

Factsheet - Renting out your Spare Room

From April 2013 there will be new rules in Housing Benefit for working-age people living in social housing. Housing Benefit may be reduced if you are under occupying your property.

For some people, offering out a spare room to a lodger may be a sensible option. This would mean that Housing Benefit would no longer consider the room to be spare.

In addition to this, the first £20 of weekly income from a lodger is ignored and won't affect your benefits. If you receive more than £20 a week in rent, the extra cash is likely to have a bearing on your benefits. If you would like to know how this may affect your benefits, please contact us on 01926 412466, or alternatively, you can visit one of our offices.

Please note that someone who is closely related to you can not be classed as a lodger, but as a non dependant. Again if you want more information on this, please contact our office on the above number.

Step by step guide to renting out a room

1. Step One – Get your house ready

Make sure your home and the room you want to rent out is safe, fire proof and that you have general safety sorted.

If you are planning to rent out a room, let your landlord know as you may need to get permission first. Councils and housing associations usually allow tenants to take in a lodger, but you have to check and get permission. Also speak to the Housing benefits team to check if the extra cash affects your entitlement.

A general guide to letting a room is available here:

<http://www.communities.gov.uk/publications/housing/lettingrooms?view=Standard>

It may also be worth speaking to your local Citizens Advice Bureau. Further information on the Rent a Room scheme and taking in a lodger are available here:

http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/TaxOnPropertyAndRentalIncome/DG_4017804

2. Step Two – Advertise

There are lots of ways you can advertise your spare room. Try putting a notice in your local shop or go online and advertise it for free through one of the many websites available.

3. Step Three – Find someone who is right for you

Letting someone live in your home is a big step, so it pays to be prepared. Take your time to talk to the people viewing your property to make sure they are a good fit for your home.

It is also good to lay down your simple ground rules early, so you both know what to expect.

4. Step Four – Get references

Ask your new lodger if they can provide references from an employer or previous landlord. This can give you extra peace of mind that the agreement you are entering into is likely to be all right.

5. Step Five – Get it in writing

Have a written agreement between you and your lodger.

This should include:

- rent amount and payment details;
- which rooms/facilities the lodger is entitled to use;
- services you agree to provide;
- any share of household bills;
- how long until the payment amount is reviewed;
- any house rules;
- a notice period.

There are many guides to lodger agreements available through bookshops and stationers.

Safety tips

Always have a friend accompany you to interview new lodgers.

Keep valuables locked away during the interview.

Make sure you use the interview as an opportunity to ask about anything that concerns you.