are renting out a property. Contact the Inland Revenue directly for further details. You may also seek advice from an independent financial advisor or an accountant.
- Rent can be determined by comparing rent charged for similar properties in the area.
- If the property is to be rented to someone who is going to claim Housing Benefit, then it is necessary to consider if Housing Benefit will cover all, or some of, the rent.

## Insurance

- A landlord should inform their Buildings and Contents Insurance Company, in writing, that the property is to be let and ensure that the property is appropriately insured. This includes any furnishings, fittings and appliances included in the letting. **First Choice Homes Oldham's Tenancy Relations Service** can provide details of insurers offering appropriate policies.
- Tenants are responsible for contents insurance for their own goods.

## Types of Tenancies

- Tenancies starting after 28<sup>th</sup> February 1997 are subject to regulations set out in the Housing Act 1988, as amended by the Housing Act 1996. For tenancies commencing before that date, please seek legal advice.
- These regulations include the legal rights and obligations of both landlord and tenant, relating to issues such as:
  - Security of tenure
  - Procedures for increasing rent
  - Procedures for seeking possession
  - Legal requirements for setting up tenancies.
- A tenancy may either be an "Assured Tenancy" or an "Assured Shorthold Tenancy".

## Managing the Property

- The landlord can either manage the letting of the property personally or appoint someone to manage it for them. For example, a commercial "agent", an estate agent or letting/property management agency.

- Agents usually charge for their services. It is advisable to contact several to find the most suitable, if you prefer not to manage the property yourself.
- Agents can provide most of the following services:
  - finding a tenant
  - collecting rent.
  - dealing with problems
  - starting possession proceedings.

### **Charging for Gas, Electricity and Water**

- It should be decided how gas, electricity and water are going to be charged.
- If the landlord manages the gas and electricity meters in the property, there are maximum rates set for resale. **OFGEM** produce helpful leaflets, for both landlords and tenants, about charges.
- Other properties may have their own meters or card meters. The tenant is responsible for these costs.
- Water rates and Council Tax are usually paid directly by tenants, except in HMOs (Houses in Multiple Occupation).

### **Houses in Multiple Occupation (HMO)**

- A HMO is a house occupied by persons who do not form a single household and who may share facilities such as kitchens or bathrooms. For example, bedsits, students' shared houses, lodging houses, hostels, guest houses, Bed & Breakfast establishments and houses converted to self-contained flats.
- Landlords of HMO have to abide by legislation covering:
  - Mandatory Management Code
  - Fire safety standards
  - Means of escape
  - Fitness standards for human habitation
  - Permitted number of people sharing facilities such as bathrooms and kitchens.
- Contact **Oldham Metropolitan Borough Council's Private Sector Housing Team** to ensure that your HMO meets all the legal requirements.

### **Security Measures**

- There are no legal standards governing security measures, but it would be reasonable to expect the doors and windows to close securely. The external doors should also lock properly.
- It would be good practice to consider:
  - Installing window locks/mortice locks
  - Good secure front/back doors
  - Security lighting
  - Burglar alarm
  - Door chains
  - Secure mail boxes
- Considering the current levels of property crime, these precautions may:
  - Reduce or prevent damage to your property by intruders
  - Make the property more attractive to prospective tenants
  - Save you a lot of money in repairing damage in the long run.

For further advice and assistance please contact

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Opening hours:

Monday – Friday (excluding Wednesday) :	9.00am – 5.00pm
Wednesday :	11.00am – 5.00pm
Weekends and Bank Holidays :	Closed

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The above information is **NOT** an exhaustive guide to the law, nor does it cover every situation that may arise. For more detailed interpretation of the law, please seek legal advice.