

Renting out a room – some useful advice

From April 2013, you may have been hit by the new under occupancy rules, also known as size criteria / bedroom tax. Having a 'spare' room will affect your housing benefit so if you need more income, renting out a room to a lodger might be an option.

What is a lodger?

A lodger is someone who rents a room in your home and shares your facilities – such as your bathroom and kitchen. Some lodgers benefit from other things such as having their meals or laundry done as part of their lodger agreement.

What must I provide a lodger?

You must provide your lodger with a room with the appropriate furnishing and the use of other essential rooms such as the kitchen and bathroom. It is up to you to decide whether you include meals / laundry / cleaning services.

When you decide to take in a lodger it is a good idea for you to both sign an agreement which sets out the following:

- How much the rent is
- When the rent is due for payment
- What is included and what is not included
- Use of other facilities such as a parking space or garden
- Any restrictions you want to include (such as people visiting/staying over etc)
- General rules about coming in late at night or leaving early in the morning
- How much notice they must give you if they wish to leave
- How much notice you must give them if you wish them to leave.

You can buy a standard agreement from www.spareroom.co.uk

Some people also ask for a small deposit to cover potential damages. Finally, you might want to ask your lodger to pay by standing order so you know that the money is going to come in on time and there will be no awkwardness.

Can all tenants have lodgers?

Most of our tenancies allow tenants to take in a lodger but you **must** ask our permission first, we will only say “no” with good reason.

Please note: If you are on a starter tenancy you will **not** be able to take in a lodger.

Are there any other rules?

You must make sure that by taking in a lodger you are not overcrowding your home. There is a maximum number of people allowed to live in your home and if you exceed this then you will be “overcrowded”. Check with us.

You should also know that you will remain the tenant with all the responsibilities that brings. For example, you will be responsible for making sure your lodger does not take part in any anti social behaviour in and around your home and, importantly, it will still be you who has to pay us the rent due for your home.

How do I find a lodger?

You can advertise in local shop windows or in your local paper. One of the best ways is through word of mouth because then you may find someone who you know of .

If you don't know anything about the person you are going to have as a lodger it is worth finding out more about them. You could ask for written references from previous landlords

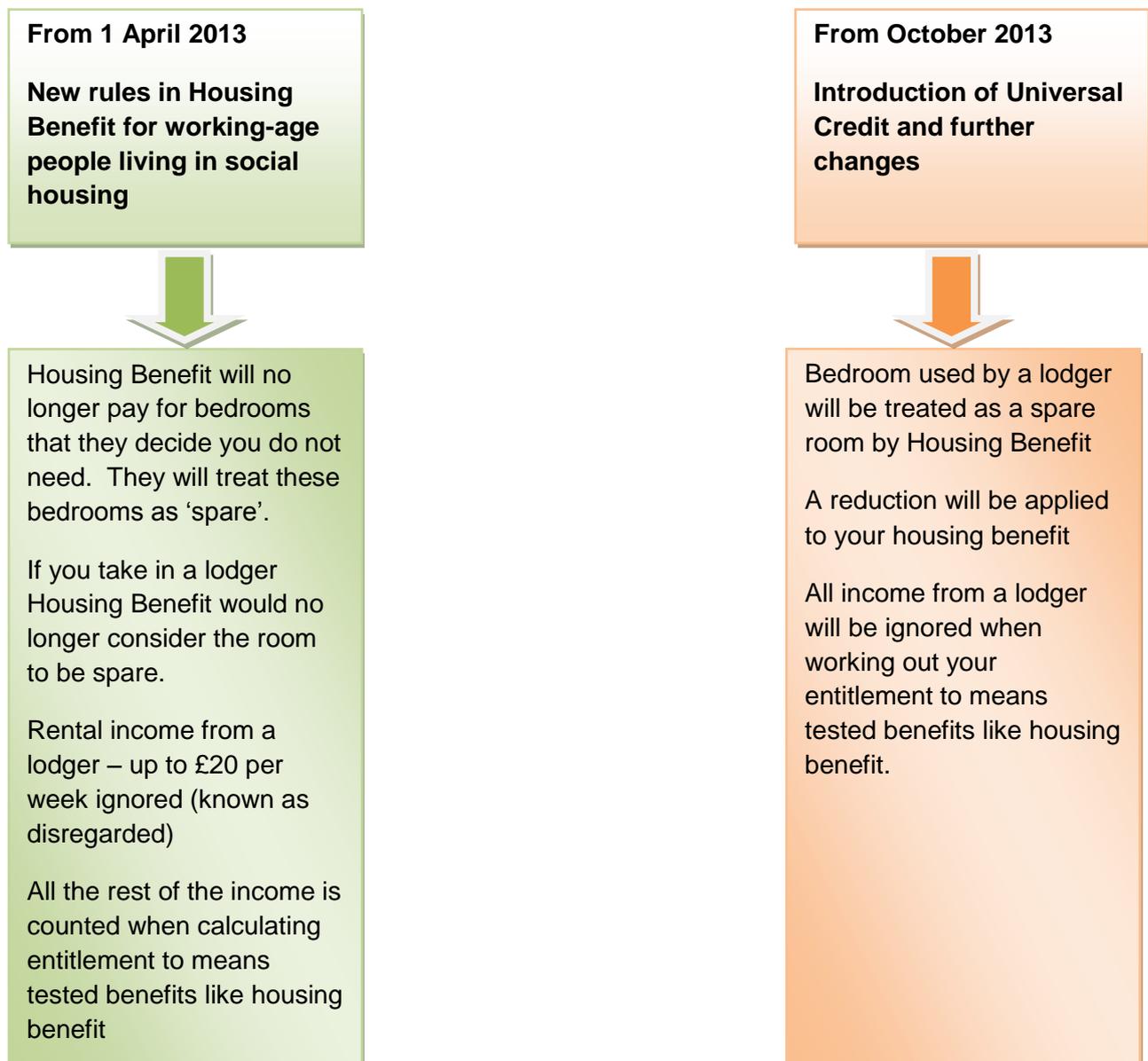
or employers. You may also ask them to show you how they can afford the rent you will be charging.

What should I charge?

It is a good idea to see what other people in your area are charging (see www.spareroom.co.uk). Remember that having an extra person in your home will increase your costs. For example you may need to heat a bedroom you don't usually heat; you will be using more electricity, and, if you provide meals, buying more food. If you are going to provide extra services such as cleaning and laundry, don't forget to cover these in the rent you charge.

Will my benefit be affected?

Yes – see flow chart below for how you may be affected:



Remember, you must ask our permission first and tell your council's benefit team if you are taking in a lodger.

There are other money related issues you need to think about:

- **Council tax:** if receive a single person discount on your council tax you are likely to lose it if you have a lodger. There are some exceptions, such as if you rent to a full-time student who lives with you during the week but goes home to their main home (where they pay council tax) at the weekend.
- **Income tax:** you are allowed to earn up to £4,250 a year in rent without paying income tax on it as long as you live in the property and the room is let as a furnished room.
- **Contents insurance:** you must tell your insurance company that you are taking in a lodger as it may affect your cover. Your policy may be invalidated if you don't tell them.

What if I want to end the arrangement?

You will be responsible for legally ending the arrangement if you want your lodger to leave. You must give them a reasonable amount of notice, although this does not need to be a legal document.

What if I leave my home and end my tenancy?

You will need to make sure that your lodger has left your home (and taken all their belongings with them) before you end your tenancy.

If you have any questions, please contact us on 0300 123 2250 or talk to your area housing manager.

Useful Websites

www.england.shelter.org.uk

www.spareroom.co.uk

www.lodgers.com

www.dwp.gov.uk