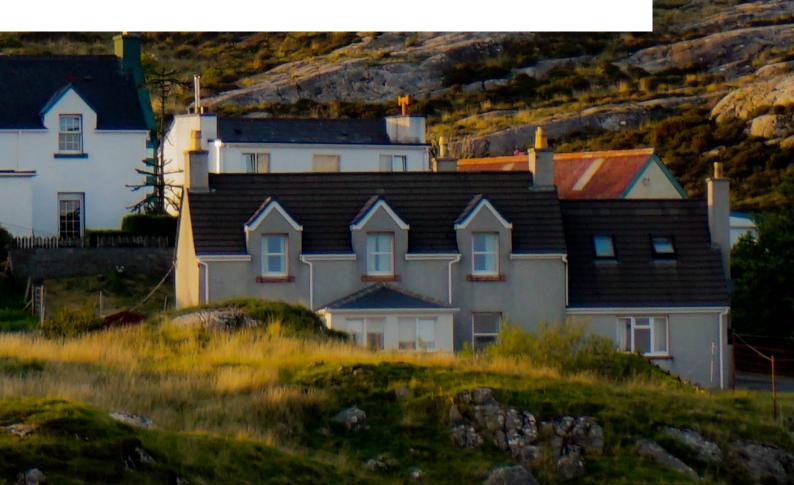


Letting a home in Scotland

A clear, impartial guide

rics.org/consumerguides



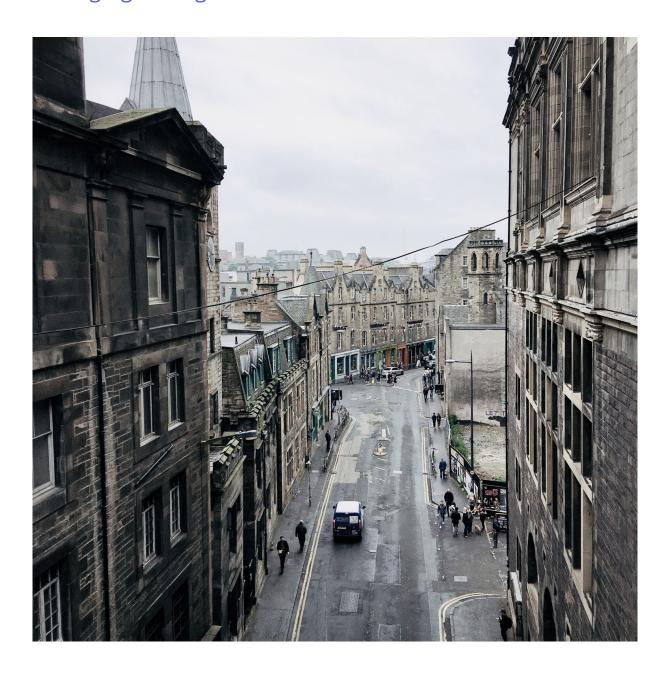
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Introduction

When you're thinking about letting your property, take advantage of professional expertise and independent advice by using an RICS letting agent who is listed on the Scottish
Letting Agent Register.



Before you start

There are many things to consider before you advertise a property to let or instruct an agent to do so on your behalf, such as:

- If you have a mortgage, you may need to get permission to let and this may incur a charge.
- Check your buildings insurance to ensure it is suitable for letting, and let your insurer know you are planning to let. Consider specialist landlord cover, which may offer additional protections appropriate to letting.
- Your tax liability may change, and you may wish to consult a tax professional.

You must register as a landlord with your local council before you advertise a property for let.



Employing an RICS letting agent

Many landlords are capable of managing their properties professionally, but there are a large number of statutory obligations to comply with and legislation around property letting is subject to frequent change.

This requires specialist knowledge and can be a stressful, time-consuming process to deal with.

Employing an RICS letting agent will help ensure you obtain a suitable tenant on a statutorily compliant tenancy agreement that is appropriate to the situation, and will help you to avoid falling foul of legislation.

At the outset, an RICS letting agent will provide written confirmation of the terms and conditions applicable to your contract with them, as well as a clear statement of their fees and charges.



Houses in Multiple Occupation (HMOs)

An HMO is a property occupied by three or more tenants who are not members of the same family – a cohabiting couple count as a family.

HMO landlords must have a licence from the local council. This ensures that the property is managed properly and meets certain basic safety standards.

The legislation around letting HMOs is complex, and each local authority has its own licensing conditions. Landlords should contact their local authority or consult their RICS letting agent for further details.



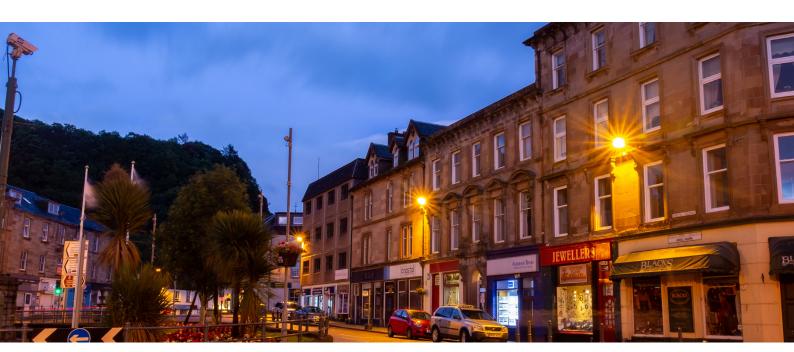
Preparing the property for let

Energy Performance Certificates (EPCs)

All domestic properties being let require an EPC. The EPC provides 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. It also includes recommendations to improve the energy rating of the home and an indication of the rating that could be achieved if all the recommendations were implemented.

EPCs are produced using standard methodology with assumptions about energy usage so that the energy efficiency of one building can easily be compared with another. This allows prospective tenants to compare the energy efficiency of properties they are considering.

The rating must be included in any property listing, and the certificate made available to potential tenants. It is important to note that, under current proposals, from 1 April 2025 it will be unlawful for domestic landlords in the private rented sector to grant new leases for properties with an EPC rating lower than C.



The Repairing Standard

<u>The Repairing Standard</u> covers the legal and contractual obligations of private landlords to ensure that a property meets a minimum physical standard.

Ensuring the property is in optimal condition will also help ensure the best possible tenant chooses to rent your property.

There are statutory standards you must follow:

- The property must be wind- and water-tight, and in all other respects reasonably fit for people to live in.
- The structure and exterior (including drains, gutters and external pipes) must be in a reasonable state of repair and in proper working order.
- Installations for supplying water, gas and electricity, and for sanitation, space heating and water heating, must be in a reasonable state of repair and in proper working order.
- Any fixtures, fittings and appliances that you provide under the tenancy must be in a reasonable state of repair and in proper working order.



- Any furnishings that you provide under the tenancy must be capable of being used safely for the purpose for which they are designed.
- The property must have a satisfactory way of detecting fires and for giving warning in the event of a fire or suspected fire.
- Carbon monoxide detection must be installed in all properties with combustion appliances such as boilers, fires (including open fires), heaters and stoves fuelled by solid fuel, oil or gas.
- Properties must also comply with the Tolerable Standard.

Tenants have a right to apply to the First-tier Tribunal Housing and Property Chamber if they believe your property does not meet The Repairing Standard or that you have failed to fix any reported issues in a reasonable timeframe.



Marketing and choosing your tenants

Think carefully about the type of tenant you are looking for and discuss this with your agent.

Your RICS letting agent will discuss the rental income to expect from the property, taking into consideration the type of property, its age and location, and the fixtures and fittings to be included.

Once you have confirmed your instruction to the agent, they will advertise the property on your behalf in order to find suitable tenants.

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



Advertising

Your agent will ensure your property is advertised as effectively as possible. Most tenants now look at internet portals, but you should also consider whether a 'To Let' board will help.

Reference checking

An RICS member will ensure prospective tenants are thoroughly referenced, including confirmation of ID, housing history, employment situation, financial security and criminal activity.



Private residential tenancies

Once you have chosen a tenant, it is essential to set up the tenancy agreement correctly. The process of signing a lease is complex and mistakes can be costly. Using an RICS letting agent provides reassurance that your obligations will be met.

What is a private residential tenancy (PRT)?

Since the Private Housing (Tenancies) (Scotland) Act 2016, most tenancies created by private landlords are PRTs.

A PRT offers considerable protection to a tenant. A landlord can only terminate using one of 18 grounds defined in the Act. A PRT has no length, just a start date, and depending on how long since the tenancy started, the landlord usually has to give either 28 or 84 days' notice to the tenant to terminate the tenancy. The tenant only has to give a landlord 28 days' notice.

The tenancy can be served either electronically or as a hard copy. A model tenancy agreement is provided by the Scottish government, and this requires Easy Read Notes to be served on the tenant at the same time. A landlord can use their own bespoke tenancy agreement, but must include significant information in it and serve Statutory supporting notes with this type of agreement.

Although entering into a tenancy allows the tenant to enforce their rights, it is a legal requirement for the landlord or their agent to supply a written lease.

Tenancy deposit protection

Any money collected as a deposit by a landlord or agent must be transferred to an approved tenancy deposit scheme (TDS) within 30 working days of the tenancy commencing.

It is also a requirement of legislation that landlords provide key information (prescribed information) to the tenant in the same timeframe. Failure to transfer the deposit to a scheme or provide information correctly to tenants within the required timescale can result in a fine of up to three times the amount of the deposit being held.

An RICS letting agent will be able to deal with all deposit-related matters on your behalf.

Inventories

It is now more important than ever to have a clear, detailed inventory of the contents and condition of the property, including timestamped pictures where possible, agreed with and signed by the tenants. Failure to have this may make it difficult to win a TDS dispute should the tenant not agree with your proposed deposit deductions at the end of the tenancy.

An RICS letting agent will be able to procure a reliable inventory and record of condition on your behalf.

Statutory safety obligations

Responsibility for complying with statutory obligations rests with the landlord. Many agents will be willing to attend to these on your behalf; however, you will still be held responsible if your agent fails to do so. It is therefore vital to check your agent's terms and conditions to be certain how these matters will be handled and be sure that you have recourse in the event of the agent's failure.



Gas safety

All gas appliances in the property must be subject to a safety check every twelve months. Certificates must be copied to tenants and kept for two years.

Fire safety

It is a legal requirement to have properly located and interlinked smoke and heat alarms installed. Where there is a carbon-fuelled appliance (such as boilers, fires and heaters) or a flue, a carbon monoxide alarm is also required.

- **Power supply**: Alarms must be powered by either mains electricity or a sealed long-life lithium battery that is tamper-proof. Any alarms that are only powered by replaceable batteries (e.g. AA or 9V alkaline) are not compliant with the legislation.
- Interlinked: All smoke and heat alarms must be interlinked to form a connected and synchronised system. This can be achieved either through a hard-wired interlink (an interconnection cable that runs through all alarms) or via wireless radio connection. Standalone alarms that cannot be interlinked are not allowed. Carbon monoxide alarms are not required to interlink with smoke and heat alarms, but it is recommended that this is done where possible to offer the highest level of protection.
- Approvals: Smoke, heat and carbon monoxide alarms should all be certified to the necessary standards by an approved third-party body such as the BSi (Kitemark) or the Loss Prevention Certification Board.

Electrical safety

All let properties must have the electrical installation and all portable electrical appliances checked and certified safe every five years. Portable appliances should also be checked.



Legionnaire's disease risk assessment

All let properties must be inspected annually for any potential risk of legionella and appropriate action must be taken to preclude that risk.

Agent's responsibilities

Subject to contracts and terms and conditions, your letting agent may arrange to meet some or all of your obligations.

It is therefore essential to have a written contract. RICS agents are obliged to have clear and detailed contracts outlining their charges and what they cover.

Landlord's responsibilities

Landlords are usually responsible for:

- arranging and paying for any required repairs
- arranging and paying insurance for buildings and their own contents
- storage of any furniture not included
- paying any tax liable on rental income and
- paying any factoring charges.

Tenant's responsibilities

This depends heavily on the tenancy agreement, but usually includes:

- paying a deposit and rent
- paying gas, electric and council tax bills, water charges and TV licence
- arranging their own TV, phone and broadband service
- · acting responsibly and promptly reporting any issues such as maintenance required
- using the property responsibly and taking care to minimise wear and tear to a reasonable level, and
- returning the property in the same condition as that detailed in the inventory, subject only to fair wear and tear.



How an RICS member can help

As the world's largest professional body for chartered surveyors, RICS offers clear, impartial, expert advice on the issues raised in this guide.

RICS members can help property owners in a variety of ways, so whether you want expert advice and a professional assessment of your issue, an opinion on costs, representation, or a professional to manage a project for you, visit <u>Find a Surveyor</u> to find an RICS member in your area.

Using the services of RICS members offers confidence because:

- they provide clear, impartial and expert advice
- they are regulated by RICS and have strict rules of conduct to protect you, as well as holding appropriate professional indemnity insurance
- they have to update their skills and knowledge throughout their careers, so you can rely on their expertise and
- you are further protected by RICS' complaints service and access to independent redress.

Surveying firms that are regulated by RICS are easy to spot as they use 'Regulated by RICS' on their stationery and promotional material.

<u>Contact us</u> if you want to find independent, impartial advice from a qualified professional with good local knowledge.

Useful links

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

HMRC

Scottish government

First-tier Tribunal for Scotland (Housing and Property Chamber)

Gas Safe Register

Electrical Safety Council (ESC)

Health and Safety Executive (HSE)

Approved Tenancy Deposit Schemes (TDS)

Safe Deposits Scotland

mydeposits Scotland

Letting Protection Service Scotland

Free RICS guides

RICS has a range of free guides available for the following property issues:

Development issues

- Compulsory purchase
- Home extensions

Home hazards

- Fire safety
- Dilapidations
- Flooding
- Subsidence

Neighbour issues

- Boundary disputes
- Party walls
- Right to light

Residential

- Buying a home
- Buying and selling art and antiques at auction
- Home surveys
- Letting a property
- Property auctions
- Renting a property
- · Selling a home

Visit our consumer guides website or the RICS website.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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