

If you are going to be affected by the “bedroom tax” which comes in from April 2013, and your Housing Benefit is going to be reduced, one of the options you could consider is taking in a lodger.

For people with assured tenancies or secure tenancies, you are allowed with Hexagon’s permission to take in a lodger as long as your home does not become overcrowded. You may provide the lodger with a service such as cleaning. Lodgers cannot exclude you from their room and if you want them to leave, they have to go. This is different from sub-letting which we do not normally permit.

If you claim Housing Benefit, you can keep the first £20 of any rent the lodger pays, but half of any amount after that will be taken from your housing benefit. You will then need to make up this money and pay the difference between your Housing benefit and your full rent to Hexagon. You should still usually be better off. Your local authority or an advice organisation will be able to advise you on the effects additional income will have on your benefit.

People who let furnished accommodation to 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.

In the future when Universal Credit is introduced, you will be expected to pay the full rent on your home yourself. Any income you get from a lodger will not affect how much universal credit you receive. This makes it an arrangement worth considering.

Step by step guide to taking in a lodger

1. Step One – Get your house ‘rent ready’ and get our permission

Make sure your home and the room you want to rent out is safe.

If you are planning to rent out a room, contact your housing officer to get permission first. We will need to know the name of your lodger and their date of birth.

Remember that your lodger may be able to get Housing Benefit towards the rent that you charge them.

Also speak to where you claim benefits to check if the extra cash affects your entitlement.

Check your home contents insurance; some policies don’t allow lodgers or you may need to get a different product with a higher premium.

A general guide to letting a room is available here:

<http://www.communities.gov.uk/publications/housing/lettingrooms?view=Standard>

It may also be worth speaking to your local Citizens Advice Bureau.

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. Word of mouth is often the best way, so let your friends, family, colleagues etc know you are looking for a lodger.

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 rules; 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 as an opportunity to ask about anything that concerns you.