

TAKING IN A LODGER

A FACT SHEET TO HELP TENANTS THINKING ABOUT
RENTING OUT A ROOM



DEVELOPING HOMES AND CREATING OPPORTUNITIES
FOR PEOPLE WITHIN WEST NORFOLK

Freebridge
COMMUNITY HOUSING

TAKING IN A LODGER

This factsheet is to help tenants who are thinking about letting a spare bedroom in their home to a lodger. It includes a number of questions and answers about things you need to think about, and do, before you let your spare room to a lodger.

What is a lodger?

A lodger is someone who rents a room in your home and shares your facilities. Usually there is a formal arrangement in place that sets out the rooms that the lodger can use and those that they share with the rest of the household (e.g. the kitchen, living room and bathroom) for an agreed payment.

Close family members such as a parent, step parent or parent-in-law, a son or daughter, step son or step daughter, a son-in-law or daughter-in-law, a brother or sister are not normally classified as lodgers.

Do I need permission to take in a lodger?

As a tenant of a Freebridge Community Housing if you hold an Assured Tenancy you have the right to take in a lodger, but you will need to inform us first.

If I under-occupy my home will taking in a lodger mean that I'm not affected by 'the bedroom tax'?

The answer to this question is usually yes. If, for example, you under-occupy your home by one bedroom and the lodger you rent your spare room to uses your home as their only home, your home will be assessed as being fully occupied. As a result you may not have your Housing Benefit reduced due to under-occupation, however please be aware that the income you receive from your lodger will be taken into account when your Housing Benefit is calculated.

If you let your spare room to someone who is not using it as their only home, for example a student or some-one who lodges with you from Monday to Friday and returns home at the weekend, you may still be considered to be under-occupying your home, as the lodger is not using your home as their only home.

If you are in receipt of Universal Credit, any lodger will not count as part of your household which means that you will be affected by the bedroom tax, but you will be able to keep all of the income you receive from lodgers, without it affecting your benefit.

THINGS TO CONSIDER

Before you inform us that you intend to take in a lodger, you might want to think about whether you're prepared to have a lodger living in your home and whether it's right for you.

Having a lodger live with you means that you'll be sharing your home with a stranger. If you live alone this might mean that you will have some company but it also means that'll you'll be giving up some of the privacy you enjoy at the moment. If you have children you might want to consider whether you want a stranger living in your home, particularly if you don't know a great deal about their background.

If you do want to have a lodger living with you, providing you with another source of income, it is important that you choose who lives with you very carefully.



Who should I inform that I'm going to be taking in a lodger?

If you are thinking about taking in a lodger and after you have received consent from Freebridge Community Housing, you should contact your Home Contents Insurer and inform them that you intend to take in a lodger. They may want to obtain certain information from your potential lodger and they might in some circumstances adjust your insurance premiums. It is important that you contact your insurer and advise them that you are taking in a lodger. If you don't and you make a claim on the policy you might find out that the contents of your home might not be covered. Once you have taken in a lodger you need to let the following organisations know:

- Council Tax – if you are a single person and receive a single person discount on your Council Tax you need to let the Council Tax section at the Borough Council of King's Lynn and West Norfolk know about your lodger.
- Housing Benefit – if you are on a low income and receive Housing Benefit, you will need to let the Borough Council of King's Lynn and West Norfolk know that you have a lodger and the amount you are paid each week. If you don't advise the Benefits Section that you are receiving additional income from a lodger, you will be committing benefit fraud.
- Department for Work and Pensions (DWP) – if you receive benefits you will need to let the DWP know that you have a lodger and the amount you are paid each week by your lodger. If you don't advise the DWP that you are receiving additional income from a lodger, you will be committing benefit fraud.

How much should I charge my lodger?

You can charge whatever rent you feel a lodger will be willing to pay. One approach is to look at adverts in newspaper and on the internet and charge an amount that reflects the average weekly rent in your local area. To give yourself an idea you may wish to refer to websites such as www.spareroom.co.uk and look up what other people in your area charge for similar accommodation.

How will the money I receive affect my Income Tax?

The Government offers people who have a spare room an incentive to rent their spare room out to a lodger, this is called the Rent a room scheme. This allows people who let out a spare room in their home to a lodger to receive £4,250 a year tax free. You can find more information about the Rent A Room Scheme by visiting: <http://www.direct.gov.uk>

If your income from your lodger is less than £4,250 a year you do not have to complete a tax return. If your income from the lodger is more than £4,250, you may have to complete a tax return.

What will I need to provide for my lodger?

You must provide your lodger with a furnished room, and use of other communal areas such as kitchen and bathroom. It is up to you whether you wish to provide meals and do their laundry and cleaning.

Should I establish house rules?

It is important to set some rules about what you will and will not allow in your home, so before you let your spare room to a lodger you need to give this some thought. For example you might not want a lodger to smoke in the property or to keep a pet. Whilst you don't want to have a list of rules which is too long you will want to set out the standards of cleanliness and tidiness you expect of your lodger. You will want to tell a potential lodger about your house rules when you meet for the first time, as they need to know whether they would be comfortable living in your home.

Should I use a Lodger Agreement?

It is important that you and your lodger sign a Lodger Agreement, so that your rights and responsibilities and the rights and responsibilities of the lodger are clearly set out.

It is also important that you sign a Lodger Agreement if your lodger needs to claim Housing Benefit to help them pay their rent. Your lodger will need to provide a copy of the agreement to the Housing Benefit Team.

Can my lodger continue living at the property if my tenancy ends?

The lodger can only continue to live at your property whilst you have a tenancy there.

FINDING A LODGER

How can I find a lodger?

There are many ways of finding a lodger and these depend on where you live and the type of lodger you are willing to have living in your home. You need to think carefully about who you want to live in your home as a lodger. Renting a room is a business transaction between you and the lodger. If you rely on word of mouth to find a lodger, this is likely to mean that the lodger is a friend of a friend or a friend of a family member. This might cause you some difficulties if you have to ask the lodger to leave, for example if they fail to pay or they behave badly.

You can advertise for lodgers in local newspapers, in local shops and on the internet. There are a number of internet sites which aim to help you find a lodger for example www.spareroom.co.uk and uk.easyroommate.com

DEALING WITH PROBLEMS

How should I deal with a problem lodger?

You should try to deal with any problem you have with a lodger at an early stage, for example if they haven't paid their rent or they are not complying with one of your house rules. You should talk to the lodger and find out why they have broken the agreement. If following your conversation the problem hasn't been resolved, you should write to your lodger, setting out what the problem is. You need to keep a copy of the letter and make sure that the letter is dated. If after your first letter the problem still hasn't been resolved you need to try a more formal letter, which says that if things don't improve you will be asking them to leave. Again you need to make sure that this letter is dated and that you keep a copy. You should also keep a note of all incidents. If your second letter doesn't work you will need to give your lodger a notice to quit. This is a letter which says that you are giving them a certain amount of time (7, 14 or 28 days notice) to leave the property.

In housing law, lodgers are considered to be 'excluded occupiers'. This means that they have very few rights and can only stay until you ask them to go.

Can I evict my lodger if things don't work out or I need the room back?

If you have asked your lodger to leave (either by speaking to them or giving them written notice) you will need to give them a reasonable amount of notice. When taking in a lodger it is advisable to write up a licence that you both sign and agree to the conditions of.

If they state that they have no intention of moving out you will need to evict them. It is important that you seek legal advice, from your local Citizens Advice Bureau before taking any action to remove your lodger.

USEFUL WEBSITES

www.england.shelter.org.uk

www.dwp.gov.uk

www.west-norfolk.gov.uk

www.lodgers.com

www.spareroom.co.uk

IF YOU NEED ANY HELP TO UNDERSTAND THIS LEAFLET PLEASE GET IN TOUCH