

Council tenants - the effect on benefits if you rent out a room

Introduction

You should think very carefully about all aspects of renting out a room in your home. Issues include contract details and personal safety (see page 2). As renting out a room can affect the amount of benefits you get, this factsheet gives a basic overview of the rules and which benefits are affected. It does not focus on other issues, but see the end for more information about organisations who can advise you about renting out a room in your home.

If you would like detailed advice about your benefit situation, please contact the Council's Welfare Rights Service on 020 8921 6375. The amounts included in this factsheet apply from April 2017 – March 2018. They may change at a future date.

Informing the Royal Greenwich Housing Department

If you are a secure tenant you have a right to rent out a room. However, please still inform the Housing Department if you do this.

If you are an introductory tenant, you will need permission. Please contact the Housing Department about this – ring 020 8854 8888 and ask for your Tenancy Enforcement Officer.

Lodger or boarder?

If you formally rent out a room and provide and charge for any meals, the person you take

in will be called a boarder. If the rent does not include any meals, they will be a lodger.

However, remember that you don't need to have a formal tenancy agreement to allow a friend or relative to move in just to help with paying the rent and bills. You still need to inform the Council but for benefit purposes the person will be treated as a "non-dependant" rather than a lodger or boarder. This factsheet explains the impact on your benefits of having a lodger or boarder. If you are considering the option of a friend or relative living in your home as a non-dependant, please get further advice.

The effect on your benefits

Housing Benefit and Council Tax Support

If you rent out a spare room, the person you take in will count as part of your household when deciding if your housing benefit should be restricted by the under-occupancy rules (also known as 'the bedroom tax'). Your benefit might not be restricted as a result.

However, any housing benefit, or other benefits, you get are still likely to go down if you rent out a room. This will depend on how much rent you charge and whether the person you are taking in is treated as a boarder or lodger (see above). But you might still be better off overall.

If you have a lodger, £20 of the rent you charge will be ignored. The rest will be taken into account as income and will affect the amount of housing benefit you get.

If you have a boarder, £20 of the rent you charge will be ignored. However, only half of the rest will be taken into account as income for any housing benefit you get.

For example, if you charge £60 a week, only £20 a week will be taken into account.

BUT see the next section about 'other income-related benefits' if you also get these.

If there is a severe disability premium included in the calculation of your housing benefit, you should still qualify for this premium although you are no longer living alone. This is because your lodger or boarder can be treated as a separate household for benefit purposes, which means you should still be treated as living alone. Note: if you have a non-dependant in your home you are unlikely to still receive the severe disability premium – get advice.

You must tell the Council's Advice and Benefits Section about any changes to your income, and this includes income from lodgers or boarders.

Universal Credit

If you are claiming Universal Credit and rent out a spare room, the person will not be counted as part of your household. Therefore, this would not protect you from the under-occupancy rules, for example. Any income you received from the lodger would be ignored as income for your Universal Credit claim. You may still be better off overall by having a lodger or boarder, depending on the amount of rent you charge.

Other income-related benefits

Income support, income based jobseeker's allowance and income related employment and support allowance may also be affected by renting out a room. The rules are the same as for housing benefit. If you remain entitled to these benefits, you should still qualify for maximum housing and council tax support (subject to any under-occupancy or other restrictions to your maximum). **Your rental income will not be taken into account twice.**

You must tell the DWP office that pays your benefit about any changes to your income, and this includes income from lodgers or boarders.

Tax credits

If you are renting out a furnished room, you are exempt from paying tax on the rental income if this is no more than £7500 a year. This allowance was increased from £4,250 from 6 April 2016. See www.gov.uk/rent-room-in-your-home for more information about the rent a room scheme.

Any tax free income you get from taking in a lodger should not affect the amount of child tax credit or working tax credit you get. Income that is above the threshold will be taxable, and may affect your tax credit claim unless you are receiving maximum Child Tax Credit because you also get income-based Jobseeker's Allowance, Income Support, or income-related Employment and Support Allowance.

You must declare your income to HMRC, and you may need to register for self-employment. See end for contact details.

Council tax

If you get the 25% single person discount on your council tax, you will lose this if you take in a lodger or boarder because you will no

longer be treated as living alone. You therefore must tell the Council's Revenues section if someone moves in with you.

Close relatives

If you are thinking of renting to a close relative, different rules may apply. They may be treated as non-dependants (especially if meals are not provided) and fixed rate deductions made from your housing benefit and council tax benefit. Get advice.

Basic safety tips if you are thinking of renting out a room

Get advice if you are thinking of renting to someone you do not know well - it is important to check details of your prospective lodger. If you have children this is particularly important.

Basic safety tips while you are looking for a lodger:

- Get a work or other landline number from the prospective lodger so that you can confirm the viewing by phone
- Make sure you have their full name
- Let a friend know what time you are conducting the viewing and what time you expect it to finish (and preferably have them with you at the viewing)
- Don't leave any sensitive documents on display during a viewing (such as bank statements, bills, credit cards and passports)
- Use the viewing as your chance to ask about anything that concerns you.

Once you have found a lodger, you should always check references and only offer the room dependent on satisfactory results.

Other things to note

- Having a lodger or boarder could affect your home contents insurance – you may

need to pay more. Check with your insurance provider.

- You may also need to get gas appliances etc checked.
- A written tenancy agreement is also useful, setting out the rent amount, any services to be provided, length of notice etc.
- Unless they are a close relative, the person you are taking in may be able to claim housing benefit to help with the rent they pay you.

For more information about your rights and responsibilities as a landlord see:

www.gov.uk/rent-room-in-your-home.

Useful contacts

If you would like more information or a free confidential benefits check, please contact **Royal Greenwich Welfare Rights Service** 020 8921 6375 (Textphone 18001 020 8921 6375)

Or visit www.royalgreenwich.gov.uk/benefits to view benefits pages or to contact the Service using an online enquiry form.

Greenwich Housing Rights 020 8854 8848

36 Wellington Street

Woolwich SE18 6PF

Email: general@grhr.co.uk

Website: www.grhr.co.uk

Independent specialist advice on housing for tenants, homeowners and homeless people.

Greenwich Citizens Advice 020 8853 9499

Old Town Hall

Polytechnic Street

Woolwich SE18 6PN

Website: www.greenwichcab.org.uk

Independent general advice including benefits, debt and employment for people living or working in Greenwich borough.

HMRC (government department dealing with tax and tax credits)

- Go to www.gov.uk/hmrc
- For self-employment and tax: call 0300 200 3504 (textphone 0845 915 3296)
- For tax credits: call 0345 300 3900 (textphone 0345 300 3909)

Royal Greenwich Advice and Benefits Service (for Housing Benefit and Council Tax Support claims)

- Call 020 8921 4900 (textphone 18001 020 8921 4900),
- Visit the Woolwich Centre, 35 Wellington Street, Woolwich SE18 6HQ or the Eltham Centre, 2 Archery Road, SE9 1HA,
- Email: benefits@greenwich.gov.uk
- Go to the Royal Borough website to download a form:
www.royalgreenwich.gov.uk/benefits

Royal Greenwich Revenues Service (for Council Tax)

- Call 020 8921 4147 (textphone 18001 020 8921 4147)
- Visit the Woolwich or Eltham Centre (details as above)
- Go to the Royal Borough website to view the council tax pages:

www.royalgreenwich.gov.uk/info/1010/council_tax-charges

Shelter

0808 800 4444

Website: www.england.shelter.org.uk

National housing and homelessness charity providing free independent advice.

If you would like to receive this information in an alternative format (for example in large print or Braille), please contact us on 020 8921 6375.

This factsheet is correct as of June 2017 and will be updated in April 2018.



Welfare Rights Service

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