

INSIDE LETTING

Edinburgh's Link with Landlords

ISSUE 8 • SUMMER 2006

EDINBURGH LANDLORD ACCREDITATION

Live and interactive

A new website has been launched by Edinburgh Landlord Accreditation (ELA) to help people in Edinburgh find good quality property managed by a reputable landlord.

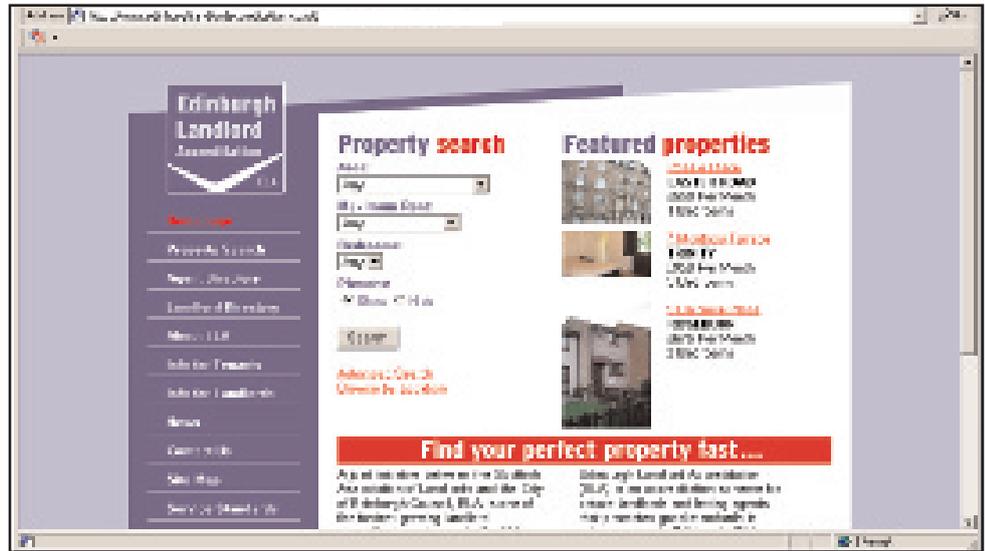


ELA was developed by the City of Edinburgh Council and the Scottish

Association of Landlords to recognise and reward the enhanced service offered by many landlords and letting agents in the city. By joining ELA, landlords can get ahead of the competition by using the ELA logo - a recognised stamp of approval within the rental market.

“ELA is a boost for smaller landlords who need to find tenants in a fiercely competitive market” says Joe Madden, an ELA landlord.

The new website: www.edinburghlandlordaccreditation.co.uk allows landlords to advertise their property free of charge and people looking to rent can search the site with confidence, knowing that they'll be letting from a reputable landlord.



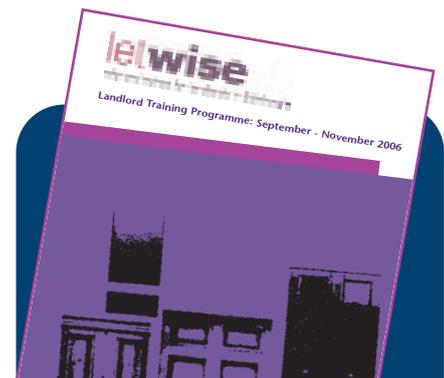
The site has been widely advertised and has already had over 3000 hits since its launch in May.

“ELA is a boost for smaller landlords”

ELA was launched in May 2005 and has already accredited over 9000 properties. Recent visits to ELA properties highlighted that 86% of tenants were very satisfied with the way their property was managed. Where tenants did have issues, these cases were speedily resolved through ELA.

One happy tenant said, “Knowing that my landlord was accredited meant that I could make an informed choice about which property to rent. I knew that my flat would be in good condition and that in the event of a problem, ELA will help resolve the issue.”

Visit www.edinburghlandlordaccreditation.co.uk today to find out more about how ELA membership can benefit you or contact Heather Kirkland on 0131 529 7278 or e-mail: ela@edinburgh.gov.uk



Inside this issue of Inside Letting, you'll find the: **LETWISE TRAINING PROGRAMME.**

INSIDE LETTING

Inside Letting is a quarterly publication produced by letwise for landlords and letting agents in Edinburgh.

FEEDBACK / LETTERS

If you have any thoughts/issues or comments on the magazine, would like to suggest/contribute an article, or would like to have a question answered on the help page, please contact:

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insideletting@edinburgh.gov.uk

If you would like to receive additional copies of Inside Letting please call 0131 529 7454.

INSIDE LETTING GET INVOLVED

Inside Letting is looking for landlords and letting agents to join the Editorial Board which informs the design, content and development of this magazine. The board meets quarterly so it's not a huge commitment and it gives you the opportunity to raise issues which you think would be of interest to the wider letting industry.

If you're interested, contact Lindsay Souter on 0131 529 2178 or e-mail: lindsay.souter@edinburgh.gov.uk



letwise update

letwise have been busier than ever this year as the landlord training programme continues to be popular with both landlords and agents.

There are still places available on our Antisocial Behaviour training course which helps you understand your responsibilities as a landlord and manage problem tenants.

And keep an eye out for a couple of new courses in the September – November 2006 programme. See the pull out inside this issue of Inside Letting for further details and information on how to book a place on any of these courses.

Look out for our customer satisfaction survey. If you get one, please complete it and return it to us. Your feedback helps us develop services that meet your needs. You could be the lucky winner of a £50 shopping voucher, so don't delay in sending it back!

Letwise are hosting **EDINBURGH LANDLORD DAY** on **TUESDAY 14th NOVEMBER** - giving landlords the opportunity to learn more about the practical and legal aspects of managing their property and tenancies, and to meet and exchange experiences with other landlords.

It also gives companies the opportunity to raise their profile with a large audience of landlords, letting agents and other organisations with an interest in Edinburgh's property market.

This a **free event** being promoted to around 10,000 landlords in the city. There will be a number of seminars by prominent speakers and many stall holders offering advice and services.

For more information about this event, or if you're interested in exhibiting or the sponsorship opportunities available, contact Rosalind Laidlaw on 0131 529 7454 or e-mail: rosalind.laidlaw@edinburgh.gov.uk

BUY TO LET Edinburgh's the place to be



in brief

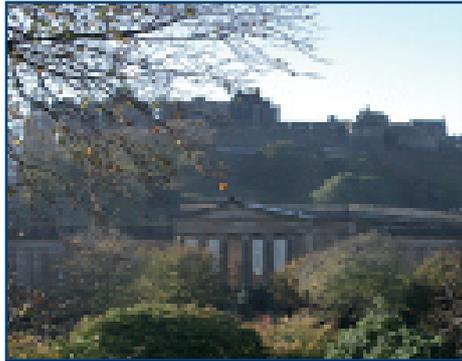
More women investing in property to let

More women than ever before are investing in property to let. Some agents report that 40% of their clients are female, a rise of 5% over the last year.

Research by Landlord Mortgages, revealed that:

- 24% of all buy to let properties sold so far in 2006 were bought by women. In 2005 the figure was 20%.
- Women pay more than men for a property as they prefer to purchase properties which need less major work done, making them generally more expensive. The average purchase price for a woman is £142,000 compared to £120,739 for men.
- Women will put down a higher deposit - 24% compared to 20%, therefore reducing their monthly mortgage repayments.
- More women are choosing not to sell their own property when they move in with partners or get married.

Worries about pensions and needing an investment to pay for raising children are also factors driving women into residential letting. The flexibility of letting also fits in with caring and organising a family. And analysts don't discount the effect of female presented property shows like Property Ladder and Relocation, Relocation.



Edinburgh is one of the most attractive places in the UK to buy property to let, according to independent research carried out for Edinburgh-based Grant Management.

The property management and investment company, who have properties throughout Scotland, are keen to expand following the creation of a £100m joint venture fund with the Bank of Scotland.

So they commissioned an independent analysis of the rented domestic property market across the UK. The research looked at a range of factors in 80 university towns and cities. Property prices, current employment levels and anticipated growth and population projections were all examined, as well as likely demand from students and appreciation rates. And the end result is a "top twenty" of the best places to invest on the basis of likely rental profits.

Taking a variety of factors, including market size, growth and profit, Edinburgh comes out as the No1 place to invest in the UK.

The other hot spots are Liverpool, Manchester and Nottingham, with Glasgow also making it into the top 10.

"Edinburgh's the No1 place to invest"

As Peter Grant - Managing Director of Grant Management - explains, there are a number of factors that make Edinburgh a particularly attractive option: "We discovered that it has the second highest rental demand in the country and one of the highest proportion of students to population. It's also continuing to grow - it's the 6th fastest growing city of the 80 researched."

So, whilst they plan to expand south of the border - with 26 cities in their sights over the next two years - Edinburgh will continue to be a very strong market for the company, and an attractive option for their investors.



Q&A

In this issue we turn the spotlight on **Splendid Property Management**, launched just before last year's Edinburgh Festival. They concentrate on managing student flats of a high standard with a minimum of three bedrooms. Property owners Nicholas Webber, James Brooks and Darren Hobbs set up the company with a view to providing a simple, understanding and professional service that would take the properties neighbours into account as well. Their sister company Splendid Events employs 500 students every year.

Q. How many properties do you manage and where are they?

A: We currently manage 30 properties in Central Edinburgh – our main market is students so most of our properties are in areas such as the New Town, Old Town, Marchmount, Newington and Bruntsfield.

Q. Why Edinburgh? What's so special about its rental market?

A: The attraction of Edinburgh's architecture led us to first invest in property here, but the biggest reason has to be our advantage of having a pool of 500 employees within Splendid Events. This makes it easy for us to fill decent properties with tenants we already know and trust. On top of this, Edinburgh has a very large student population so there's always a need for good quality, well-managed accommodation.

Q. Have you attended any letwise courses?

A: Yes - we've attended most of them and found them to be informative, useful and interesting. The Tenancy Agreements course was particularly helpful in plugging gaps in our knowledge.

Q. What do you think of Edinburgh Landlord Accreditation?

A: We think ELA is a great first step in rewarding good landlords who provide a high level of service. All our properties are HMOs so we already meet a high standard, but membership of ELA proves our commitment to continually providing an excellent service.

Q. Best landlord story?

A: We find ourselves almost spoon feeding students at times. A classic



was when we had a call complaining that the bath water wasn't as hot as they'd have liked. A quick visit showed that the tenants had failed to turn up the heating. We also have been known to pop round to screw a light bulb in a little tighter!

Q. What advice would you give to landlords just starting out?

Buy your property and hand it over to us - we'll make sure you never have any issues! On a more serious note, location is always a major factor when purchasing property. When in doubt, speak to a letting agent.

What are REITs?

The new buzz in the financial press are Real Estate Investment Trusts (REITs).

REITs allow you to indirectly invest in property. You don't own the bricks and mortar outright and don't need to find a tenant, collect rent, organise repairs, deal with insurance or even employ a letting agent. REITs will pool investors' assets to buy a portfolio of properties which will be let to companies or individuals.

Shares in REITs will be bought and sold like any other shares. It's likely that you'll be able to buy REIT shares directly or through pension and investment plans, such as through their ISAs.

At least 75% of a REIT's income will be Corporation Tax free. Tax is collected from the investors in the REIT and not the REIT itself. The REIT does not pay tax on any income or capital profit earned from property investment. That's the part of the business that is tax free. The remainder of the business will be taxed in the normal way. Members of a REIT scheme would not need to register with their local authority as landlords.

So how does a company qualify for tax exempt REIT status?

- ✓ The REIT must be a property letting business and UK resident for tax purposes
- ✓ The REIT's shares must be listed on a recognised stock exchange
- ✓ More than 75% of the REIT's income must come from property rents.
- ✓ 90% of a REIT's net taxable profit

must be paid out to investors by the usual tax return filing date

- ✓ The REIT must operate at least three properties during each accounting period
- ✓ No single property can represent more than 40% of the total value of the properties held in the property letting business.
- ✓ The REIT is not allowed to sell any building that it has developed for at least three years after completion.
- ✓ A single shareholder should not own more than 10% of a REIT.

FOR MORE INFO ON REITs:

www.hm-treasury.gov.uk

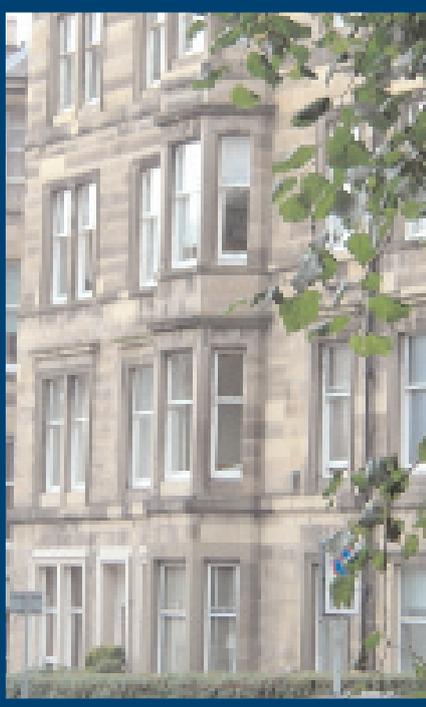
www.rics.org/property/propertyfinanceandinvestment/realestateinvestmenttrusts

HMO QUOTAS

High concentrations of HMO properties in some areas of the city have prompted the Council's Planning department to look at the way applications are dealt with.

At the end of 2005 the Planning Committee sent out over 1500 copies of proposed new guidelines for consultation. The main proposals are as follows:

- In certain areas, immediately to the south of the city centre, planning permission will not be granted for further HMOs in these wards.
- Where the number of HMOs is more than 40% of the total number of households, the area will be considered "sensitive".
- When planning applications are submitted for new HMOs in "sensitive" areas, the new guidelines recommend that planning permission will not be granted.
- Where the level of HMO use sits just below the 40% threshold and is at risk of becoming "sensitive", careful consideration of the proposal will be required and refusal may be necessary.
- Where objections to license applications are received for properties in "sensitive" areas, they will be presented to the



Regulatory Committee, who will take into account the location of the property in addition to the usual factors it would normally consider.

- There will be no retrospective removal of licenses.
- The Council will continue to develop its initiatives to ensure responsible renting with individual landlords, letting agencies and the city's universities.

NEXT STEPS

The responses to the consultation will be reported to the Planning Committee later in the year.

No final decisions have been made by the Planning Committee with regard to the HMO supplementary Planning Guidance.

WANT TO KNOW MORE

Contact Andrew Sikes on 0131 469 3412 or e-mail: andrew.sikes@edinburgh.gov.uk

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TOP TEN Tenancy Deposits

One of the most common issues that letwise deal with are tenancy deposit disputes. Here are 10 simple rules to help you avoid time-consuming arguments:

- 1** Take a proper inventory. Make sure you know exactly what is in the property and the condition of the items. Take photos or film the contents.
- 2** You can only take a maximum deposit which is the equivalent of two months rent.
- 3** You must detail how you will hold the money and state whether or not interest is payable on it. You can put this information in the lease.
- 4** You must give the tenant a proper receipt for the deposit.
- 5** Specify what the deposit may be used for. The Housing Act (Scotland) 2006 now allows you to use a tenancy deposit for unpaid rent.
- 6** Inspect the property with the tenant present before they move out so deposit deductions can be agreed together.
- 7** Deductions should not be made for fair wear and tear.
- 8** Any money withheld should be backed up with receipts and invoices.
- 9** Tenancy deposits should be given back as soon as possible - ideally within 14 days of the tenancy ending.
- 10** Attend the letwise Deposits Course. For more information, see the letwise training programme inside this issue of Inside Letting.

HOLIDAY LETS

What is a holiday let?

According to the Inland Revenue holiday lets are:

- Furnished
- The accommodation is available for let to the public for at least 140 days during the tax year
- The property is actually let to members of the public for at least 70 days during the tax year
- Lets should not be for more than 31 days at a time.

Many new buy to let investors are attracted to the high profits of holiday letting. But with average rents of £800 per week for a three bedroom flat, investors have to be prepared to work hard. Flats have to be of a higher standard with better quality fixtures and fittings e.g. not just a TV but a cable or digital service. And bear in mind that before each let you'll have to:

- ✓ Clear the flat of personal property and make sure it's spotless
- ✓ Make sure you leave nothing that would help someone to steal your identity e.g. personal papers
- ✓ Ensure appliances are safe and in working order

✓ Change the bedding

✓ Inspect the flat and keep the inventory up to date.

Operating holiday accommodation can be time consuming so you may wish to appoint an agent to carry out the day-to-day work required. If you live or are holidaying abroad, your holiday tenants won't be able to rely on you to deal with any problems and there will be an expectation that their problems are dealt with promptly and that their accommodation is in excellent order.



Theatrical Digs

You may want to consider providing digs to actors during this year's Fringe Festival. Some 17,000 performers and crew are estimated to take part in the Fringe. Many stay for the full three weeks so beds are at a premium. An earlier Fringe survey of performers found that accommodation was their single biggest expense, and it's increased by 120% over the last ten years. What you ask for in rent is up to you, but bear in mind that the Equity rate for living expenses is £170 per week. Check out the following websites if you think you'd like to short term let to performers:

www.castingpeople.com

www.showdigs.co.uk

www.theatredigz.com

And remember:

- ✓ Genuine holiday lets are exempt from the national registration scheme for private landlords.
- ✓ As the tenants won't be using the accommodation as their only or principal home, you should not create any form of tenancy. letwise can provide you with a holiday let agreement.

For more information or for a copy of the holiday let agreement, contact letwise on 0131 529 7454 or e-mail: letwise@edinburgh.gov.uk

Registration

The Spring edition of Inside Letting contained a Focus on Registration, with lots of information and advice about the registration process.

A high profile local publicity campaign informed private landlords of their legal requirement to register their property before 30 April 2006.

To date, 17,696 landlords with 21,994 properties are going through the Registration process.

There have been some teething problems with the Registration website which are unfortunately outwith the Council's control as it's operated by the Scottish Executive. Every local authority is experiencing similar problems.

Information on the letwise website: www.edinburgh.gov.uk/letwise will help landlords navigate the Registration website and gives some helpful tips on how to avoid the problems being experienced.

Currently the register can't be searched online by the public until the application has been fully processed and payment

made but this should be available in late Autumn. The Council is working closely with the Scottish Executive to get these problems sorted out - so please bear with us. letwise will continue to provide you with regular updates about the Registration process.

Remember, to let property in Scotland you must have made a valid application to register. If you don't register your property you are committing an offence. You can register your property online at www.landlordregistrationscotland.gov.uk or by calling 0131 469 5293 or 0131 529 7247 for an application form.

Protecting your investment

Landlords need to protect their property investment by carrying out regular maintenance - dealing with small problems as they occur, rather than waiting until they turn into large, expensive problems further down the line.

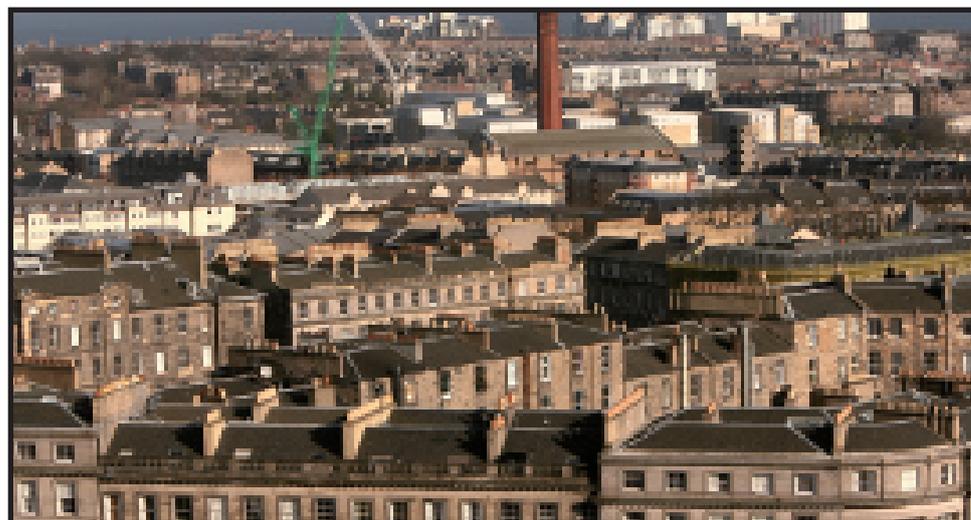
So if you own flats, you must monitor the maintenance requirements for the whole tenement block, which both you and the other owners are responsible for.

Edinburgh Stair Partnership (ESP) is the Council's property management service for tenements. Colin Kelsall, Operations Manager, gives some tips:

“Cast your eye over the building each time you approach the front door or step out into the back green. You'll quickly become familiar with details of the building.

“Initially you're looking for anything that appears out of place or defective, such as water staining from overflow pipes, a leaking gutter, crumbling or cracked stones, loose or missing pointing to stonework joints, or missing slates.

“You're looking for changes - a new water stain will become instantly noticeable if you're familiar with the building's appearance, enabling far



quicker diagnosis and repair.

Like it or not, buildings need to be maintained. The best way to do this is to be proactive and consider a planned approach. Spending a little money on a regular basis will save you money in the long run. Get the whole roof checked out once a year by a competent person such as a surveyor or a roofer.

“Also, it's well worth getting a full assessment of the whole building so the overall condition can be considered and any major repairs planned. Get as much information together as possible so that you can make informed decisions.”

“Spending a little money on a regular basis will save you money in the long run”

Colin continues: “If you let your property via an agency, they're likely to take care of your flat but not necessarily the fabric of the whole



building. You'll have to organise this. Edinburgh Stair Partnership can organise common repairs and regular maintenance, helping you maintain the condition and value of your property.

“New legislation means you'll need to provide more information on the condition of your property if you sell. Our survey reports and letters will help, and act as a “full service history” on your building.

For information on ESP's service and how to get your tenement signed up contact ESP on 0131 529 7234.

LEGISLATION UPDATE: building regulations to prevent scalding

The Building (Scotland) Act 2003 introduced a requirement that from May 2006 all new and refurbished properties must have a thermostatic valve fitted to the hot water system to ensure that water from a bath or bidet does not exceed 48 °C.

This applies to any works to install a new bath or bidet or in bathrooms where the bath or bidet has been relocated. This does not include direct replacements in the same location.

For further information visit:
www.sbsa.gov.uk

HELP!

In this section we get the experts to answer any questions or concerns you may have.

YOUR COUNCIL TAX QUERIES



Dear Inside Letting

I've just got a bill for Council Tax for a flat I bought to rent out. I bought it nine months ago and it's been empty and unfurnished for all of that time. It was also empty for two months before I bought it. Do I have to pay Council Tax for this property?

Dear Landlord

The discounts for empty properties changed from 1 June 2005. No Council Tax has to be paid for unfurnished property for the first six months. The owner then has to pay 50% of the Council Tax for the next six months. After this the property is only eligible for a 10% discount.

It's important to be aware that if you buy a property where the previous owner has already claimed

months of discount, you won't be entitled to the full discount - only whatever amount of discount remains.

In your case:

- ✓ The property was empty for two months before you bought it, so the former landlord used two months of the full discount. You then used the remaining four months of this full discount and you've also used five months of the 50% discount.
- ✓ So you have one month to still get the 50% discount. After this you'll only get 10% discount per month for the rest of the time the property is unlet and unfurnished.

NOTE: A property will only get the unfurnished discount if **all moveable furnishing** has been removed.

Dear Inside Letting

I'm going to let to a tenant that will only live in the property for four months. Can they ask for a Council Tax bill that only covers four months?

Dear Landlord

Councils can only issue a bill from the time that the tenancy starts up

to the next 31st of March - not for a shorter period. An exemption would only apply if the tenant applied to pay the Council Tax bill after they moved out of the property. Call 200 2000 for more information.

Dear Inside Letting

I let a property to a tenant that gets housing benefit and I get paid this by the Council into my bank account. I just received a demand for over £2000 because the tenant made a fraudulent claim. I didn't know about this fraud. What can I do?

Dear Landlord

You should appeal in writing to the Director of Finance clearly stating that you were not aware of any fraud and the Council should then pursue the tenant for the money and not you.

Do you have a question you'd like answered?

Contact us on 0131 529 7454 or e-mail: insideletting@edinburgh.gov.uk

You can get this document on tape, in Braille, large print and various computer formats if you ask us. Please contact ITS on 0131 242 8181 and quote reference number 06437. ITS can also give information on community language translations. You can get more copies of this document by calling 0131 529 7454.

ان سائیکل لیٹنگ Inside Letting، یہ دی گئی آف لائن ہیرا کونسل کا یہ مہاں رسالہ نئی مکانات کے مالکان اور دیگر افراد کیلئے ہے جو کہ اپنے ہیرا میں نئی مکانات کو کرائے پر دینے میں دلچسپی رکھتے ہیں۔ اپنی کیونٹی میں بولی جانے والی زبان میں اس رسالے کے ترجمے کے متعلق معلومات کیلئے براہ مہربانی اپنے پریس ایڈیٹر اسٹیوین سروس ITS کو 0131 242 8181 کا حوالہ دیں۔ پرنٹیشن کریں اور ریفرنس 06437 کا حوالہ دیں۔

الإيجار الداخلي في مجلة مجلس بلدية إدنبورج الربيع سنوية للموجرين للمنازل الخاصة وللآخرين الذين لهم إهتمام بسوق إيجارات المنازل الخاصة في مدينة إدنبورج. إذا كنتم ترغبون في معلومات عن ترجمة هذا المستند الى لغة جاليتكم نرجو الإتصال هاتفيا بمكتب الترجمة (ITS) على الرقم 0131 242 8181 و ذكر رقم الإيضا 06437

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‘ইনসাইড লেটিং’ হল প্রাইভেট বাসাবাড়ী ভাড়া করবার ব্যাপারে যারা আগ্রহী তাদের জন্য ‘সিটি অফ এডিনবরা কাউন্সিলের’ ত্রৈমাসিক পত্রিকা। এই পত্রিকার অনুবাদ আপনার সম্প্রদায়ের ভাষায় পাওয়ার ব্যাপারে তথ্য পেতে হলে ইন্টারপ্রোটেস্টান এ্যান্ড ট্রান্সলেশান সারভিস -এর সাথে 0131 242 8181 নম্বরে ফোন করে রেফারেন্স নম্বর 06437 উল্লেখ করবেন।