

DRAFT HOMESTAY GUIDANCE FOR RESIDENTS

- 1. What is Homestay?**
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KEY POINTS

- No checks will be undertaken by any local council or other authority on homestay properties, nor of the accommodation providers or visitors. No council or authority therefore guarantees the quality of accommodation, nor does it accept any responsibility for the safety of visitors, accommodation providers or their respective property and belongings.
- As an accommodation provider, you have a duty of care to your tenants and lodgers, even those staying on a temporary short term basis.
- If you rent out parts of your home to different people, at a time when you are not living there yourself, this could be classed as a house in multiple occupation.
- There are costs associated with renting out rooms and it is important not to forget these costs when calculating potential earnings from making accommodation available

1. What is Homestay?

A homestay (or home-let) scheme enables residents to let out a single room, multiple rooms or their entire home to visitors short term.

2. The Benefits of Homestay

Homestay offers benefits to both residents and visitors:

- Residents can earn money from their spare room(s)
- Residents can play a direct role in major events such as the Olympics
- Residents can meet interesting people from all over the world
- Residents can share their love and enthusiasm for the local area
- Visitors have a wider selection of accommodation to choose from
- Visitors get a better feel for local life in the area
- Visitors benefit from more homely, more affordable, accommodation rather than the corporate hotel offer

A homestay scheme also benefits the local economy by:

- Increasing the accommodation offer in the local area
- Filling the gap in accommodation supply, particularly the short term gap created by big events which temporarily increase the number of visitors to an area
- Encouraging visitors into less typical visitor areas where there are fewer hotels

3. Guidance for Residents: Renting out a Room in your home

With the coming 2012 Olympic and Paralympic games, you may be thinking about renting out all or part of your home to visitors for a short time. These guidelines set out some information that may be useful to you while considering this option.

The following guidance applies if you are renting out one or more rooms in your property, while you are living there.

3a. Your Responsibilities as a Homestay Provider

If you rent out a room, or part of your home, the following requirements are not all mandatory by law, although you do have a duty of care to your visitors. If, however, you rent out your entire property to visitors, even for a short time, you become a landlord. In this case the following safety standards must be met, in the same way as someone that owns and rents out a number of properties permanently.

- i. Accommodation & Facilities**
- ii. Statutory Obligations**
- iii. Duty of Care**

iv. Insurance

v. Safety

vi. Leaseholder / Mortgage Provider Permission

i. Accommodation & Facilities

Is your room in a fit state to rent out? Things to consider:

- Is it in good decorative order?
- Are the curtains, tables, beds and bedding in good condition?
- Is the lighting adequate for reading and dressing?
- Is there a mirror for dressing?
- Is there enough wardrobe space?
- Does the room have adequate locks?
- Are there any safety hazards?
- Do you have your landlord's permission?

ii. Statutory Obligations

If you rent your home from a Council, ALMO or Registered Social Landlord, it is your responsibility to ensure that you comply with their subletting policy. The sub-letting policies of the main landlords in the host boroughs, can be found on the individual Borough websites.

iii. Duty of Care

Please be aware that when you have a lodger or tenant in your home you have a common law duty of care to them and their family by ensuring that you provide reasonably safe accommodation (i.e. adhere to statutory obligations and mitigate against safety hazards which could cause slips, trips, falls or falling objects). If you do not and one of them is injured due to the condition of your house/flat or a defective appliance you could be opening yourself up to a claim of negligence. In addition your home/flat needs to comply with relevant legal provisions, which include the Housing Act 2004 and various other Acts, byelaws, etc mentioned below. Failure to adhere to these provisions may lead you to be prosecuted by your local Council.

iv. Insurance

It is your responsibility to ensure your homestay arrangements comply with your insurance policy, and to have adequate insurance in place to cover potential risk, not only to your own building and contents, but also to the property and safety of your visitors. We recommend you speak to your existing insurer or, if currently uninsured, making arrangements to ensure you have adequate cover.

Any good insurance company can provide advice and answer your insurance queries
Your insurance premium may increase slightly to accommodate the increase in potential risk..

It is worth noting that insurance cover may not be available for certain risks, such as damage caused by temporary tenants or damage to tenant's belongings.

v, Safety (Gas, Fire, Electrical, General)

Gas Safety

- It is your responsibility, every year, to ensure you have proof that your property meets the regulations governing gas safety. For copies of the Gas Safety (Installations & Use) Regulations 1998 visit www.HMSO.gov.uk
- By law, landlords must have all gas appliances in properties they let checked for safety every 12 months by a Gas Safe Registered engineer.
- They should also hold a Gas Safety Record as proof and give copies to each tenant when they move into the property and after every inspection. The Record should detail for each gas appliance, the date of inspection, any defects found and remedial action taken.
- It is recommended that you fit carbon monoxide detectors. These should be of the audible British Standard approved type, which has a battery life of up to 5 years. Fit them in each room with a gas appliance.
- All tenants should be told where the gas meter is located and told how they can turn it off in the event of a gas leak. Also provide the number of the national Gas Emergency 24 hour service in case of gas leaks – 0800 111999.

Fire Safety

- Fire safety regulations, as such, only apply to Households in Multiple Occupation, however all landlords are under common law duty to make sure their properties are safe, so it is as well to follow all fire safety advice.
- All new properties must have mains-operated interconnected smoke alarms fitted on every level of the property.
- However, even in older properties you should provide smoke alarms.
- If you fit battery-operated smoke alarms (ideally with 10-year battery life) then you need to make arrangements for them to be tested regularly.
- You need to make sure there are proper emergency exits (usually this can be the normal entrance), and that emergency exits and passageways are always kept free of clutter.
- Provide each visitor with a fire escape plan so they know what to do in the event of a fire.
- Fit fire extinguishers on every level of your property and make sure your tenants know how to use them and what types of fire they are suitable for. Make sure they are tested at least once a year.
- The Furniture and Furnishings (Fire) (Safety) Regulations apply to all residential properties which are let out, and cover sofas, beds, headboards, children's furniture, garden furniture suitable for use indoors, scatter cushions and pillows, and stretch or loose covers for furniture.
- All of these items must be fire-resistant and must have labels to say so. Any of these items manufactured since March 1990 are likely to comply.
- It is advisable to refer to the Government's Fire Safety Risk Assessment - Sleeping Accommodation guidance <http://www.communities.gov.uk/documents/fire/pdf/151339.pdf>

Electrical Safety

- The Electrical Equipment (Safety) Regulations 1994 and the Plugs and Sockets etc. (Safety) Regulations 1994 stipulate that all electrical equipment in tenanted residential properties must be safe. It is recommended that period inspections of electrical installation are carried out by a qualified electrician.
- There shouldn't be any damage to electrical flexes or plugs, which should be British Standard approved, and all appliances should be earthed properly. All fuses should be of the correct type and rating.
- Make sure that each tenant gets the operating instructions and any safety notices for all electrical equipment supplied to them.

- They should also be shown where the main fuse box is located and how to turn off the electricity supply.
- From 1st January 2005 new rules in the Building Regulations mean that many electric jobs in domestic properties must be carried out by a registered electrician or be approved and certified by the relevant Building Control department.
- Owners are recommended to obtain a Domestic Electrical Safety Certificate approved by a competent person (a qualified electrician appropriately registered).

General Safety

- If some of the bedrooms are on the ground floor or the windows of bedrooms can be accessed easily, fit safety catches so the windows can only open a small amount.
- Window opening restrictors should be provided if lodgers have small children, especially if the flat is above the first floor.
- However, if the window is the only means of escape in case of a fire, make sure that these catches are removable from the inside so that you the windows can be opened fully to get out.
- To keep your visitors safe from thieves and burglars, fit a door chain and a spy hole on the front door, so they can see who's calling before opening the door.

Leaseholder & Mortgage Provider Permission

- Check with your mortgage lender that this is acceptable under the terms of your mortgage.
- Check with your landlord that this is acceptable under the terms of the lease.

Other Things to Consider

- Provision of information in rooms, i.e. means of escape and other basic information – name of hosts, household policies, local information.

vi. Registration on the Rent a Room Scheme (see section 3.d)

You can receive up to £4,250 a year tax-free, from renting out part of your home. This is known as the Rent a Room scheme. You must still tell the tax office about this income on a self-assessment form, even though it will not be taxed, so long as the income is below £4,250 for the year.

To Qualify the room(s) must be furnished, and be in your only or main home. The principal point to bear in mind is that if you are in the Rent a Room scheme you can't claim any expenses relating to the letting (for example, wear and tear, insurance, repairs, heating and lighting). Make sure you consider these costs when setting the rate for your room.

For more information see Section 3d and www.hmrc.gov.uk/enq/main.htm

3b. Potential Costs

Preparing the room and property for occupation by paying guests is likely to require a degree of investment to ensure their stay is comfortable. Items to consider include:

- Furnishings to ensure room is fresh and equipped (bed linen, table lamp, waste bin, clothes hangers, etc)
- Equipment for elsewhere in house (i.e. fire alarms, bathroom lock, bedroom lock)
- Spare set of keys to property

Additional 'hidden costs' could be:

- Changes to mortgage arrangements
- Impact on benefits
- Damage and breakages

3c Possible Risks of Offering Homestay

- **Personal and Family Safety**
- **Safety of property (building and contents)**

Safety Tips for Hosts

- Use your common sense. If you feel uncomfortable about letting your room to someone, then DON'T agree to host them.
- If you are unsure, ask questions to travellers e.g. about the purpose of their trip. You can also ask to see a copy of their passport or other proof of identity before or on arrival.
- DO NOT give travellers your contact and address details until you are satisfied that you wish to host them
- Depending on how long your guests are staying, you may give them a key for their room. You may decide to give them a regular front door lock but we would advise that you DO NOT provide them with a key for the deadbolt security lock.
- Let a family friend/neighbour know that you are having guests to stay.

It is perfectly understandable to be concerned about homestay guests and how it could affect your personal safety. However, it is important to be aware that this is very different from choosing not to allow a guest to stay because of, for example, their race or sexual orientation. Please note that you should not discriminate on grounds of the following; doing so could leave you open to legal charges of discrimination:

- Age;
- Disability;
- Gender;
- Race;
- Religion or belief;
- Sexual orientation;
- Gender reassignment.

It is best to be upfront about your accommodation policy, to avoid any misunderstanding with visitors on arrival. If you feel uncomfortable at letting your home/rooms to people other than couples or families, you can make clear that you do not let to same-sex groups.

3d. How Homestay can Affect Tax

Tax Implications:

You can receive up to £4,250 a year tax-free, from renting out part of your home. This is known as the Rent a Room scheme. You must still tell the tax office about this income on a self-assessment form, even though it will not be taxed, so long as the income is below £4,250 for the year.

To Qualify the room(s) must be furnished, and be in your only or main home. The principal point to bear in mind is that if you are in the Rent a Room scheme you can't claim any expenses relating to the letting (for example, wear and tear, insurance, repairs, heating and lighting). Make sure you consider these costs when setting the rate for your room.

Who can take advantage of the scheme?

You can choose to take advantage of the scheme if you let furnished accommodation in your home. However, the scheme does not apply if your home is converted into separate flats that you rent out. You can choose to take advantage of the Rent a Room scheme, regardless of whether you are a homeowner or are renting your home. However, if you are renting, you should check whether your lease allows you to rent a room. If there is no mention of this, ask the landlord for agreement in writing.

If you run a bed and breakfast business or a guest house, or provide catering and cleaning services as part of a letting business, the Rent a Room scheme can still apply to you; contact Her Majesty's Revenue and Customs for more information.

www.hmrc.gov.uk/enq/main.htm

www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/TaxOnPropertyAndRentalIncome/DG_4017804

3e. How Homestay can Affect State Benefits

- If you are in receipt of means tested state benefits, the income received through homestay should be declared, and is likely to affect the level of benefit you receive.
- If you rent out a room, the income taken into account for Housing Benefit (HB) and Council Tax Benefit (CTB) calculations depends on the level of your income and whether the person you rent to is a boarder or a sub tenant.
- A boarder is someone who pays rent which includes a charge for the provision of at least some meals consumed on the premises, and which are either cooked or prepared by someone other than the boarder or their family. In these cases:
 - The first £20 of the rent is disregarded as income
 - Only half of the rest is treated as income
 - A separate £20 is disregarded for each individual boarder which is charged for- even a child- regardless of whether they have separate agreements.

For example, rent of £100 is charged a week for a single man, which includes meals. £20 is deducted leaving £80/2 =£40 a week, which is taken into account as income in the HB/CTB assessment.

- A sub-tenant is someone who pays rent which does not include meals. In these cases, the first £20 of the rent is disregarded.
- A separate £20 is disregarded for each **sub tenancy**. i.e. Rent is £100 per week, rent taken into account as income for the HB assessment is £80 a week.
- If you are in receipt of Income Based Job Seekers Allowance, Income Support or Income Related Employment and Support Allowance, you should inform the Department for Works and Pensions of the new income. If, as a result, these benefits end, the income would be taken into account for Housing Benefit and Council Tax Benefit as described above. If entitlement to the above benefits continue (this is unlikely but possible) income from rent would not be included in the Housing Benefit or Council Tax Benefit claim.
- If you are in receipt of Pension Credit Guarantee credit, you should inform the Pension Service. If as a result, this benefit stopped the income would be taken into account for Housing Benefit and Council Tax Benefit as described above. If entitlement continued, income from rent would not be included in the Housing Benefit or Council Tax Benefit claim.
- If you are in receipt of Pension Credit savings credit, again you should report the income from rent to the Pension Service. The Pension Service will adjust your savings credit as appropriate and these new figures would be used in the assessment of Housing Benefit and/or Council Tax Benefit.
- Private tenants may receive an increase in the amount of rent that is used to assess the claim or if they are in receipt of Local Housing Allowance (any new claim in the private sector after April 08) they may receive an increase in LHA, depending on the amount of their rent and subject to an overall cap.
- If you are entitled to a Single Person's Discount on your Council Tax Bill or you receive a discount because the other adult in your property is a disregarded person, you would lose this discount if a sub-tenant or boarder moved in.
- If you are in receipt of Second Adult Rebate (this compensates the council tax payer for the loss of a council tax discount caused by a second adult) you would lose your entitlement to this once a sub-tenant or boarder moved in.
- Finally, if you sublet your whole property and move out, entitlement to HB and CTB would end, and you would need to reapply when you move back in.

3f. How to advertise your accommodation

It is possible to advertise on Homestay websites, you can search online for Homestay agencies. When you advertise, it will be helpful to include the following information

- Where your property is
- What facilities it has
- What the rent is
- How far it is from bus and tube stations and other local landmarks e.g. The Olympic Park
- Smoking/non-smoking rooms
- Languages spoken

- Number of double, twin and single bed rooms
- Number of bathrooms – shared, private, en-suite.
- Breakfast offered, if any.
- Whether evening meals area available.
- Parking availability
- Any restrictions i.e. check in and check out times or late night arrivals, etc.
- How accessible your accommodation is. It is not expected that all accommodation can cater for people with disabilities and access issues, but to avoid any misunderstanding it is advisable to ask visitors before booking if they have any disability access issues to determine whether the accommodation is suitable.

Also have ready the following information if this is requested:

- What the payment arrangements are
- What the local area is like
- What your deposit is
- Any specific 'house rules' or conditions they will need to agree to
- Are you going to provide towels?
- What are your preferred arrival and departure times?
- Do you allow or have pets?
- Do you allow young families with children?

When the visitor arrives, welcome them and give them an overview of the conditions.

- You may wish the visitor to provide you with some proof of identification, such as to see a passport or proof of address.
- It would be prudent to enter into a written agreement with the visitor specifying the following. You may want to consider taking legal advice before doing so:
 - Extent and period of let or licensed accommodation;
 - Amount of licence fee
 - Specifying that it is for the purpose of a holiday and is thus an excluded tenancy or licence for the purposes of the Protection From Eviction Act 1977.
- Collect the agreed deposit. This may be the full amount that you have agreed for the stay, part of it, or an additional amount in case of any breakages, to be returned to the visitor at the end of the stay. Make sure this has been outlined to the visitor before they arrive.
- You could provide local information such as maps, visitor guides etc, for your visitor.
 - Give the visitor a printed copy of your conditions. This should include what your obligations are to the visitor.

Things you may wish to consider:

- Will you be letting the visitor in each time, or will they be lent a key?
- Is there an alarm they need the code for?
- Any fire procedure?
- Will meals be provided? Will there be a charge?
- If and when will the visitor be able to use shared facilities such as bathroom, kitchen, washing machine?
- Is there any parking provision, and will there be a charge for this?
- Will the visitor's possessions be covered under your insurance policy?

Please note that whilst every care has been taken in preparing this document it is only intended as a guide as to what your responsibilities are. If you want a definitive statement of your responsibilities please seek legal advice. The guide may be reviewed from time to time.

3g. Fair Pricing

Authorities are keen to see fair pricing for products and services during the Olympic period. Over-inflated prices and inappropriate trading practices can do long-term damage to the London's reputation as a host city and visitor destination and therefore impacts negatively on the city's competitiveness.

The 2012 UK Event Industry Fair Pricing and Practice Charter encourages businesses to commit to fair pricing and provides a means to do so. The Charter sets out guidelines and criteria to abide by. While not legally-binding, it is a statement of intent. Accommodation providers are encouraged to sign up.

http://vlstatic.com/business2/assets/news/FINAL_FFPC.pdf

4 Disclaimers

Non-Liability

- a. The London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest are providing an information service only and do not recommend or endorse any of the agencies or accommodation providers advertising Homestay accommodation, none of whom are associated with the Councils. As such, the Council is not responsible for any breakdown in relations or problems, which might arise in letting out properties through signposted agencies. Further, the Council excludes all liability for any loss or injury suffered.
- b. The Councils take only a limited role in promoting the scheme to homeowners, for example at summer events.
- c. The Councils have not procured any Homestay Accommodation services by way of a works, or supplies contract nor do the Councils benefit financially in any way by signposting homeowners to agencies and prospective visitors.