

Path Lodgings Scheme

Path has been awarded funding to help people to set up lodgings arrangements. We've been funded to target support to people living in social housing who are affected by the under-occupancy (bedroom tax) rules.

We will be offering this service in Plymouth in association with Plymouth City Council and Plymouth Community Homes.

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 the rooms that the lodger can use and those that he or she share with the rest of the household (eg the kitchen, living room and bathroom) in return for an agreed payment.

Things to think about when you consider taking in a lodger

There are financial benefits to taking in a lodger, but before you go ahead, think about whether it's right for you.

Having a lodger means you will be sharing your home, possibly with a stranger. If you live alone, this might mean that you will have some company, but it also means that you will be giving up some of your privacy.

If you have children, it is an important decision to make, particularly if you don't know a great deal about a potential lodger's background.

Path will provide you with a lodger question sheet. You may want to add your own questions to this.

What condition should my home be in?

When you let a spare room to a lodger, your home should be clean, carpeted and well decorated. The spare room should also be attractive and welcoming. If it is not, it is unlikely that someone will want to pay to live in your home.

If you don't want the lodger to use nails or blue-tac, you should agree this with your lodger.

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 for my lodger?

You will need to make sure that you have the right furniture in your spare room. The furniture you provide in the room will depend on the size of the room but you should provide:

- A comfortable bed and mattress. It is a good idea to fit a waterproof cover over the mattress
- A wardrobe and chest of drawers
- Shelves on the wall or a small bookcase

Any furniture you provide must comply with the Furniture and Furnishings Fire Safety Regulations 1988. If you are buying new furniture this won't be a problem. If you are using older furniture, it is a good idea to check labels to make sure it meets with the regulations.

Labels can be found on items such as padded headboards, mattresses, pillows, cushions, cloth covers on seats and curtains.

You will also need to decide if your lodger will use your pots, pans, cups, plates and cutlery. If not, you should provide them or ask them in advance to provide their own. You should also make some space in your kitchen cupboards and your fridge and freezer.

You should provide a written record of the items you provide for the lodger, and make a note of their condition.

Should I establish house rules?

It is important to set some rules about what you will and will not allow in your home. Before you let your spare room to a lodger you need to give these some thought. For example, you might not want a lodger to smoke in the property or to keep a pet.

You will want to tell a potential lodger about your house rules when you meet for the first time. He or she will need to know whether they would be comfortable living in your home before an agreement is made.

Should I use a lodger agreement?

We'd recommend that you and your lodger sign a lodger agreement. That way your rights and responsibilities as the landlord and the rights and responsibilities of the lodger are clearly set out. It is also important that you sign a lodger agreement if your lodger needs to claim Housing Benefit to help him or her pay the rent. Your lodger will need to provide a copy of the agreement to the council's Housing Benefit team.

You will both need to keep a signed copy of this agreement for your own records.

Remember to print and sign 2 copies.

What rent should I charge my lodger?

You can charge whatever you feel a lodger will be willing to pay. Things to bear in mind when you are setting your charge:

Local Housing Allowance Rates

Plymouth £71.21

- If you're on benefits you can charge £20 without this affecting your housing benefit award.
- If you're a taxpayer you can earn a tax free sum under the government's 'rent-a-Room Scheme.

Should I charge the lodger a deposit?

A deposit is a payment taken by you, as landlord, when the lodger move in, in case he or she damages the property or fails to pay for something he or she owes you. If the lodger leaves the property in the same condition as you let it to them and did not have any rent arrears, you must return the deposit when he or she leaves your home.

We'd recommend you put any deposits into a specific account with your local credit union.

- Plymouth: City of Plymouth Credit Union

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

Most importantly: Let your landlord know. You must get permission from your landlord before you agree to take in a lodger.

Once you have taken in a lodger you need to let the following organisations know:

- Council Tax office– if you are a single person and receive a single person discount on your Council Tax you need to let your council know about your lodger. If your lodger is a student, he or she will not be considered to be a full time occupant and you will not lose your single person supplement.
- 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 your lodger pays you each week. If you don't tell the DWP that you are receiving additional income from a lodger, you will be committing benefit fraud.
- Housing Benefit office – if you are on a low income and 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 tell the Housing Benefit team that you are receiving additional income from a lodger, you will be committing benefit fraud.

Path will help you to notify all the right agencies.

If you are thinking about taking in a lodger you should also contact your Home Contents Insurers and inform them that you intend to take in a lodger. The insurance company may want some information from your potential lodger and might ask you to pay a higher premium.

If you don't contact your insurers and you make a claim on the policy, you might find out that the contents of your home are not covered.

How should I go about finding a lodger?

Path will be able to refer people to you who may be suitable as lodgers. As part of Path's services we will:

- Complete a 1 hour assessment with each person looking for accommodation
- Gather references from former landlords, employers or support workers
- Check ID and Income Proof
- Try to identify suitable matches

We'd hope to refer at least 3 people to you so that you have a choice of possible lodger.

You, and anyone we refer to you, will be under no obligation to move forwards. If the match isn't right for you, we won't ask you to offer them a room.

How should I select a lodger?

It is important to meet with people who are interested in being your lodger. The meetings should ideally take place in your home. This will give them the chance to meet you, look around your home and find out the basic rules of the house. It will also give you the opportunity to find out whether they are someone you are happy to share your home with.

Path will provide a question sheet, which has useful questions you might like to ask a potential lodger. You may want to add some of your own questions to this.

At this stage you will also want to ask him or her to provide you with contacts for references. It is important that you contact the referees to find out a little more about the person who will be living with you, before you agree to let your room.

You should contact all potential lodgers you meet to let them know your decision

The money

If your lodger is on a low income or claims benefits, he or she may be able to claim Housing Benefit to help pay the charge. The lodger will need to make a claim for Local Housing Allowance (this is the type of Housing Benefit payment the lodger will receive).

To be able to claim Local Housing Allowance, your lodger will need to show the Housing Benefit team that he or she has a written agreement which enables them to occupy your home as a lodger. At the end of this pack is a model agreement that you could use. It is important that you complete two copies of this lodging agreement and give a copy to the lodger, to enable him or her to show it to the Housing Benefit team.

Any Local Housing Allowance **will be paid direct to your lodger** and he or she 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 his/her rent payments. Pre-printed rent books can be bought in stationers such as W.H. Smith, or you could write up payments in a notebook the lodger keeps.

How will the money I receive affect my tax? Income Tax

The government offers people who have a spare room an incentive to rent their spare room out to a lodger. This is called the Rent-a-Room scheme. It allows people who let out a spare room in their home to a lodger to receive a yearly amount of rent, tax free. If your income from the lodger is more than the Rent-a-Room scheme allowance, you may have to complete a tax return.

Council Tax

If you currently 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 if you take in a lodger. This will mean that you lose your single person discount.

Will the money I receive affect my benefits?

As we said before, if you receive benefits, you must inform the DWP and your council's Housing Benefit team that you have taken in a lodger. The benefit payments you receive will be reduced to reflect the extra income you receive from your lodger.

Until Universal Credit is introduced, 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 not be counted and will not affect your benefits.

These rules will change when Universal Credit is introduced. Under the proposed rules, a lodger will not count as part of your household. As a result you will be seen as under-occupying your home and will be affected by the bedroom tax. You will, however, be able to keep all of the income you receive from a lodger, without it affecting your benefit.

How should I deal with a problem lodger?

You should try to deal with any problems you have with a lodger at an early stage. For example, if he or she has not paid their rent or is not going along with one of your house rules, you should talk to the lodger and find out why your agreement has been broken.

If following your conversation, the problem has not been resolved, you should write to your lodger, setting out what the problem is. You need to keep a copy of the letter and make sure that the letter is dated.

If after your first letter, the problem still hasn't been resolved, you need to try a more formal letter which says 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 everything that happens.

If your second letter doesn't work, you will need to give your lodger a notice to quit. This is a letter which says that you are giving him or her a certain amount of time to leave the property. This will depend on what you specified at the start of the agreement.

If the problem is more serious, such as violent or criminal behaviour, a shorter notice period may be necessary. Also tell your housing officer, who will tell you where you can get advice about ending the lodger agreement.

In 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 go.

How do I evict a lodger who is causing me problems?

If you have asked your lodger to leave (either by speaking to him or her or giving a written notice), you should ask what his/her arrangements are for leaving your home as the last day comes closer. If he or she needs more time (a few days more to make alternative arrangements) you should consider agreeing to this.

If the lodger states that he or she has no intention of moving out, you will need to evict him or her. It is important that you seek legal advice. Speak to your council's Housing Options team or your local Citizens Advice service before taking any action to remove your lodger.