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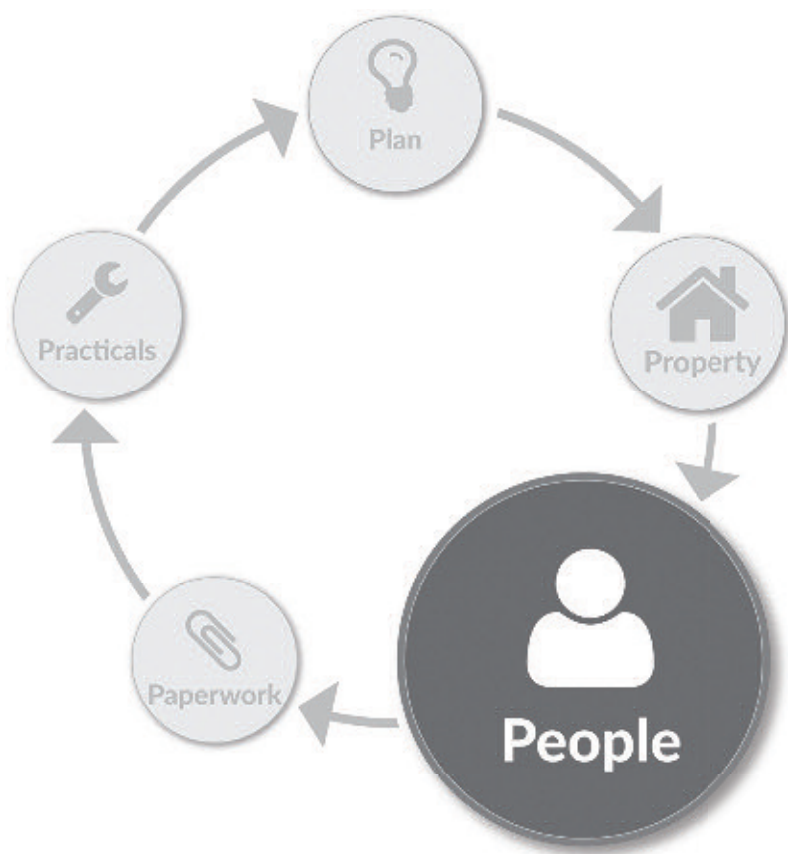
# the accidental landlord

the keys to letting out your own property  
with complete peace of mind

DANIEL LEES & MARTINA LEES

## Part 3

# People



# How to keep a good tenant



## In this chapter:

- ▶ **The secrets of good tenant relations, even when you raise the rent**
- ▶ **Nosy, naughty, nasty...How to deal with difficult neighbours**
- ▶ **Should you 'Airbnb' it? The truth about short lets**
- ▶ **'Help, I need a lodger!' The ABC of renting out a room in your home.**



Letting is, before anything else, a people business. Never lose sight of the fact that your tenants can take their money elsewhere if they're unhappy. Happy tenants, though, tend to be good tenants: most will treat your property with the same respect as you treat them.

That doesn't mean you should be their best buddy. You can be all business and still build trust. Small things go a long way, such as leaving a bottle of wine as a welcome gift or sending flowers if a tenant has a baby. Allow tenants to paint rooms or put up picture hooks, as long as they ask consent and make good before they leave. They'll feel more at home – and stay longer.

Some tenants have unusual requests such as writing a letter to help confirm their residency for a child's school application, or removing a piece of furniture. That will cost you a bit of time, but in return they will be more willing to forward your post or wait in for a washing machine delivery.

### ***Makeover goes off the wall***

Sometimes, when you permit a change, you'll get more than you bargained for. Annabel's southwest London tenants asked to paint a wall or two – and ended up giving the entire two-bedroom flat a pulsating makeover straight out of the BBC's *Changing Rooms*: a scarlet living room, bedrooms in orange and lime, an indigo bathroom and kitchen in canary yellow. Laurence Llewelyn Bowen, patron saint of the swirly feature wall, would have been proud. They stayed for more than two years and returned it all to bright and unadorned white before they left.



PEOPLE

Others push it too far. Swift's lettings database has a tag for those folk who assume you're at their beck and call to change every last light bulb. These tenants don't understand that they are stewards of the property with a duty to look after it – they should only seek help when something is beyond their ability or responsibility to solve. We'll tell you how to deal with them shortly.

Then there are the grey areas: issues that would usually be the tenant's task to fix, but which might have been there before they arrived. Mice are a classic example, or a kitchen sink that becomes blocked within a week of check-in because it's not draining properly.

### ***Owner draws battle line in moth war***

Pests are usually the tenant's responsibility to resolve. But when Gail's new tenants spotted moths in the wool carpets, the extent of the damage caused by the larvae showed the eggs had been laid before the check-in. So Gail paid for a carpet steam clean, moth traps and a pesticide treatment, yet the tenants – a thirtysomething banker and PR hotshot with a baby – insisted that all their clothes should be dry-cleaned, too, or zapped in a heat pod at £1,500.

They also demanded to be put up in a hotel after the pesticide was sprayed, despite experts confirming that it would be safe within four hours. Gail drew the line at this but agreed to pay if any clothes were damaged. None were, as the female moths could not fly and were hence unlikely to lay eggs on clothes in wardrobes. She'd been right to put her foot down.

Owners, too, can cross the line when they try to be too involved. An inspection report that says a property is dirty doesn't entitle you to step in until the end of the tenancy – unless the mess is causing damage. Nor can you refuse visitors (see anecdote below), keep disturbing the tenant or change the locks. By law, you must arrange visits at least 24 hours in advance, even for viewings or when sending tradesmen, unless there is an emergency that needs an immediate fix and waiting too long will cause further damage.

It comes down to the basics of tenancy law:

- ▶ A tenant has a duty to pay prompt rent and look after their temporary home, with a right to enjoy it freely
- ▶ A landlord has a duty to provide a safe home and make prompt repairs, and leave the tenant to enjoy it freely.

### ***Prying neighbour reports 'strange' visits***

One landlord asked Swift to interrogate his tenants about a strange man who visited them every Saturday. When Daniel quizzed the landlord further, it turned out that a nosy neighbour had reported the 'most unusual' visits by someone who might well have been the tenants' friend, relative or music teacher. There were no signs that the tenants were doing anything wrong, so Daniel politely refused to investigate. Doing so would have breached the tenants' right to quiet enjoyment of their home.



## Collect the rent on the dot

Call us heartless ogres, but rent collection is one area in which not to be soft. You keep your end of the bargain, the tenants keep theirs. Tenants should pay on time, every time – unless there is genuine hardship, which happens in only about 2% of lets. Let things slip, and slack or scatty souls will end up paying later and later.

Require tenants to set up a standing order so the rent reaches your account on the first of every month (though ensure your mortgage goes off a few days later, just to be safe). Check your bank account on the first and call or email your tenant before noon if they haven't paid. They should get the message loud and clear that late payments are not acceptable, which nips bad habits in the bud. Swift's tenants get an email by 9am if they've skipped a payment – and because of that, the agency has never had unpaid rent.

Also report any missed payments immediately to your rent guarantee insurer, in line with their terms. Of course, anyone can fall on hard times, and then you need to be understanding – up to a point. (More on that, and evictions, in Chapter 13 'When things go wrong'.)

## Communicate, communicate, communicate

Poor communication is the main reason why tenant relations break down. To avoid that, stick to these principles (we'll keep the sermon short, promise):

- ▶ **Be responsive.** If a tenant doesn't feel heard, they're less likely to care for your home and more likely to leave. You don't have to say yes to each and every request, but you do need to acknowledge it and give an answer – which might be a prompt 'no, because...' Ignoring the issue will fan the flames, not let them peter out.
- ▶ **Be clear.** Set out all the facts, without emotion or ambiguity. Be honest on timescales. Tell tenants if the boiler will take a week to be replaced in the middle of winter; it's the *not* knowing that makes things worse.



- ▶ **Be professional.** Never get personal. Treat your tenants with respect, even if they don't show it to you. That defuses tension.

### ***Communication shreds tenants' macerator fury***

When the macerator, which shredded loo waste and controlled the shower outlet, broke for the third time in Joe's southwest London maisonette, his tenants were irate. Yet again their only toilet and shower were out of order, forcing them to use the loo at a nearby Costa coffee shop and wash their hair in the kitchen sink. (Macerators, incidentally, are a very bad idea. Daniel has yet to meet one that hasn't broken down – and he's seen plenty.)

One supplier said the macerator had to be replaced, but there would be a four-day wait for parts. Swift updated the tenants and prepared to put them up in a nearby hotel, defusing their anger. A second supplier managed to fix the macerator the next day, saving Joe more than £1,000 and solving the (now delighted) tenants' loo woes.



Aside from the principles of communication, there's the logistics of it. Daniel encourages Swift's tenants to use email as far as possible. Besides creating a paper trail, landlords can forward all the details to their tradesmen. It also doesn't interrupt anyone's day.

When a tenant is really upset, ring them rather than email. People are less angry on the phone than behind a keyboard. This will make them feel heard. If they are unreasonable and abusive, though, communicate only by factual, unemotional email so everything is in writing. High-maintenance tenants, too, are best dealt with by email. Set boundaries and don't let them abuse your kindness.

Give all tenants a number to call in an emergency, but don't answer calls after hours. Pick up once at 11pm, and you'll get called at all hours about non-emergencies. Do, however, check

your voicemail as soon as they've rung so you can respond if water is gushing from the ceiling.

Emergencies aren't always for repairs, either. Daniel once needed to buy a 13ft ladder to rescue a frantic toddler who'd trapped herself alone in a second-floor room.

For a bigger rental portfolio, it might be worth getting a separate number – you can set one up on Skype – or a professional call-answering service that charges by call, not by subscription, from around £1 a call (search 'call-answering service').

## Raise the rent without ruffles

Rents have risen faster than inflation over the past decade, so some landlords are used to a 5–10% increase each year. Blanket headlines on soaring rents don't temper their expectations.

The truth is, you can't put up the rent at will. For starters, there are laws around when you can do this (more on that in a moment). Also, weigh up whether you need to raise it at all. If your tenant decides to leave, you'll have costs to find a new one and the risk of an empty period. Even a week or two's void can cancel out any rent increase. Consider, too, how well your current tenants have looked after your flat. A hellish tenant at a higher rate will cost you more than keeping good ones at a lower rent.

By how much could you raise it? The time of year (there's high demand in spring and autumn, but not over Christmas and summer holidays), the local market's performance and the availability of similar properties will all affect what you can charge. These factors are why media reports of general rent hikes can be misleading.

As for when and how you can increase the rent, here's what the law says and what we'd advise:

- ▶ **During a tenancy.** Legally, rent is fixed for the whole tenancy term. It can only go up if both parties agree, or if your contract permits it – for example, you can build in a clause allowing an inflation-linked increase once a year. Otherwise you have to wait until the fixed term ends.





- ▶ **On renewal.** This is the best time to re-negotiate. It can help to leave some room to come down from your initial proposal. Swift gives tenants two to three months' notice of any planned increase, which they can then accept or decline. This gives landlords enough time to discuss it with tenants and, if they decide to leave, find new tenants.
- ▶ **If the tenancy has gone periodic.** If you've left the tenancy rolling after the fixed term's end, you can usually only raise the rent once a year. By law, you have to give the tenants at least a month's notice, though again we'd suggest two to three months. The easiest way to do this is to all agree and sign a written record of that. Or you can send the tenants the right form (a 'Landlord's notice proposing a new rent', from [gov.uk/renting-out-a-property/rent-increases](http://gov.uk/renting-out-a-property/rent-increases)). If they object, they can whack you with their own legal notice. Then you can fight it out at the First-Tier Tribunal, which is rare.
- ▶ **If the tenancy ends early.** 'Surrender' is when the tenant wants to leave before the end of the fixed term, but is still liable for the rent until the property is re-let. Our advice is to re-market at the same rent. Asking more can prevent re-letting and would be seen as unfair if the old tenant dragged you to a tribunal.



## Dealing with difficult neighbours

Ah, curtain twitchers. Some are just a tad too nosy; others are downright nasty. Don't think that tricky neighbours won't matter to you. They'll come back to bite you if your tenants leave – as one of Daniel's clients found out when the downstairs neighbour railed that 'children should not be allowed upstairs'. Said neighbour complained about the tenants letting their son jump off his bed in the mornings and (shock, horror!) running the washing machine at 8pm, until relations were so fraught that the tenants left.

Bear in mind that, by law, you have to declare any dispute with neighbours when you sell, even if it's been resolved – or face being sued by the buyer. For this reason, if you're planning to sell soon, it

might not be worth complaining about neighbours' actions at all.

Think outside the box to solve smaller problems, like a messy front garden that belongs to an uninterested ground-floor neighbour. You could simply tidy it up yourself for an hour or two when re-letting or selling, instead of risking a feud.

To address more serious problems, start by talking to the neighbour in person – *not* by bombarding them with aggressive notes. Take things further only if talking fails. Call the council's environmental health section about noise. If the nightmare neighbour is renting, contact their landlord; if they're in a flat, write to the building's freeholder or their managing agent. Keep records of all letters, emails and phone calls.

When a neighbour claims your tenant is causing a nuisance, investigate first. They could have a hidden agenda or just have got it wrong, like the neighbour who accused tenants in our Wimbledon ex-council flat of smoking cannabis when the real offenders lived nearby. If your tenant is guilty, talk to the neighbours and deal with their concerns. Not offering tea and sympathy now could land you with inflated damage claims in the case of, say, a leak down the line – and nasty lawsuits to boot.

### ***Menacing neighbour cuts tenant's power***

Jess, a social worker in her fifties, had endured the grumpy neighbour upstairs banging on the floor and pushing angry notes under her door for alleged noise when she came home alone late after work. One night, however, he switched off the electricity to her whole rented flat on the communal circuit board. Scared now, she called Daniel, her lettings agent. As this was harassment, Daniel lodged a complaint with the police and wrote a stern letter to the neighbour. He was so livid that he turned up at Swift's address, but never bothered Jess again.



## The ABC of short lets and room lets

After all that harassment chat, let's nip off to the world's biggest holiday let website – just the ticket to fill your place between tenants. (Or is it?) Then we'll look at lodgers, another stop-gap option if you find yourself needing to rent out part, but not all, of your home.

### Should I 'Airbnb' it?

It seems so simple. While your property sits empty between tenants, or perhaps even instead of tenants, you could just Airbnb it to tourists or corporate types – doubling or tripling what you'd earn from a long-term let. That would pay for not only the mortgage, but also for the new bathroom/business start-up/round-the-world trip (delete as appropriate).

If only it was that easy. Short lets through Airbnb – now the world's biggest hotelier, despite not owning a single property – and its rivals, such as HomeAway, Wimdu and Onefinestay, come at a price. For each changeover you'll spend up to a day on fielding emails, keys, sheets, cleaners and loo rolls. And that's not counting the mountain of admin you'll face when doing it for the first time (see info below).

For all that hard work, you can charge more – more being somewhere between a standard long let and what a nearby hotel room might cost. But that has to include all bills and maybe weekly cleaning, plus you'll have voids between stays. The place also has to be fully furnished: a suitcase should be all tenants need to move in. By the time you've paid for all that, your profits might be halved.

Note, too, that short lets are not protected under assured shorthold tenancy law. If guests refuse to leave, you can evict them without a court order, but keep invoices and correspondence to prove the intention was a holiday let.





### ***The long list of short-let admin***

Before you start a short let, you have to tick a gazillion boxes:

**Get the right insurance.** A short let will instantly invalidate your buildings insurance. Get a specialist policy that includes liability cover for no-fee claims if some soul slips in the shower.

**Ask your lender's consent.** Your mortgage provider will see a short let differently from a normal tenancy.

**Inform your leaseholder.** Your building's lease might ban short lets.

**Tell the neighbours,** and listen to their concerns about letting strangers into the building or having wheelie suitcases bumping up the communal stairs every night.

**Do safety checks.** As with a normal let, you need a valid gas safety certificate, safe electrics, smoke and carbon monoxide detectors and fire safety measures. You also need an energy performance certificate if letting for more than four months.

**Check local rules.** In London, for example, planning rules ban short-letting for more than 90 days a year.

**Prepare keys and a manual.** Cut several sets of spare keys and write a house guide with information on appliances, the property's quirks and what to see and do in the area.

**Do a professional clean.** Empty cupboards, dress beds in clean linen and get the whole place sparkling.

**Pay the right tax.** You can earn £7,500 a year tax free under the Rent-a-room Scheme, but that only applies if you rent part of the house – not the whole place. It's not the Rent-a-house scheme, natch.



Online short-let specialists can do the grunt work for you, starting from 15%, excluding Airbnb fees and bills for cleaning, insurance and safety checks. (Search for ‘Airbnb management’ and your location.) Otherwise you can use a high-street lettings agent that does short lets. Their typical clients are companies with employees on secondment or home insurance firms that have to put up locals temporarily.

In short, it earns a lot of money but it’s a lot of work. To succeed, the property has to be in an area with high demand, ideally in city centres or business districts.

## ‘Help, I need a lodger!’

Like short lets, lodgers can help you pay the mortgage, save up, live your dream – with companionship as a bonus. And, like short lets, lodgers fall outside normal tenancy law. (It’s still a good idea to have a contract, though – more on that in Chapter 11 ‘Get the contract admin right’.) But unlike a short let of your whole home, a lodger means you can use the Rent-a-room Scheme to pocket £7,500 a year tax free (see Chapter 4 ‘Think ahead to save a fortune in tax’).

Advertise for a lodger on flat-share websites such as Spareroom.co.uk. As with a standard tenancy, you’ll have to jump through the following hoops:

- ▶ **Inform your mortgage provider.** They’re unlikely to object, though.
- ▶ **Tell your home insurer.** Do it in writing, or your buildings and contents insurance might be invalid. Ensure you’re covered for accidents – those no-win/no-fee liability claims can be astronomical. Suggest that your lodger get contents cover for their own stuff; your policy will probably not include it.
- ▶ **Check with your leaseholder.** They might forbid subletting.
- ▶ **Vet your lodger.** For your own safety, do the same thorough reference checks you’d do for a tenant (see Chapter 8 ‘How to find a good tenant’).



- ▶ **Tick the safety boxes.** You have the same responsibilities as a normal landlord, described in Chapter 7 'Tick the legal boxes'.

To avoid adding to the red tape, don't take more than two lodgers – that will push you into HMO territory. Also, share a bathroom or kitchen with your lodger and keep access to their bedroom for cleaning, otherwise it's much harder to give notice.

The following will make your life, and theirs, easier:

- ▶ Ask for a month's rent in advance and a deposit – usually another month's rent. You don't have to protect the deposit in an official scheme
- ▶ Get your lodger to set up a standing order for the rent, so you won't have to nag them every month
- ▶ Have a house guide. Apart from useful information on the appliances and area, include a set of house rules you'd expect them to observe, for example on smoking, pets, visitors, cleaning and so on.

Now that we've covered the tried and tested principles for all tenant relationships, even short ones, we'll zoom in on the dos and don'ts for specific groups – including friends who share, friends with benefits and man's best friend.



# Who can you trust to look after your property? How can you have peace of mind when letting it out for the first time – especially if it's been your own home?

*The Accidental Landlord* takes the worry out of letting. It gives you the knowhow to navigate the post-Brexit world of jittery prices, tax changes and 140-plus landlord laws. And it shows you how to succeed, even using your property as your first step to financial freedom.

Packed with toe-curling but true stories to learn from, this easy reference guide breaks down the lettings process into five Ps:

- Plan** Straight-talking advice on financing, tax and estate agents
- Property** Market like a pro – plus, all the legal musts
- People** How to find – and keep – good tenants
- Paperwork** The essentials on contracts, deposits and notices
- Practicals** Your 10 most common maintenance problems solved

This book covers all the boxes you have to tick, summarised in one handy checklist. When the time comes, it tells you how to buy – and sell – more property, with a dash of wit throughout.

“A must read for any landlord wanting a step-by-step guide on how to rent out and manage a property yourself. Full of practical advice, tips and some humour along the way.”

Jo Eccles, managing director of Sourcing Property and weekly property columnist for *The Metro* newspaper



**Daniel Lees** and **Martina Lees** became accidental landlords when they got married – and now they can't stop talking about property. Daniel founded the lettings specialist Swift Property, which looks after the London homes of accidental landlords living on five continents. Martina is an award-winning property writer for *The Sunday Times*.

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