



## Thinking of taking a lodger?

This pack is for Squared customers who are thinking about letting a spare bedroom in their home.

There are lots of things that you will need to think about before letting a spare room to a lodger/sub tenant/sub tenant:

- Some basic information
- Getting ready to take a lodger/sub tenant/sub tenant
- Finding a lodger/sub tenant/sub tenant
- Income and benefits
- Dealing with problems
- Example interview form
- Example License Agreement (a written agreement between yourself and your lodger/sub tenant/sub tenant)
- Example inventory
- Example Notice to Quit letter

## Some basic information

### What is a lodger/sub tenant?

A lodger/sub tenant is a person who rents a room in someone else's home. Usually there is a formal arrangement in place that sets out the rooms that the lodger/sub tenant can use (and those that they share with the rest of the household, e.g the kitchen, living room and bathroom), and the agreed rent.

Under Housing Benefit rules lodger/sub tenants must be provided with at least one meal a day. If you do not provide any meals for the person renting a room from you they will be classed as a sub-tenant.

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 and sister are not normally classed as lodger/sub tenants or sub tenants.

### Do I need permission to take in a lodger/sub tenant?

If you have an Assured Tenancy you do have the right to take in a lodger/sub tenant or sub tenant, but you **must** ask Squared for permission first and get this in writing.

You cannot sublet or give up possession of your entire home – if you do this we can take back your home.

If you take in a lodger/sub tenant and decide at a later date to transfer to another property, your lodger/sub tenant will not be considered as part of your household. If you move out you must not leave a lodger/sub tenant in your home.

### **Things to think about before renting out a room.**

Before doing anything else, think about whether you're prepared to have someone else living in your home. Taking a lodger/sub tenant will give you extra income and, if you live alone, company in your home, but you will also be giving up some of the privacy you enjoy at the moment. Ask yourself whether you are prepared to do this.

If you have children you might want to give extra thought to who you have living in your home, particularly if you don't know a great deal about their background. Make sure that you feel totally happy with your choice before going ahead.

Also remember that you will be responsible for the behaviour of your lodger/sub tenant. For instance, if they cause any nuisance, annoyance or disturbance to any other person in or near the property, you will be breaking your tenancy agreement and could risk losing your home.

## **Getting ready to take in a lodger/sub tenant**

### **What condition should my home be in?**

Ideally your home should be clean and in good decorative order throughout. Try to make your spare room bright and cheerful – if it isn't you may have difficulty in finding a suitable person to rent it from you.

You might want to hang pictures in the spare room or allow the lodger/sub tenant to hang their own pictures. If you don't want them to use nails or blue tack etc, you should consider providing a noticeboard or pinboard.

It is a good idea to take photographs of the room that the lodger/sub tenant will use before you let it, to record its condition at the start of the lodging agreement.

### **What should I provide for my lodger/sub tenant?**

The furniture you provide will depend on the size of the room but you should provide the following if possible:

- A comfortable bed and mattress
- A desk or table with lamp and chair
- Shelves on the wall or a small bookcase
- A bedside table and lamp
- A wardrobe and chest of drawers

You will owe a duty of care to your lodger/sub tenant so your property should meet standard letting safety requirements. All of the furniture you provide must provide with the Furniture and Furnishings (Fire)(Safety) Regulations 1988. If you're buying new furniture this won't be a problem, but if you're using older furniture it's a good idea to check for labels to make sure it meets the regulations. (Labels can be found on items such as padded headboards, sofas, mattresses, pillows, cushions, cloth covers on seats and curtains).

If you buy new electrical items for the lodger/sub tenant's room make sure you keep the receipts and instructions. In some cases it may be cheaper to buy new, rather than using items that you already have as these should be tested by a qualified electrician to make sure that they are safe.

You should also give your lodger/sub tenant use of pots and pans, cups, plates and cutlery and make space for them to store their food in your kitchen cupboards and fridge/freezer.

You should provide an inventory (written record) of the items you provide for your lodger/sub tenant, including a note of their condition. A blank inventory is included in this pack for you to fill in.

### **Who should I inform that I'm going to be taking in a lodger/sub tenant?**

Your first step should be to get your landlords agreement to taking in a lodger/sub tenant. Once you have done this, if you have home contents insurance, you should also tell your insurance company. They may ask for more information from your potential lodger/sub tenant and in some cases they may adjust your insurance premiums.

Please note: if you don't tell your home contents insurer about your new arrangements, and if you make a claim on the policy, you might find that the contents of your home are not covered.

Also see the "Income and Benefits" sheet in this pack for further information.

### **Should I set 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 you need to give this some thought. For example, you might not want a lodger/sub tenant to smoke in the property or to keep a pet, or you might not want them to invite overnight guests to stay in their room.

Although the list of rules shouldn't be too long, you may want to set out the standards of cleanliness, conduct and behaviour you expect of your lodger/sub tenant to minimise disagreements at a later time.

Tell your potential lodger/sub tenant 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. To avoid any misunderstandings you could include the rules in an information pack including other details including instructions for appliances such as the washing machine, location of the stop tap, fuse box etc and anything else you think may be useful.

### **Should I use a written agreement?**

It is important that you and your lodger/sub tenant sign a written agreement. So that your rights and responsibilities as the landlord, and the rights and responsibilities of the lodger/sub tenant are clearly set out.

Signing an agreement is also important if your lodger/sub tenant needs to claim Housing Benefit to help them pay their rent. They will need to provide a copy of the agreement to the Housing Benefit team. An example Agreement is included in this pack – you and your lodger/sub tenant should sign two copies and each keep a copy.

## Finding a lodger/sub tenant

### How should I go about finding someone to rent my spare room?

There are many ways of finding a lodger/sub tenant depending on where you live and the type of person you are looking for. Think carefully about who you want to share your home.

There are a number of options you could consider:

- **Word of mouth:** If you rely on this it is likely to mean the lodger/sub tenant is a friend of a friend or a friend of a family member. You may therefore feel reassured that this is somebody you can trust and are happy to have in your home – but remember that you will also want them to follow your house rules and should not feel awkward about doing so.
- **Internet:** There are a number of internet sites to help you find a lodger/sub tenant. National websites include [www.spareroom.co.uk](http://www.spareroom.co.uk) and <http://uk.easyroommate.com>.
- **Universities and Colleges:** if you are interested in having a student as a lodger/sub tenant contact a local University for more information. They might want to inspect your home before they advertise your room. You could also put an advert on college notice boards and in shop windows in areas where students live.
- **Hospitals and other big employers:** If you live close to the hospital or another of the towns big employers you might want to consider contacting them to find out whether they keep a list of lodgings for staff, or if you can put a notice on their staff notice board.
- **Local shops and newspapers:** remember that the person you find from an open advert is likely to be a stranger and you should therefore be careful about taking references. Also take care with the wording of your advert – advertise the room but do not include information about your personal circumstances.

### How should I choose a lodger/sub tenant?

It is always a good idea to meet with people who reply to your advert. The meetings should ideally take place in your home, with someone else present whose judgement you trust.

The initial meetings give your potential lodger/sub tenant the opportunity to meet you and look around your home to find out if it is somewhere they would want to live, and help you decide whether this person is somebody you could share your home with.

It is a good idea to take some basic information about each person you see. An example “Interview Form” is included in this pack to help with this. Ask to see some identification and talk through your house rules and the rent arrangements – this will help to avoid any misunderstanding later. Your home contents insurer might also want you to ask for certain

information from a potential lodger/sub tenant, so check with them before you start seeing people .

If they are interested in taking your room ask them for contact details of two people who are willing to give them a reference – for instance a previous landlord, their employer if they are working, or somebody who knows them very well. Always follow up on these.

**When you have found a suitable lodger/sub tenant contact everyone you have seen to let them know your decision.**

## Income and Benefits

### **Will the money I receive from a lodger/sub tenant affect my benefits?**

From April 2013, if you live in a Council or Housing Association home and have one or more 'spare' bedrooms your Housing Benefit may be reduced. This may be why you are thinking about taking a lodger/sub tenant.

Taking a lodger/sub tenant will affect some benefits but most people in this situation will still be better off.

### **What is a lodger/sub tenant/sub tenant for Housing Benefit purposes?**

- A lodger/sub tenant is someone who rents a room in your home for whom you provide at least one meal a day.
- A sub-tenant is someone who rents a room in your home but does NOT have any meals provided for them.

Lodger/sub tenants and sub-tenants cannot be a member of your family.

Your benefits will be affected differently if you have a lodger/sub tenant or a sub-tenant in your home. Call the Housing Benefit team at your local authority for information on how your Housing and Council Tax benefit may be affected.

### **Who must I tell if I take in a lodger/sub tenant/sub tenant?**

As well as your landlord, if you decide to take in a lodger/sub tenant/sub tenant you must tell:

- The councils benefits departments – if you receive Housing Benefit/Council Tax Benefit. The benefit payments you get may be reduced because of the extra income you get from your lodger/sub tenant/sub tenant, but generally most people in this situation are still better off. Failure to advise your council may mean that you are committing fraud.
- The Council Tax section – if you currently live alone and are receiving the single person discount of 25% on your Council Tax. In most cases if a lodger/sub tenant/sub tenant moves in you will lose this discount.

- The Department of Work & Pensions (DWP) – if you receive other benefits. Again, your benefits may be reduced because of the extra income you get from your lodger/sub tenant/sub tenant, but generally most people in this situation are still better off. Failure to advise the DWP may mean that you are committing fraud.

### **Can my lodger/sub tenant/sub tenant claim Housing Benefit if they have a low income or receive benefits?**

The type of Housing Benefit payment that lodger/sub tenants/sub-tenants can claim is called Local Housing Allowance. If your lodger/sub tenant/sub tenant is on a low income, or receives certain benefits, they can make a claim to help them pay their rent. To claim they will need to show the Housing Benefit Team that he or she has a formal agreement allowing them to live in your home as a lodger/sub tenant/sub tenant. It is therefore important that you sign two copies of the agreement and give one to the lodger/sub tenant/sub tenant so that he/she can show it to the local Housing Benefit Team.

If your lodger/sub tenant/sub tenants claim is successful but the Local Housing Allowance they receive doesn't fully cover the rent you charge, they will have to pay the shortfall themselves. The Local Housing Allowance will be paid direct to them, not to you.

### **How much rent should I charge?**

There are no rules about the amount of rent you can charge, but it is a good idea to look at adverts in newspapers and on the internet and charge an amount in line with normal weekly rents in Luton or Dunstable. Rent usually includes any charge for electricity, gas water, etc.

Bear in mind when you're setting your rent that you can receive up to £7500 each year rent from your lodger/sub tenant/sub tenant without having to pay tax. This is halved if you share the income with a partner or someone else. If you receive more rent than this you will need to declare it on a tax return. You can get more information about this on [www.direct.gov.uk/rentaroom](http://www.direct.gov.uk/rentaroom).

### **Should I charge a deposit (bond)?**

A deposit or bond is a payment taken as insurance against the lodger/sub tenant/sub tenant damaging the property or not paying their rent. It is a good idea to ask for a deposit. However, you should remember that you are holding this money on the lodger/sub tenant/sub tenant's behalf and you must have it available to repay it to them when they move out. It is therefore a good idea to keep the deposit in a savings account.

If the lodger/sub tenant/sub tenant has not caused any damage/breakages to your property or belongings and they have paid their rent in full, the deposit must be returned to them when they move out.

## **Recording rent payments.**

You should give your lodger/sub tenant/sub tenant a rent book showing all payments made, or a written receipt for each payment. This will help to avoid any disputes or misunderstandings.

## **Dealing with Problems**

### **What if problems arise?**

Try to deal with any problems you have with your lodger/sub tenant at an early stage – for example if they haven't paid their rent or they are not sticking to one of your house rules. As a first step talk to them to find out why the problem has arisen.

Most problems can be sorted out with a bit of 'give and take'. However, if following your conversation the situation is the same, write to your lodger/sub tenant clearly setting out what the problem is. You need to keep a copy of the letter and make sure that the letter is dated.

After your first letter, if there is still a problem try a more formal letter saying 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 you lodger/sub tenant a 'notice to quit'. This is a letter which says that you are giving them a certain amount of time (in line with what is stated in your written Agreement) to leave the property. A sample notice to quit letter is included in this pack.

### **How do I evict a lodger/sub tenant who's causing me problems?**

If you have asked your lodger/sub tenant to leave (either by speaking to them or giving them written notice) in the days leading up to the date you want them to leave ask them what their arrangements are for moving out. If they need a little more time (a few days more to make alternative arrangements) you should consider agreeing to this.

If they say that they have no intention of moving out you will need to evict them. It is important that you get advice before taking any further action, contact the Citizens Advice Bureau or the Luton Law Centre (both free services).

If the problem is of a very serious nature, such as violent or criminal behaviour, immediate eviction may be appropriate. Again get advice, or call the Police if necessary.

In housing law, lodger/sub tenants are considered to be 'extended occupiers'. This means that they have limited rights and can only stay until their landlord asks them to go.

## Example Interview Form

(Record the responses provided by the potential lodger/sub tenant in the boxes provided)

<b>Name</b>	
<b>Current Address</b>	
<b>Phone Number</b>	
<b>Where the tenant has lived in the last two years and reasons for leaving</b>	
<b>Work – If in work name and address of employer</b>	
<b>Hobbies/interests</b>	
<b>Pets</b>	
<b>Smoker</b>	
<b>Contact details of two references</b>	
<b>Criminal Convictions</b>	
<b>Medical Conditions</b>	
<b>Other information</b>	



## Example Agreement

For letting a room in a furnished property

<b>The Property</b>	(Address)
<b>The Room</b>	Meaning the room at the Property which has been agreed between the Tenant and the Lodger/sub tenant to be taken by the Lodger/sub tenant
<b>The Tenant</b>	(Name)
<b>The Lodger/sub tenant/Sub Tenant</b>	(Name)
<b>The Term</b>	------(weeks/months) beginning on --/--/----
<b>The Shared Areas</b>	Referring to the rooms in the Property which the Tenant has agreed can be used by the Lodger/sub tenant on a shared basis with the Tenant and any other persons living at the property including (list rooms) _____ _____
<b>Early Termination</b>	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
<b>Payment</b>	The rent shall be £-----per week/month payable on the first Monday of each month or the Monday of each week
<b>The Deposit</b>	The deposit is the sum of £-----, which is refundable at the end of the agreement, after eligible deductions have been made
<b>The Inventory</b>	Is the list of the Tenant's possessions, which the Lodger/sub tenant/sub tenant is permitted to use at the Property, including the Room
<b>This Agreement does not confer any occupation rights on the Lodger/sub tenant that supersedes the Tenant's Tenancy Agreement with Squared.</b>	

**Terms and Conditions**

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

**The Lodger/sub tenant'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 Squared.
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/sub tenant will not let or share any rooms at the property or take in any lodger/sub tenant 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.

<b>The Tenant's Obligations</b>	
2.1	To provide the Lodger/sub tenant 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/sub tenant for the duration of the agreement and to repay the Lodger/sub tenant the deposit at the end of the term, less any eligible deductions.
2.3	To allocate to the Lodger/sub tenant storage space in the kitchen for items of food and drinks and to respect the groceries of the Lodger/sub tenant and not to 'borrow' items without the consent of the Lodger/sub tenant.
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.
<b>The Deposit</b>	
3.1	The Deposit will be held by the Tenant for the duration of the agreement and refunded to the Lodger/sub tenant at the end of the Term less any reasonable deduction for costs incurred by the Tenant in making good damage caused by the Lodger/sub tenant to the Room or Shared rooms and to cover losses incurred by the Tenant where the Lodger/sub tenant 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/sub tenant's breaches of obligations. The Lodger/sub tenant 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/sub tenant'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/sub tenant under the agreement, unless the action of the Lodger/sub tenant is the cause of the Property or Room becoming uninhabitable.
<b>The lodger/sub tenant shall not have exclusive use of the Property</b>	
<b>Should the Tenant vacate the Property or give notice of the intention to vacate the Property, this Agreement will be immediately terminated and the property returned to Squared.</b>	
<b>Signature of Tenant</b>	
<b>Signature of Lodger/sub tenant</b>	
<b>Name and Signature of Witness</b>	Name:  Signature:
<b>Date</b>	

## Example Inventory

**Inventory for (address):**\_\_\_\_\_

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

**Hall:** (list items and condition of room)

**Lodger/sub tenant's bedroom:**

**Bathroom:**

**Kitchen:**

**Living Room:**

Lodger/sub tenant's signature:\_\_\_\_\_

Date:\_\_\_\_\_

Tenant's signature:\_\_\_\_\_ Date:\_\_\_\_\_

## Example Notice to Quit Letter

(Insert Name and Address of Lodger/sub tenant)

(Insert today's date)

Dear xxxxxx

As per our written agreement I am giving you one 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