



Fenland District Council

LETTING A ROOM

A GUIDE FOR PRIVATE LANDLORDS

For further information contact:

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What this leaflet is about

This leaflet gives advice on letting out a spare room in your home. It is not a statement of the law and you should contact the Citizens Advice Bureau or a solicitor if you are unsure of your legal rights or obligations.

Why let out a spare room?

Letting a spare room in your home can bring additional income, exempt from tax up to £4250 per annum (correct at November 2010 — check your local tax office for up-dated information). There can also be other benefits such as shared costs, company, security etc. However, there are clearly risks involved in sharing part of your home with someone outside the family and care needs to be taken in selecting a suitable lodger.

What do I need to provide?

As well as a private room, you will normally also need to provide:

- access to a bathroom
- either access to a kitchen, or meals

You may also consider allowing use of additional facilities such as living-room, dining area, bicycle storage area, garden, laundry facilities, telephone etc., and whether any services, e.g. cleaning, will be provided.

Written Agreements?

It is advisable to use a simple written agreement signed by you and your lodger to set out your terms and conditions. This will help to avoid any misunderstandings between you in the future. The contents of the agreement should be made clear to the lodger before they move in.

The agreement can be very simple, and should cover the following:

- the amount of rent to be paid and when (e.g. end of week, start of month)

LETTING SELF-CONTAINED ACCOMMODATION IN YOUR HOME

If you do not share any living accommodation or provide meals, but let out a self-contained part of your home, different rules apply. You would probably be taking in a tenant rather than a lodger. If you want this tenant to leave, you need to follow the procedures below:

- depending upon the type of tenancy, in force a minimum of between 4 weeks and 2 months formal written Notice to Quit should be give to your tenant in a legally prescribed form. For advice on types of tenancy, contact either the Housing Advice Service or seek independent legal advice
- if the tenant still refuses to leave on expiry of this Notice the landlord has to apply for a Court Order to evict the tenant. A Court Order cannot be applied for until the period of Notice has expired
- if the tenant still doesn't leave the property, the Court Order can only be enforced by instructing the Court Bailiffs.

The tenant will have no defence against possession proceedings and could incur costs by remaining until a Court Order is obtained.

YOU MUST NOT TRY TO FORCE THE TENANT TO LEAVE WITHOUT GOING THROUGH THE COURT PROCEDURES AS THIS MAYBE CONSTRUED AS AN ILLEGAL EVICTION

For further information contact

**Housing Options Team
01354 654321**

Documents prepared by Fenland District Council are available in Community Languages, Large Print, Moon Braille, Audio Cassette and Electronic format upon request.

Will having a Lodger affect my Council Tax bill?

Adults living alone are entitled to a 25% reduction from their Council Tax bill. If you are living alone, and take in a lodger you will lose this entitlement. The exception to this would be if your lodger is under 18 or is in a special exempt category such as a student or student nurse. Your bill may also be affected if you are in receipt of Income Support or qualify as being on a low income. If in doubt, contact the Benefits Section at Fenland District Council on 01354 654321.

I am on Income Support will taking a Lodger affect my benefit?

Yes, depending on what is included in the rent. For further information contact the Benefits Agency on 01733 297600.

I claim Housing Benefit/Local Housing Allowance will taking in a Lodger affect my claim?

Taking in a lodger may affect your entitlement of Housing Benefit/Local Housing Allowance if you are either in receipt of Income Support or qualify as on a low income. For further information contact the Benefits Section at Fenland District Council 01354 654321.

What if my Lodger is claiming Housing Benefit/Local Housing Allowance?

Housing Benefit/Local Housing Allowance is payable towards the rental element of your bill only. Charges for gas, electricity, heating and meals etc. are not covered by this benefit so your lodger will have to pay for these from his/her income.

- what exactly the rent covers e.g. meals, electricity, heating, water rates etc.
- any services included e.g. laundry, cleaning etc.
- how much notice you and your lodger will give to end the Agreement
- whether guests can stay overnight
- arrangements for cleaning areas shared between you e.g. kitchen, bathroom
- any other details such as use of telephone, garden etc.

In addition, an inventory should be drawn up listing the contents of the room you are letting, and any existing damage. When your lodger moves in you can both check and agree the inventory. This can be repeated when the lodger moves out, and any loss or damage for which he or she is responsible can be identified, and deducted from the Deposit.

Deposit

It is advisable to ask your lodger for a deposit to cover any loss or damage caused to your property. A receipt should be provided specifying what it covers, e.g. breakage, damage, carpet cleaning, rent arrears etc. A deposit should NOT be used to cover wear and tear. A deposit is normally equivalent to the weekly or monthly rent.

Remember that the deposit is your lodger's money which you are holding on trust, and its return is often essential to enable him or her to move into a new home.

Setting the Rent

You need to decide whether this should be paid weekly or monthly. You also need to decide what it includes. Including all costs within the rent is simpler and can prevent you being left picking up bills after your lodger leaves. However, charging your lodger a proportion of fuel bills separately when they come in can reflect actual costs more accurately, and can encourage economy. Charging for telephone calls can be done with an itemised bill.

All payments should be recorded in a rent book to avoid disagreements.

What should I do if I want my Lodger to leave?

If you are a resident landlord and share more of your accommodation with your lodger other than the entrance hall and stairs, you do not require a court order before evicting him/her. However, you must give him or her reasonable notice. Where the lodger pays rent monthly, one month's notice is normally considered minimal, but a longer period would give him or her a better chance to find alternative accommodation. The notice should be given in writing, signed and dated. A copy should be kept.

Once the notice period has run out, you can evict your lodger so long as you do not use any kind of force. If he or she refuses to move out contact the Housing Advice Service or Citizens Advice Bureau.

What if my Lodger leaves owing me money?

If your lodger leaves owing you money, you may need to apply to the Small Claims Court to recover what is owing to you. It is advisable to write to your lodger first, setting out the amount owed and that you intend to apply to the court for a hearing.

At this stage he or she may settle the debt, but if there is still a disagreement you need to serve him or her with the claim form detailing the amount you are claiming.

Leaflets on how to make a claim and prepare for a hearing are available from the County Court. Hearings take place at either King's Lynn, Peterborough or Cambridge, depending on where the property is situated. You can represent yourself, and you will need evidence of the costs in dispute, such as rent receipts, bills, written agreement etc.

YOUR RIGHT TO RENT OUT A ROOM

I am a tenant can I rent out a room?

Check in your Tenancy Agreement to see if there is a clause prohibiting sub-letting or taking in lodgers. If you are unsure of your rights, check with your landlord.

I have a mortgage on my property can I rent out a room?

Check with your lender before letting out a room, but explain that you will be sharing accommodation with the person concerned, and will not be granting a tenancy for separate accommodation. They can then advise if there will be any changes to the mortgage conditions.

Should I tell my insurance company?

If you have insurance covering your home and/or its contents, you need to advise the insurer as this may affect your terms and conditions.

BENEFITS/TAXES

Will I have to pay income tax on the rent I receive from my Lodger?

You will not have to pay tax on the rent from a lodger in your only or main home if the gross annual amount of rent is no more than £4250*. You do not even have to declare the income to the tax office unless you receive a tax return. If the gross annual amount of rent is above this figure, you need to contact your local tax office for further details.

* This figure is correct as at Nov. 2010. Please contact your local tax office for updated figures.