Housing Rights

https://www.housingrights.org.uk/landlords/rent-and-rates/setting-rent

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Setting rent

This information is for private landlords of properties in Northern Ireland.

If you are a tenant, you can find advice here.

If you are a landlord or letting agent in Northern Ireland seeking advice, you can:

- send a message to Landlord Advice, or
- call 028 90 245 640 (Option 1)

Landlords are entitled to receive rent in full and on time. Your tenancy agreement and tenancy information notice should include information about housing costs. They should set out how and when tenants must pay rent and rates.

Make sure your tenants are clear on these arrangements to avoid problems.

Deciding how much rent to charge

For most tenancies, you are free to set rent at the level you choose.

However, the Rent Officer will set the rent level if your tenancy is:

- a protected or statutory tenancy, or
- subject to rent control because the property failed a fitness inspection

When deciding how much rent to charge, you should consider:

- costs such as your mortgage, rates and insurance
- the overall condition of the property and furnishings
- features such as a garden or parking space
- average rent for similar local properties

Some tenants will rely on Housing Benefit or Universal Credit to help with rent. As such, they might not be able to afford a higher rent.

You can choose whether to take a tenancy deposit. You cannot ask for more than one month's rent as a deposit.

If you take a deposit, you must:

- give your tenant a receipt (if the deposit is paid in cash)
- protect the deposit in a deposit protection scheme

Rent in advance

You can ask tenants to pay rent in advance in addition to a deposit. Generally, landlords ask for one month’s rent in advance.

Talk to your tenants about their ability to pay rent. This is especially important if they are getting Housing Benefit or Universal Credit. These benefits may not cover the entire rent. This is known as a 'shortfall'. It is important to know how the tenant will cover any shortfall.

Remember that Universal Credit and Housing Benefit are paid in arrears. Make it clear to your tenants that they will need to pay rent in advance until benefits payments begin.

Getting rent payments right

Talk to your tenants about how rent should be paid. You should consider:

- whether rent will be paid in cash or by bank transfer
- whether benefit payments will go directly to the tenant or to you
- how any shortfall between benefits and rent will be made up
- how you will record payments and any arrears

If your tenants pay rent in cash, you must give them a receipt when they make the payment.

Remember that benefits are not always paid at the same interval. Some might be paid every four weeks, and others per calendar month.

In many cases, the tenants' benefits will not cover all of their rent. Tenants can apply for a Discretionary Housing Payment (DHP) to help with a shortfall.

If you charge a fee for late or non-payment of rent, make sure that it is not excessive. If it is, it could be considered an unfair fee.

Responsibility for rates

Find out more about rates liability to get payments right from the beginning.

You need to be clear at the outset about who will be responsible for paying rates. The law says that rent includes an amount for rates. However, you and your tenant can come to another arrangement. This should be stipulated in the tenancy agreement and tenancy information notice.

In rented properties, either the landlord or tenant may have to pay rates.

Rates liability depends on:

- what you and your tenant agree to and
- what the law says

Land & Property Services (LPS) is the agency responsible for collecting rates. Non-payment of rates is a serious matter. LPS will investigate and pursue the person liable for rates, even after the tenancy has ended.

More advice

- Universal Credit for landlords
- Housing Benefit for landlords
- Taking deposits