



Lodger information pack

Useful information about renting
a room in your home



This pack is for Soha tenants who are thinking about letting a spare bedroom in their home to a lodger. It includes frequently asked questions and information on what you need to do before taking in a lodger, as well as the type of licence agreement you can use for your lodger.

What is a lodger?

A lodger is a person who rents a room in someone else's home. Usually there is a formal arrangement in place that sets out which rooms that the lodger can use and which they will 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?

Yes you will need to request permission from your Neighbourhood Officer at Soha in writing before you can take in a lodger.

Is there a time limit to how long I can have a lodger?

In some cases yes, if you have more than one spare bedroom then taking in a lodger or multiple lodgers should be viewed as a temporary arrangement until you can find alternative accommodation more suitable for your need. In such case Soha would normally grant you permission to take in a lodger(s) for up to a year to allow you to look for a smaller home. We would review this arrangement again after a year to see if it is still suitable.

Things to think about when taking in a lodger

It's important to think about whether it's right for you.

Having a lodger living 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 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. You should choose carefully who you take in as a lodger.

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

Your Home Contents Insurer

Once you have received consent from Soha, you should notify your Contents Insurer. They may want to obtain certain information from your potential lodger and it may affect your cover. If you don't and you make a claim on the policy, you may not be covered for any losses.

Council Tax department

If you are a single person and receive a single person discount on your Council Tax you need to let the Council Tax section know at your council about your lodger.

The Department of 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.

The Housing Benefit Department

If you receive Housing and Council Tax Benefit, you will need to let the Housing Benefit Team at your council know that you have a lodger and the amount you are paid each week. If you don't advise the Housing Benefit Team that you are receiving additional income from a lodger, you will be committing benefit fraud.

Right to Rent checks

Right to Rent checks are to ensure that illegal immigrants are unable to establish a settled life in the UK. These checks are already in place in Birmingham, Wolverhampton, Dudley, Sandwell and Walsall, and are required on all new lettings affected by the check where the tenancy starts on or after 1 February 2016.

Checks will not be required on existing tenants unless they transfer and their initial tenancy would have come under the type of tenancy that would now require the checks to be carried out. Find more information at www.gov.uk/check-tenant-right-to-rent-documents

Social housing tenants (whether Local Authority or Housing Association) taking in a lodger will be required to carry out the check.

The 'right to rent' is more to do with the right to be in the UK, and is not the same as the right to claim benefits. As British Citizens and EEA & Swiss nationals have the right to be in the UK there are no issues with letting to them, although where the landlord is required to undertake the 'Right to Rent' check they will still need to see evidence of a person's identity and citizenship and keep copies for one year after the tenancy ends.

Prospective tenants from other countries will only have the 'right to rent' in the UK if they are lawfully present in the UK in accordance with immigration laws, for example: have indefinite leave to remain, have the right of abode, have indefinite leave to enter, are a 'family member' of an EEA national, or have a 'derivative' right to reside.

The check will not just be on the prospective tenant, but also the landlord will need to check all adults aged 18 or over who they know will be using the property as their main home.

A landlord who is found to have let a property to someone who

doesn't have the 'right to rent' could be fined up to £3,000.

Some tenants may have a 'time-limited right to rent' in which case the landlord will be expected to undertake follow-up checks - and if they find that they no longer have the right and the right to rent has expired, they must make an official report to the Home Office.

What condition should my home be in?

Your home should be clean, carpeted and in good decorative order throughout.

You should take photographs of the room that the lodger will use before you let it, to record its condition.

What furniture should I provide my lodger with?

As you are going to be letting the room to the lodger on the basis that it is furnished, you will need to ensure that you have the right furniture in the room. You should provide an inventory (a written record) of the items you provide the lodger with, noting their condition. An inventory is included in this pack.



It's a good idea to set some rules

While you don't want a long list about what you will and will not allow in your home, you will want to set out the standards of cleanliness and tidiness you expect of your lodger.

Should I use a lodger agreement?

You and your lodger should sign a lodger agreement, so that your rights and responsibilities as the landlord and lodger are clearly set out. If your lodger wishes to claim Housing Benefit, they will need a copy of their Lodger Agreement to do so. A copy of a Lodger Agreement is part of this pack. You and your lodger should sign two copies and each keep a copy.

How much should I charge my lodger?

A good place to start is to look at adverts in newspaper and on the internet and see what the average weekly rent in your local area is. You can find more information about the Rent a Room scheme at www.gov.uk/rent-room-in-your-home/the-rent-a-room-scheme

If you're a taxpayer you can earn £4,250 each year (or £81.73 a week) tax free under the Government's Rent a Room

Scheme. If you receive more income than this you will need to declare it on a tax return

If your lodger claims Housing Benefit, the rent that you charge is greater than the rent allowed by Housing Benefit. Your lodger will have to fund the shortfall themselves. You can ask your Housing Benefit Team for the Local Housing Allowance shared room rate which will tell you the maximum rent that your lodger will be able to claim.

Should I charge my lodger a deposit?

A deposit is a payment taken by the landlord to hold as insurance against the lodger damaging the property or failing to pay their rent. If the lodger leaves the property in the same condition as you let it to them and they did not develop any rent arrears, the deposit needs to be returned to them when they leave your home.

Deposits are usually one month's rent; this may be difficult if your lodger is on a low income or on benefits. Some organisations provide bonds or guarantees for lodgers to cover for any loss or damage to your home. You should consider if this is acceptable for you as a form of security. When your lodger gives you their deposit, you are holding it on their behalf and it

would be a good idea to put the deposit in a savings account.

How can I find a lodger?

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:

- www.spareroom.co.uk
- uk.easyroommate.com

If they are someone you already know please remember that renting a room is a business transaction between you (the landlord) and the lodger.

How should I select a lodger?

You should meet with people who respond to your adverts for a lodger. The meeting should ideally take place in your home.

The meeting gives you an opportunity to explain the basic rules of the house and establish whether you would want to share your home with them. You might want to meet your potential lodger with someone else present whose judgement you trust.

Ask your potential lodger to provide you with two references. It is important before you

agree to let your spare room to someone and check these out.

Can my lodger claim Housing Benefit?

If your lodger is on a low income or claims benefits, they are able to claim Housing Benefit to help them pay their rent. They will need to make a claim for Local Housing Allowance (this is the term used for the type of Housing Benefit payment the lodger will receive). Your lodger will have their Local Housing Allowance paid directly to them and they will be responsible for passing the payment onto you.

Recording rent payments

You should give your lodger a rent book, or a written statement, that confirms that you have received their rent payments.

Council Tax

If you live alone you should receive the single person discount on your Council Tax. The single person discount is 25% of your Council Tax bill. You will need to tell the Council's Council Tax Team that you have taken in a lodger. In most cases this means that you will lose your single person discount, unless your lodger is in one of the

groups who are disregarded. You can find out which groups are disregarded by contacting your Council's Council Tax Team or at www.gov.uk/council-tax

How will the money I receive affect my benefits?

If you receive benefits, you must inform the DWP and your Council's Housing Benefit Team that you have taken in

a lodger. Failure to do this will mean that you are committing fraud. The benefit payments you receive will be reduced to reflect the additional income you receive from your lodger.

If you receive a means tested benefit (Income Support or Income related Employment and Support Allowance or Income based Job Seekers Allowance) the first £20 of income you receive from your lodger will be disregarded and not affect

Example 1

Janet receives Income Support of £100 a week and receives full Housing Benefit to help her pay her rent of £110.00 a week. She takes in a lodger who pays her £55 each week. When Janet's benefits are recalculated she receives £65 in Income Support in addition to the £55 rent she receives from her lodger, a total of £120 a week.

If you are on a low income and claim Housing and Council Tax Benefit, the way that your benefits will be adjusted is different. The first £20 of income you receive is disregarded and your Housing Benefit will be reduced by 65p for every £1 you receive over that amount. Your Council Tax entitlement will be reduced by 20p for every £1 you receive over that amount.

Example 2

Janet works on a part time basis and receives £20 Housing Benefit each week. Her rent is £80.00 a week. Janet takes in a lodger who pays her £50 each week. When Janet's benefits are recalculated her Housing Benefit is reduced to 50p per week.

your benefits. Your benefits will be reduced by any income more than the first £20.

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, so the amount of Housing Benefit you receive will not be reduced. If you were under occupying your home by two bedrooms and took in one

lodger, you'd be considered to be under-occupying your home by 1 rather than 2 bedrooms and the amount of your rent eligible for Housing Benefit by increase from 75% to 86%.

If you let your spare room only from Monday to Friday you may still be considered to be under-occupying your home, as the lodger is not using your home as their only home. These rules will change when Universal Credit is introduced.

Under the proposed rules 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.

What if my lodger does not pay the rent or abide by the house rules?

You should try to deal with any problem you have with a lodger at an early stage, you should talk to the lodger and find out why they have broken the agreement.

If this doesn't resolve the issue, write to your lodger, setting out the problem. Date the letter and keep a copy for your records.

If this also fails to resolve the issue, write another more formal letter warning that if the breach of your agreement is not resolved you will serve a Notice to Quit asking your lodger to leave.

The final course of action if the problem is not resolved is to serve 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. A sample Notice to Quit is at the end of this pack. Under housing law, lodgers are considered to be 'excluded occupiers'. This means that they have very few rights and can only stay until their landlord asks them to leave.

If the problem is of more serious nature, such as violent or criminal behaviour, a shorter notice period may be appropriate. Contact Soha and the police.

How do I evict a lodger?

If you have asked your lodger to leave and 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 Housing Options Team or your local Citizens Advice Bureau before taking any action to remove your lodger.

Example 3

Janet receives Income Support of £100 a week plus full Housing Benefit and pays rent of £80 a week.

Janet under-occupies her home by one bedroom and her housing benefit will be reduced by £11.20 each week.

She plans to take in a lodger who pays her £55 each week. When her benefits are recalculated she will receive £65 in Income Support in addition to the £55 rent she receives from her lodger, a total of £120 a week.

In addition her Housing Benefit payment covers the whole of her rent as she is no longer considered to be under-occupying her home.



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Soha Housing is registered with the Homes & Communities Agency (No. L4130) and is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014 (No. 28410R).

LODGER AGREEMENT

The Property

(Address).....
.....
.....

The Room

Meaning the room at the Property which has been agreed between the Tenant and the Lodger to be taken by the Lodger

.....

The Tenant

(Name)

The Lodger

(Name)

The Term

..... (weeks/months) beginning on

The Shared Areas

Referring to the rooms in the Property which the Tenant has agreed can be used by the Lodger on a shared basis with the Tenant and any other persons living at the Property, including:

.....
.....

Early termination

By mutual agreement, either party may at any time end this agreement earlier than the end of the term by giving the other written notice of..... weeks/months.

Payment The rent shall be £ per week/month payable on the first Monday of each month, or the Monday of each week.

The Deposit The deposit is the sum of £....., which is refundable at the end of the agreement, after eligible deductions have been made.

The Inventory

Is the list of the Tenant’s possessions, which the Lodger is permitted to use at the Property, including the room.

.....
.....
.....

This Agreement does not confer any occupation rights on the Lodger that supersedes the Tenant’s Tenancy Agreement with (*insert name and address of landlord*)

.....
.....

Terms and Conditions

This Agreement is personal to the Lodger and is not assignable. It will terminate automatically with no notices if the Lodger ceases to reside at the Property, or fails to make two or more of the payments that are due.

The Lodger’s obligations

- 1.1. To pay monies owed (the payment) to the Tenant at the times set out in the Agreement
- 1.2. To keep the interior of the Room and the shared rooms in a good and clean condition and not to cause damage to any part of the Room or Property
- 1.3. Not to make any alterations to the Room or Property without the Tenant’s consent
- 1.4. To only use the facilities of the Shared areas of the property in conjunction with the occupation of the Room
- 1.5. To retain in the Room all items listed in the inventory and to keep them in a good condition
- 1.6. Not to keep a pet without the tenant’s consent, which should be in accordance with the Tenancy Agreement and the policy of (*insert name of landlord*)

1.7. Not to cause or permit any behaviour which may be a nuisance to neighbours; nor to engage in activities which are criminal or may prejudice the insurance on the property and the Tenant's tenancy agreement.

1.8. To use the Room in a residential manner and not to run any business from it

1.9 Not to invite visitors to the property without the Tenants consent. The Lodger will not let or share any rooms at the property or take in any lodger or paying guest without the consent of the Tenant

1.10 To leave the Room in a good condition at the end of the term.

1.11 To only use the storage space provided for them in the kitchen and to respect the groceries of the Tenant and not to 'borrow' items without the consent of the Tenant.

1.12 To provide the Tenant with access to the Room, subject to prior notice, to inspect the condition of the room and furniture and carry out repairs to fixtures and fittings.

The Tenant's Obligations

2.1 To provide the Lodger with the personal right to live in the accommodation and use the shared rooms with the Tenant/ the Tenant's family (delete as appropriate).

2.2 To hold the deposit paid by the Lodger for the duration of the agreement and to repay the Lodger the deposit at the end of the term, less any eligible deductions.

2.3 To allocate to the Lodger storage space in the kitchen for items of food and drinks and to respect the groceries of the Lodger and not to 'borrow' items without the consent of the Lodger.

2.4 To pay all taxes (Council Tax) and utility bills (electricity, water and gas [if a gas supply is provided to the property] and to ensure that the property is heated adequately and has a supply of power and hot and cold running water.

The Deposit

3.1. The Deposit will be held by the Tenant for the duration of the agreement and refunded to the Lodger at the end of Term less any reasonable deduction for costs incurred by the Tenant in making good damage caused by the Lodger to the Room or Shared Rooms and to cover losses incurred by the Tenant where the Lodger failed to pay their rent. No interest is payable on the Deposit.

3.2. At any time during the Term the Tenant may apply any part of the Deposit to cover reasonable costs incurred as a result of the Lodger’s breaches of obligations. The Lodger may be called upon to make additional payments to make good any losses or costs incurred by the tenant as a result of the Lodger’s actions or behaviour

3.3 Should the Property or the Room become uninhabitable during the Term the Tenant will make a proportionate refund of any payments made by the Lodger under the agreement, unless the action of the Lodger is the cause of the Property or Room becoming uninhabitable.

The Lodger shall not have exclusive use of the Property should the Tenant vacate the property or give notice of the intention to vacate the property, the Lodger Agreement will be immediately terminated and the property returned to (insert name of landlord)

Signature of Tenant

.....

Signature of Lodger

.....

Date.....

LODGER INTERVIEW RECORD

Name

Current Address:

Phone Number:

Name of Next of Kin:

Address of Next of Kin:

Phone Number of Next of Kin:

Where the Lodger has lived in the last 2 years and reasons for leaving:

Name and address of employer:

Hobbies and interests:

Pets:

Smoker:

Contact details of 2 Referees:

Criminal convictions:

Medical Conditions:

Other Information:

INVENTORY

Inventory for (address):.....

Both the Tenant and the Lodger should sign this document. This should be done within the first week of the Lodger moving in. If any extra pages are attached these must be signed by both the Lodger and the Tenant. Keep a copy of this document safely with the lease agreement.

Hall

Lodger's bedroom

Bathroom

Kitchen

Living room

Lodger's signature:Date

Tenant's signature:Date

NOTICE TO QUIT

(Insert name and address of lodger)

(Insert today's date)

Dear xxx

As per our written agreement I am giving you 1 months' notice to move out. Your notice starts today so will expire on *(insert date)*, and you should have left with all your belongings by that date.

Normal rent will continue to be payable at the normal time until you have left. Once you have moved out you will be refunded any rent in full for all unused days (and your deposit), subject to an appropriate deduction to make good any damage caused or rent unpaid.

Yours sincerely