



From April 2013 there will be new rules in Housing Benefit for working-age people living in social housing. Housing Benefit will no longer pay for bedrooms that they decide you do not need.

For some people, offering out a spare room to a lodger may be a sensible housing option. We call these sub tenants and boarders. Neither are treated as non-dependants. Having a sub tenant or boarder would mean that for Housing Benefit we would no longer consider the room to be spare. But you must check first with your landlord allows you to have a sub tenant or boarder in your tenancy agreement.

Sub tenants and boarders

A sub tenant would pay you rent for a room, with no part of that charge for meals. A boarder pays you for meals and accommodation in the charge. If you are allowed to sublet or take on a boarder, how it affects your allowances and benefits depends on whether you get any of the following passported benefits:

- Income Support
- Income based Jobseekers Allowance
- Income related Employment and Support Allowance

If you get any of the above benefits speak to the Department for Work and Pensions (DWP) or Jobcentre Plus (JCP) first. They should be able to confirm that they disregard £20 per week of a sub tenant income. If you have a boarder they will disregard the first £20 per week and then half of the remainder of the charge for board will be taken into account as income. So both can affect your passported benefit. If you decide to have a sub tenant or boarder the DWP or JCP must be notified.

If you do not get any of the above benefits, we would need to be notified in writing if you decide to have a sub tenant. We would disregard the first £20 of weekly sub tenant income. The remainder of your sub tenant income would be taken fully into account. If you receive more than £20 a week in sub tenant rent, the extra cash is likely to affect your benefits. If you have a boarder, the first £20 per week is disregarded and then half of the remainder of the charge for board we will take into account as income. Overall you may still be better off. We can do a trial calculation to advise you on the effects of these additional incomes will have on your Housing Benefit.

Homeowners and tenants who let furnished accommodation and take in a lodger are exempt from paying tax on rental income of up to £4,250 a year – and because it's tax free, it also won't affect the amount that you receive in Child Tax Credit or Working Tax Credit either.

Step by step guide to renting out a room

1. Step One – Get your house rent 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 (sub tenant or boarder), but you have to check and get permission. Also speak to where you claim benefits 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>

Further information on the Rent a Room scheme and taking in a lodger are available here. It may also be worth speaking to Merton CAB.

- 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 that's 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 alright.

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 and house rule; 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 to ask about anything that concerns you