



# Landlord Guide



Service | Expertise | Accountability

## 1. Introduction

Welcome to Aspire Residential Lettings and Management.

Whether you are thinking about making your first buy to let investment, or you are an experienced portfolio landlord, there is a lot that you need to consider when you rent out a property. In fact, it can all seem a little overwhelming. But don't panic, we are here to help. We can assist you navigate what needs to be done to be successful.

At Aspire, we understand that, as a landlord, there are a number of important objectives you want to achieve including;

1. Obtaining the maximum return on your investment(s).
2. Managing risk.
3. Receiving great customer service from your letting agent to reduce the "hassle" factor.

The good news is that, with our experienced team, we can help you meet these objectives.

### Achieving Maximum Return

To maximise return on your investment you need to achieve a target level of rental income and longer-term capital growth. But you don't maximise return by chance. You maximise it by a well thought out and executed approach including;

- ✓ Picking the right asset to invest in, and in the right location.
- ✓ Spending an appropriate amount to maintain the asset.
- ✓ Selecting the right level of rent to set.
- ✓ Finding and maintaining the right tenant.
- ✓ Minimising void/vacant periods.
- ✓ Minimising your exposure to risk.

Ask our team for further information and some practical steps to help you secure the best possible rental return and capital growth on your property.

### Managing Risk

When it comes to renting property, there are a couple of common misconceptions;

Firstly, it's a common belief that renting out a property is very straightforward; indeed, many agencies will simply tell you not to worry as they have "got it covered". Well unfortunately it's not quite that simple. Did you know that there are about 145 laws and over 400 regulations



that you need to meet as a Landlord to legally let a property? But again, don't panic as we are here to help and we have a huge amount of experience.

Secondly, it's another misconception that, if you appoint a letting agent then you "pass the risk to them". Unfortunately, this is not how the law of agency works. When you appoint an agent, you authorise them to act on your behalf, but you remain liable for almost everything they do.

Given the above, you can see how important it is to work with an agency that has the right experience, process, systems and "care" to manage your properties well.

### **Customer Service**

High staff turnover levels in some letting agencies may result in sub-standard customer service and an inexperienced property management team. Unfortunately, this inexperience often results in poor quality tenants being selected, rents falling into arrears, a lack of appropriate property maintenance and non-compliance with critical legislation. The result is more hassle for the landlord. Does any of this sound familiar?

At Aspire, we try to take the hassle out of managing property. With our team, you have access to;

- ✓ An independently owned agency, ensuring continuity of relationship with our business owners. You will not experience frequent turnover in staff.
- ✓ Through consistency of relationship, we build a deep understanding of you, your property and your tenants.
- ✓ We have a small, but highly experienced team with considerable industry and local market knowledge.
- ✓ Unlike other agencies, we do not reward staff based on number of viewings or cold calls. We reward staff on one metric – the feedback we receive from you - our client satisfaction score.

We are confident that every letting and management agency says "we're different". But when you scratch beneath the surface – are they really? At Aspire, we don't just say "we are different", we demonstrate it – day in and day out!



## 2. Getting Ready to Rent

Once you have made the decision to rent out a property, then it's all about "getting the property" and "getting yourself" ready.

### Getting your property ready

There are some obvious, but important considerations in getting your property ready;

- *Know your target market:* If you are targeting young professionals as opposed to letting a HMO, the physical attributes and presentation of your property will need to be different.
- *Get high quality photographs and ensure the property is well marketed on various websites:* You will know yourself from when you "browse", you need something to catch your interest and attention. Photographs, pricing and words matter.
- *No matter who your target market is, remember, first impressions count:* This doesn't just apply to the inside, but also how the property looks from the outside. Buying and renting property is as much an emotional decision as it is a logical decision. Most renting decisions are made in the first couple of minutes of the tenant being at the property. See our landlord checklist for "presenting your property" for further for tips.
- *There are lots of legal considerations* (refer to our legal checklist for further guidance): Please do not take these obligations lightly, as the implications may be significant.
- *Build a five-year plan for the property* to ensure it remains well maintained and you maximise the chance of retaining your tenant.

### Getting yourself ready

- *Financial preparation:* Make sure you have done the maths and that you have your finances and taxes in order.
- *Ensure you have the necessary approvals* from the freeholder of leasehold property, mortgage companies, building insurance companies etc.
- *Make sure you have appropriate memberships* and registrations such as ICO in place.
- *Decide whether you are going to manage the property yourself or appoint a letting agency.* In making this decision take into account;



- ✓ Property management is labour intensive and generally involves a degree of “hassle”. Some people have the time and the energy to take this on, but it’s not for everyone.
- ✓ When things go wrong, they normally take time to resolve, which means a lot of phone calls, visits to the property etc. And, when things go wrong, its typically not between 9.00am and 5.00pm! Being responsive to tenant needs is probably the most critical component of a successful tenant retention strategy, so be prepared to act quickly.
- ✓ To meet your legal obligations, you will have to schedule inspections of the property and coordinate contractors to meet requirements such as gas safety, smoke and carbon monoxide alarms, electrical safety, PAT, EPC’s etc.
- ✓ Property management is “technical”. As already stated, there are about 145 laws and over 400 regulations that you need to meet as a Landlord to legally let a property. The law relating to renting property continues to evolve and change quickly. You will need to keep abreast of legislative changes.

While you might be able to save 7-8% of your annual rental income by managing the property yourself, that saving quickly disappears if you have longer void periods, more frequent turnover of tenants, no appropriate preventative maintenance of the property or if you fall foul of any of the legal obligations placed upon you as a landlord. It’s a big decision, so please feel free to talk to us about any matters that concern you should you choose to manage your own property.

### 3. Finding and Retaining the Right Tenant

A lot of agencies will tell you that “the landlord is the client and that is who we look after”. Of course, they are right in that the landlord pays the agents fees. But, if you ask the majority of landlords, they will tell you “look after my tenant – as they pay my bills!”. For all landlords, *finding* and *retaining* quality tenants are the key drivers of a successful rental strategy.

#### Finding the right tenant

There are a couple of considerations critical to finding a high-quality tenant;

- Firstly, and foremostly, make sure that you *follow the law* and you treat each tenant, or potential tenant, fairly and without prejudice.
- *Ensure your property is well presented* and remember that first impressions last. Have a good marketing strategy and ensure that the asking rent is in line with market conditions.
- *Tenant checks are critical*. In fact, research by the Residential Landlords Association shows that where no checks are undertaken before a tenancy starts, *landlords are seven times more likely to end up in court proceedings with their tenant*. It's just not a risk worth taking.
- *Do a search on social media*. Amazingly, only about 1 in 10 landlords (or their agents) take the time to reference their tenant by searching on social media, despite the wealth of relevant information that might be available in the public domain.
- *Do not force a square peg into a round hole*. If the property isn't right for the tenant, or the tenant isn't right for the property, the best advice is not to proceed. On occasions, tenants take the first property available because they are desperate. Similarly, landlords accept sub-standard tenants to try to reduce void periods. Over the longer term this seldomly ends well.
- *Make sure that the tenant can afford the rent*. A commonly used calculation is that a tenant's gross income should be 2.5 x the annual rent.
- *If for any reason, you think you are making a “marginal decision, then take appropriate measures to protect your position including;*
- ✓ Ensure you have taken an adequate deposit.
- ✓ Perform a detailed property condition report, including photos, at the tenancy start date.
- ✓ Schedule more frequent property inspections.



- ✓ Take out rental guarantee insurance.
- ✓ Request a guarantor.
- ✓ Ensure you have the right paperwork in the event you need to repossess the property.

Notwithstanding all of the above, don't always judge a book by its cover. For example, tenants may have valid reasons why they have fallen into financial difficulty and pet owners tend to be less transient than non-pet owners etc. In summary, do all the appropriate due diligence that you need to, but sometimes it comes down to "trusting your gut".

### **Keeping the right tenant**

Once you find the right tenant, retention strategy becomes critical. In short, tenant turnover costs money. A good retention strategy is even more important following the introduction of the Tenant Fee Bill 2019, as a result of which, tenants are more transient (see Aspire Client Briefing Note – January 2019). A good retention strategy includes;

- ✓ *Be responsive:* There is no substitute for good old-fashioned communication. Logging a fault on a website, sending an email or a text etc is all great – but, people like to talk and be listened to. Build a relationship with the tenant based on dialogue and trust.
- ✓ *Be fair:* Renting a property is not a zero-sum game and a tenant is more likely to stay if they feel they are being treated fairly.
- ✓ *Deal with maintenance issues quickly:* Landlords have a legal obligation to maintain their property but, doing so in a timely manner, and to an appropriate standard, will help retain your tenant. If a landlord demonstrates an attitude of neglect for the property then there is every chance that the tenant will act in a similar way.
- ✓ *Consider allowing the tenant to make reasonable changes,* such as putting up shelves or painting a room. Small changes made by the tenant will increase their emotional attachment to the property. (The tenancy agreement should require the tenant to return the property to the same condition as they received it, allowing for wear and tear).



- ✓ *Ensure that your contractors are courteous and professional.* If your contractors are late or rude, it is going to reflect badly on you as a landlord.
- ✓ *Be reasonable* with rent increases.
- ✓ *Provide the “little extras”* to show that you care about the tenant’s wellbeing, such as providing the Aspire tenant toolkit, a “moving in” welcome card etc.

*“People may not remember exactly what you did, or what you said, but they will always remember how you make them feel”.*



## 4. Our Services

We provide a range of standard and bespoke services for landlords. Our standard services include tenant introductions, rent processing and full property and portfolio management.

Our **tenant introduction** service involves the following;

- ✓ Conducting a pre-assessment to ensure we understand your objectives.
- ✓ Advising of anything further that you should do to prepare the property for rent.
- ✓ Agreeing a monthly rent based on market conditions.
- ✓ Issuing you with a copy of our “preparing your property for rent” guide.
- ✓ Organising professional photography of your property.
- ✓ Preparing a set of property particulars to be used to advertise your property.
- ✓ Undertaking an initial “suitability assessment” or “pre-qualification” of applicants.
- ✓ Accompanying every applicant on viewings of the property.
- ✓ Performing reference checks and determining whether you should request a guarantor.
- ✓ Taking the agreed deposit and registering it with an approved Deposit Protection Scheme.
- ✓ Preparing a tenancy agreement and arranging its execution by the parties.
- ✓ Testing carbon monoxide and smoke detector alarms.
- ✓ Providing a government “How to Rent” guide to the tenant.
- ✓ Providing the tenant with a gas safety certificate (where appropriate) and an EPC certificate.
- ✓ Providing the tenant with a copy of Aspire Residential’s “tenant tool kit”

Our **rent collection** and processing service involves all of the above, plus;

- ✓ Agreeing with you whether you wish to take out rent guarantee insurance.
- ✓ Collecting the monthly rent from the tenant and remitting the net rent to you.
- ✓ Dealing with any rent arrears
- ✓ Taking your instructions regarding extending, renewing or ending the tenancy.
- ✓ Arranging a new tenancy agreement if you choose to renew for a further fixed period.
- ✓ Negotiating any dispute regarding retention of the deposit to cover damages.



Our **fully managed service** includes all of the activities outlined above plus;

- ✓ Investigating any faults reported to us by your tenants.
- ✓ Upon receiving your instructions, authorise contractors to carry out repairs.
- ✓ Visiting the property to undertake inspections every 6 months.
- ✓ We will provide you with a copy of our “landlord toolkit”.

The cost of each of the above services is agreed with each client individually, based on the scope of services required. Please see our website for applicable fees.

We also provide clients with bespoke services on an agreed “fee for service” basis including:

- ✓ Portfolio reviews to determine whether you are achieving the maximum rent.
- ✓ Property maintenance review – to develop a capital outlay plan for the next 5 years to help you budget for your property.
- ✓ Pre-purchase consulting review to help you make a sound investment decision.