Lodgers Guide
Advice on renting out a room in your home

Providing Quality Homes & Neighbourhoods
Introduction

This is a guide for A1 Housing tenants who are considering taking in a lodger in their home; however we do advise tenants to obtain independent legal advice and also refer to the Governments website: www.gov.uk for more information.

For some people, letting out a spare bedroom to a lodger can help to share housing costs and make ends meet.

This may be particularly attractive to tenants affected by the Bedroom Tax who need to cover the shortfall between their Housing Benefit and the rent.

There are many benefits of renting out a room in your home. For instance:

- It can be a good source of extra income
- If you opt to use the HM Revenue and Customs Rent a Room Scheme, the first £4,250 per year you earn from rent is tax free
- It can be a great way to meet new people and enrich your social life
- It provides extra security if you go away and your lodger can help keep an eye on the house

If you are considering taking in a lodger and would like some advice, please contact A1 Housing’s Money Advisors on 0800 590 542
What is a lodger?

A lodger rents a furnished room in your home and will have use of other rooms such as the kitchen and bathroom. They may receive some services from you, such as meals, laundry or cleaning.

A lodger is not the same as a sub-tenant, who has different rights, for example a lodger may not have the right to put a lock on their bedroom door.

Family members are not normally considered to be lodgers.

Can I take in a lodger?

Only secure tenants have the right to take in lodgers. So you cannot do this if you are an introductory or non-secure tenant. However exceptions may be made for personal, financial or health reasons. You must get written permission from A1 Housing before the lodger moves in.
What are the rules?

Taking in a lodger must not cause your home to be overcrowded. This would breach the terms of Section 6 of your Tenancy Agreement.

If you are claiming benefits you must tell your local Housing Benefit department and the Department for Work and Pensions. It may well reduce the Housing Benefit you receive as well as any other benefits you may claim.

If you receive a single occupier reduction for Council Tax, you will lose this discount and you must tell your local Council Tax department that you no longer qualify.

You will be responsible for your lodger’s actions.

Your lodger will not have security of tenure like you.

You will be responsible for legally evicting your lodger if you want them to leave.

You must inform your contents insurance provider to make sure you’re still covered and let your lodger know that they’ll need their own insurance.
Getting your house ready

Make sure your home and the room you plan to rent out is safe. Your annual gas safety certificate must be up to date and you must have smoke alarms fitted on all floors.

Care must also be taken with regard to furniture and furnishings and the general safety of the building.

The accommodation should be in good repair, well maintained, and capable of being effectively heated. Any safety hazards should be promptly dealt with.
What facilities to provide?

You will need to provide your lodger with a furnished room as well as access to communal areas such as bathroom and kitchen.

Extra services you could provide may include:

- meals
- cleaning the lodger’s room
- changing the bed linen
- a television in their room
- laundry

If you choose to provide extra services then 50% of the income received for these services is ignored when determining benefit calculations.

Other things to consider are:

- which areas of the house the lodger can have access to, including the garden
- use of cupboard space and appliances, like the washing machine and fridge / freezer
- access to or use of parking
How much to charge?

You will need to decide how much rent to charge the lodger, depending on what services you provide for them. Although, you may decide not to provide any services and just charge rent for the room.

Other things to consider are the increased cost of heating a room which may not have been used before and a higher use of electricity and hot water.

For simplicity the cost of utilities such as gas, electricity and water is often included in the rent.

Money issues

If the rent is paid weekly you are legally obliged to provide a Rent Book.

It is usual to ask for some rent in advance.

You are entitled to take a deposit before the lodger moves in, to act as security in case they leave the property owing you money, or to pay for any damage at the end of the letting. The amount of deposit is negotiable, but a month’s rent is usual.

It is advisable to keep the deposit in a separate bank account so that it can be returned easily at the end of the letting, unless the conditions for withholding are met.
Ask the lodger to pay you by Standing Order as this will avoid any awkwardness about asking for the rent.

Keep your own record of rent payments to help avoid disagreements later and give a receipt if asked.

If you live alone and take in a lodger you will lose your Single Person Council Tax Discount - unless the lodger is exempt from Council Tax, such as a student or someone who rents for part of the week and pays Council Tax at their main address.

Income from lodgers must be declared but the first £20 of weekly income is ignored and won’t affect your benefits. If you receive more than £20 a week in rent, the extra cash is likely to affect your benefits - although overall you should still be better off.

From October 2013 if you move onto Universal Credit you will be able to keep income from lodgers and retain full entitlement to benefit. The room let to a lodger will however, be classed as a spare room and fall under the Bedroom Tax, which on average is £12 per week per room.

You can check with your Benefits office to see if the extra cash will affect your entitlement.
Advertising for a lodger

There are a number of options you could consider:

• Putting a postcard in your local shop

• Placing an advert in your local paper

• Checking your local paper for adverts from people looking to rent a spare room

• Word of mouth - friends and relatives may know of someone who is looking for a room

• Go online and advertise for free on a social network site like Facebook or through one of the many websites available, eg:

  - www.spareroom.co.uk
  - www.houseshare.com
  - www.easyroommate.com
Choosing a lodger

Having someone live in your home is a big step and you will want to choose someone who fits in with your household and lifestyle - so it pays to be prepared.

Set up interviews and viewings with prospective lodgers. You may want a friend or relative to be with you. Use the interview as an opportunity to ask about anything that concerns you.

Find out about:

- their likes and dislikes
- how much time they’ll spend at the property
- what work they do
- how they spend their evenings

To prevent future friction or misunderstandings explain your house rules, such as:

- whether visitors are allowed
- whether visitors can stay overnight
- when music can be played
- coming in late at night

Ask the intended lodger for references, either personal or from their employer, previous landlord, bank or building society.
If you decide you want your room back you should provide the lodger with a reasonable amount of notice, this does not have to be in writing.

**What is considered reasonable may depend on:**

- the length of time the lodger has lived with you
- the length of time between rent payments, eg weekly or monthly
- whether the lodger and you have been getting on
- how quickly you may need the room for someone else

If the agreement with your lodger is an open-ended one, either you or the lodger is free to bring it to an end at any time, but must notify the other party that the letting will be ended. This is known as giving ‘notice to quit’.

If the arrangement is a fixed period one, the agreement will end on the agreed date without either party having to give notice.
## Agreement Date:

## The Landlord and Property:
*Your name and full address*

## The Lodger:
*Your lodger’s name*

## The Room:
*Which the lodger will have sole use of*

## The Shared Rooms:
*List shared areas, eg kitchen, bathroom, etc.*

## The Contents:
*As set out in the attached inventory*

## The Rent: Inclusive of all bills and services referred to in section D below.
£ **Payable weekly / monthly in advance on [ ] day of week / month**

## Deposit: To be paid on signing agreement
£

## Notice Period:
1 Week / 1 Month / 3 Months

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### A:
The landlord gives the lodger the personal right to live in the accommodation and to use the shared rooms with the landlord / the landlord’s family *(delete as applicable)*.

### B:
The lodger agrees to observe and perform the obligations set out in the Conditions enclosed with this Agreement.

### C:
This Agreement can be ended at any time by the landlord giving the lodger notice to quit the accommodation at the end of the notice period or by the lodger giving the landlord notice of his / her intention to vacate the accommodation at the end of the notice period.

### D:
The landlord agrees to provide the following services:
*Set out what you are prepared to offer such as cleaning, laundry, etc.*

### E:
The landlord’s address for service of notices is the address given for the landlord at the start of this Agreement.

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**Landlord Signature** ..........................................................  **Lodger Signature** ..........................................................
1. **The Lodger will:**
1.1 Pay the rent at the time stated without any deduction.
1.2 Use the accommodation for the lodger to live in and no other purpose.
1.3 Keep the accommodation clean and tidy.
1.4 Leave shared rooms/areas clean and tidy after use.
1.5 Permit the landlord to enter the accommodation at any reasonable time.
1.6 Restore the full amount of the Deposit held by the landlord, if the landlord has to draw upon it to satisfy any outstanding breach of the lodger’s obligations. If the Deposit is insufficient for this purpose the lodger will pay to the landlord on demand any further monies as is, in the opinion of the landlord, required.

2. **The Lodger will not:**
2.1 Sell, hire out or remove the contents of the property.
2.2 Deface or damage the accommodation, any part of the landlord’s property, or the contents.
2.3 Make any alteration or addition, redecoration or painting of the accommodation without the landlord’s prior permission.
2.4 Do or omit to do anything on or at the property which may be or become a nuisance or annoyance to the landlord or any other occupiers of the property or occupiers of adjoining or nearby premises.
2.5 Play any live or electronic music, radio or TV or engage in any other noisy activity between such hours as the landlord stipulates.
2.6 Keep anything dangerous or flammable at the property.
2.7 Keep any pet or any other kind of animal in the accommodation, except with the landlord’s prior permission.

3. **The Landlord will:**
3.1 Hold the Deposit as security for compliance by the lodger with his/her obligations, and the payment, holding and use of the Deposit shall be without prejudice to any other right or remedy of the landlord.
3.2 Following termination of the Agreement return to the lodger the Deposit or the balance after any deductions properly made, as soon as reasonably practicable. No interest will be payable to the lodger in respect of the Deposit.
3.3 In the event of rent being unpaid for more than 15 days after it is due (whether formally demanded or not) or there being a breach of any other of the lodger’s obligations under this Agreement, or in the event of the lodger ceasing to reside at the property, or in the event of the lodger’s death, cease and determine (end) this Agreement.
3.4 Reduce the notice period to 1 day if the landlord feels the lodger is causing damage to the property or they feel insecure.
This sample letter is for the DWP, Housing Benefit and Council Tax departments and also your insurance company.

To: ____________________________

Date: __________________________

Dear Sir / Madam

Your name ____________________________

Your address __________________________

I am writing to notify you that I have taken in a lodger at the above address from (insert date) __________________________

The lodger’s details are:

Name: ____________________________

Date of Birth: __________________________

National Insurance No.*: __________________________

Previous Address: __________________________

Income: £ __________________________ per week / month

The rent charge* is __________________________ £ per week / month

Yours faithfully

Your signature

*This information is not required for your insurance company.
Contact us

0800 590 542
www.a1housing.co.uk
customer.services@a1housing.co.uk
Text us on 07860 021 511

Visit us at:

Retford Property Shop
Town Hall, 17B The Square, Retford DN22 6DB

Worksop Property Shop
Queens Buildings, Potter Street, Worksop S80 2AH

Head Office - Carlton Forest House
Hundred Acre Lane, Worksop S81 0TS

All offices are open Monday to Friday 8:40am to 5pm

If you need any help communicating with us or understanding any of our documents, please contact us on 0800 590 542.

We can arrange for a copy of this document in large print, audiotape, Braille or for a Language Line interpreter to help you.