

# Can you make money from renting your home during the Olympics - or any other time?

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The London Olympics is less than a year away and thousands of Londoners are being tempted with stories of renting out their house or a spare room to visitors to make some extra cash.

And those stories doing the rounds have also triggered those living further afield to wonder whether they too could rent out their property for a few weeks a year to tourists and make them a nice little earner.

It sounds like an appealing prospect – renting out your house for a month, while the rental money funds a holiday away in the sunshine, or just a good wad of savings cash.

But will your mortgage lender allow you to rent your home? Will you need special insurance? What kind of demand is there for London Olympics rental properties? Which websites can you advertise your property on safely?

This is Money investigates letting out your property for the 2012 Olympics, or otherwise.

## **The Olympics factor**

Online holiday rental site Homeaway.co.uk expect that homeowners looking to cash in on the leap of London Olympics interest could generate an average of £4,500 by renting their home during the 16 day-long event.



Direct Line figures state that nearly half of London homeowners would consider renting out rooms to visitors during the Olympics and estimate that someone renting out a room for the entire event would rake in £731.

The average rental price Direct Line believes a room can go for a night would be £43 – although this jumps up to £53 a night in London.

There is predicted to be almost 1million visitors to the capital for the 2012 Olympics and with many hotels already booked out, renting out a room or property could be an enticing prospect for many.

## **Insurance**

If you want to rent out your home, you need to tell your insurer. Standard residential buildings insurance will typically exclude renting out your home and even those who live in flats covered by a communal landlord's insurance policy are likely to find small print that excludes short term lets. If you don't sort out your buildings insurance and your home burns down, you could find your insurer refuses to pay out.

If you are going to rent out a room or property during the Olympics, or otherwise, make sure you take any valuables along with you and store them away.

Some insurers are offering temporary cover for the games, but you'll need to read the small print to see what you are covered for.

Direct Line is one insurer launching temporary cover for its home insurance policies to ensure customers are clear on what is and is not covered if they do decided to become an Olympics hotel. The temporary landlord Olympic policies will not cover malicious damage by guests, accidental damage whilst the property is let and theft cover is restricted to forcible and violent entry only. The period of the let cannot exceed six weeks, the homeowner needs to be claims free and the house cannot be rented by more than two tenants or one family.

Andrew Morrell, head of home insurance at Direct Line, says: 'Anyone who is planning on becoming an Olympic home hotelier needs to think carefully before going ahead. If people have the space to do it, renting out a room or even a number of rooms does make sense but anyone who doesn't consider the insurance implications could find their moneymaking scheme leaving them out of pocket.'

Aviva will also cover you during the Olympics. Jonathan Cracknell, household underwriter at Aviva, says: 'We often deal with customers who want to temporarily rent out their homes because they live in convenient locations for big sporting events like Wimbledon or the Open Golf and we are expecting to see the same requests for the 2011 Olympics.'

Olympics: The Games are less than a year away and London property owners are looking to capitalise

'As far as insurance goes this should be a relatively straight forward process and shouldn't affect your premium - Aviva's home policy can usually offer continued cover for your home during the rental period as long as you let us know before hand and tell us the dates when your home will be occupied by tenants. This means that your home will continue to be

protected for all the usual perils such as fire, flood, leaking water, storm damage and burglary.

‘But most insurance policies won't cover your home for loss or damage caused by theft, malicious damage or accidental damage by the tenants during their stay. (Obviously if there is loss or damage caused by theft or malicious damage or accidental damage by anyone other than the tenants that is covered)

‘Also under Aviva's home insurance the visitors/tenants automatically get cover of £1,000 for their own belongings and contents in their room. So if there was a flood or a fire or a water leak and their belongings were damaged then they would get up to £1,000 worth of cover for their things.

‘It is also worth remembering that Aviva customers will also benefit from the fact that they get £5,000 worth of cover, included as standard, for contents temporarily removed from the home, so this will cover the home owner's belongings should they need to move into rented accommodation or with a family member while the event is going on and their home is being rented.’

**Essential advice:** It is important to let your insurer know your letting plans and it will vary depending on which company you're with and your terms. You don't want to be facing an insurance nightmare from letting out during the Olympics.



## Mortgage

A spokesman from the Council of Mortgage Lenders (CML), said: ‘If borrowers want to make any changes to their mortgage, because they want to rent out their property short term for example, they need to contact their lender to discuss the request as their contract is unlikely to cover this.

‘They would also need to contact their insurer as they would potentially not be covered in the event of a claim.’

One mortgage provider, Lloyds TSB, said that it will allow its mortgage customers rent out their property during the games, but there are conditions.

A spokesman for Lloyds TSB, said: ‘If customers do wish to offer accommodation at the time of the Olympics, they can rent a maximum of two rooms to a maximum of two lodgers.

‘In this circumstance, we do ask that the customer let us know. In order to rent out their entire property to a tenant rather than a lodger, we require that this is done as an “assured short hold tenancy”, which protects the tenant, the homeowner, and the lender; the minimum legal time from for this arrangement, however, is six months. Customers should speak to their lender and consult legal advice if they are unsure of what action to take.’

Nationwide says it will be flexible about people's needs, so long as the lender is informed of the changes.

A spokesman for Nationwide, said: 'Our policy is that Nationwide borrowers have to notify us of their plan to temporarily let out their property. There is a letting application fee of £50.

'After this, the property can be let for up to six months, after which an additional letting interest rate is charged (though this won't be a problem for the Olympics, which is obviously less than six months in length).

'If the borrower is renting out to multiple tenants over the Olympics, we do not need know about each and every one of them, but we do need to know the length of time in which the property is let out for.'

**Essential advice:** Every mortgage provider may be different. It is advisable to contact your provider to gain advice on an individual basis, but it is unlikely that a short-term letting, with some stipulations, will be too much of a problem for homeowners, however, you may find that they refuse permission so don't make any rental commitments before finding out.

### **Do you need to declare it to the taxman?**

In a word, yes. Ronnie Ludwig, partner at accountancy firm Saffery Champness, says: 'Potential renters should be sure to declare any rental income in their Income Tax returns.

If you want to make the most of the Olympics though, you should be aware of some of the reliefs available. For those moving out of their property entirely, or renting an empty second home, some of the money spent on wear and tear, advertising, decorating and legal and financial advice is likely to qualify for relief.

'If you want to just rent a room out while you remain in the property, Rent a Room Relief means that the first £4,250 of income is tax free. This however does not apply if you are also providing personal services such as cooked dinners to the resident, as you will be deemed to be running a business.'

'Lucrative short term opportunities like these always attract the eye of the Revenue, which is constantly scouring the web and press for undeclared adverts.

'If the Revenue suspects you might not be declaring additional rental income, they may launch an enquiry, which could lead to substantial interest and penalty charges. In short, you shouldn't put anything on Gumtree if you're not going to put it on your tax return.

'Another drawback is the possibility of damage. If you leave your home for a few weeks, you have no way of knowing exactly what is going on behind the front door. Make sure that you have sufficient insurance in place to cover these eventualities. These outgoings may also be tax relievable.'

### **What kind of demand has there been on property for the Olympics?**

It's all well and good hearing stories about people letting out their properties and rooms for the Olympics at lucrative rates, but is it actually happening?

According to Wimdu, a website that enables homeowners to rent rooms and properties worldwide, there has been a huge interest for accommodation around the Olympics and states that it is going to be big business for homeowners in London.

Michael Riegel, co-founder of Wimdu, says: 'We can see hotels are almost fully booked and have already received around a 100 booking requests and are getting a lot of requests on our hotline which is a clear indicator the demand is high and people are interested in securing a place for the Olympics. And we expect a very steep increase in bookings. We had some hosts who didn't change their prices and left their room for £40 a night, unfortunately these rooms are long gone. So we expect hosts to at least double the price and as we approach the event even more is likely to be possible.

'We already have in excess of 150 properties listed for the Olympics and an ever growing pipeline of properties that will be listed once they have passed the quality screening. On average, Wimdu hosts will be able to charge about twice the amount they charge at usual times.'

Tim Boughton, UK general manager of online holiday rental website HomeAway.co.uk, said: 'We have observed a steady increase in tourists looking for holiday rentals, with particularly high peaks in demand around major global sporting events. These latest figures confirm that London will be no exception. Enquiries for London properties have sky-rocketed, particularly those properties in close proximity to the key Olympics sites and with good transport links to London's top attractions.

'This, combined with the expected repetition of the 150 per cent increase in rental prices seen at the 2010 World Cup, means savvy Londoners will truly be going for gold next summer.'

'Usually I rent out my home for £70 a night but, during the Olympics, I've tripled my prices and I'm making £3,000 for the 15 days my flat is rented out.

**'I tripled my rental prices and will be going on holiday with the money I make'**

George, a 26 year-old stockbroker who lives in Earls Court, which is west of the main Olympics site in Stratford, has benefited from demand for the Games.

He said: 'During the three week Olympic period, I'm renting out my home for 15 days whilst I go on holiday. Within one week of my flat being listed on Wimdu, I received my first booking for 4 days and then my second booking of 11 days very soon after that. I'm already fully booked.

'Usually I rent out my home for £70 a night but, during the Olympics, I've tripled my prices and I'm making £3,000 for the 15 days my flat is rented out. From the other prices I've seen, I think my flat is relatively cheap, especially for its location. It's really close to Earl Court tube so it has great transport links. However, I'm happy with the amount I'm making and I'll basically be getting a free holiday from the money I'm making renting out my flat.



‘I think it’s a great idea to rent out your flat for the Olympics – even if you don’t want to go on holiday, you can just stay with a friend. I would definitely recommend that anyone does it, especially if they want to benefit from the extra income it provides.’

### Where can you advertise your property safely?

As with any money making event, dubious looking websites appear that will be a fly-by-night operation.

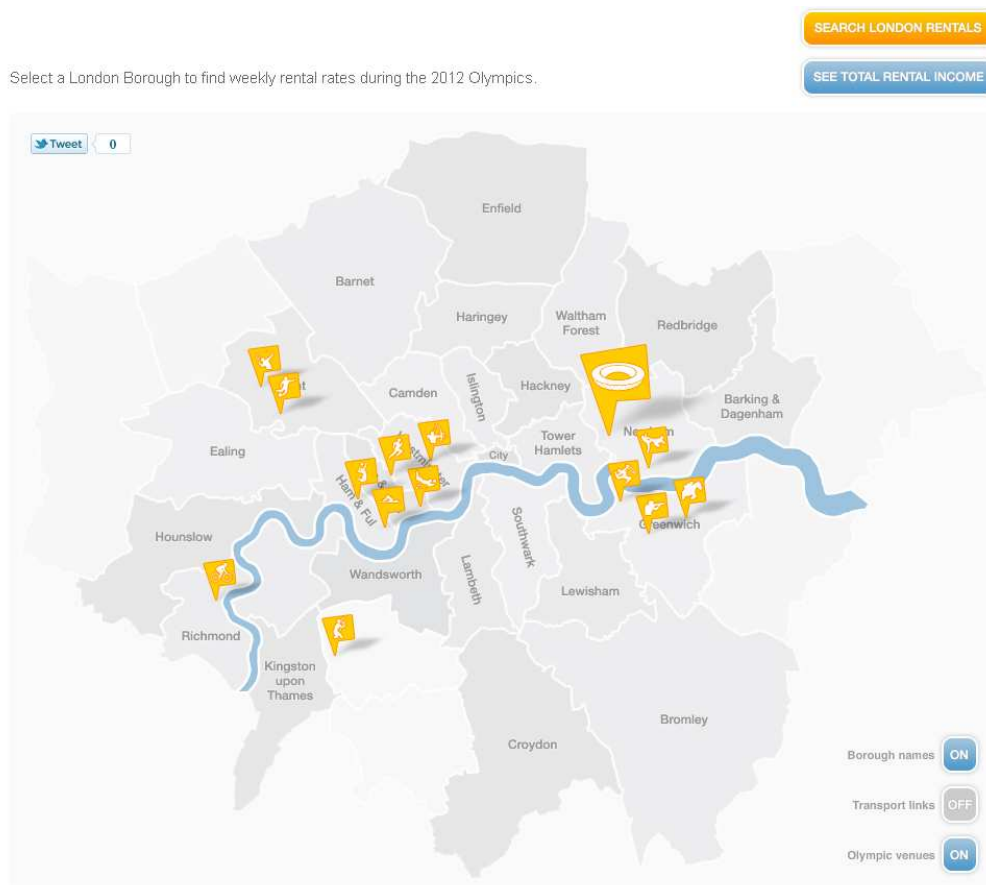
Just typing ‘Olympics rentals’ into Google lists a plethora of websites that have been set up to allow homeowners to list their properties, it's very difficult to work out which you can trust.

These websites may be fine to use, but you should always be careful of websites that suddenly pop up with search engine friendly names and are unlikely to be around once these Games are finished. What security do they offer if things did go wrong?

Established sites like Wimdu, HomeAway.co.uk, Holidaylettings.co.uk, Holiday-rentals.co.uk, Ownersdirect.co.uk have a reputation to protect and will want to ensure things run smoothly and all problems are properly dealt with.

### What can you rent your Olympic home for

HomeAway.co.uk has a handy interactive map which shows where the events are being held and the average rental prices in each London Borough:



## **Other top tips when renting out your property**

- Make sure that you have good photographs that show your property in its best light. Wimdu, for example, will not take properties on that don't have good genuine photographs that will provide quality and comfort for people looking to rent.
- If you are renting out an entire property, make sure it is clean before visitors arrive and clear it out of any clutter.
- Leave clear instructions to visitors on how to use some of the appliances around the house such as the oven and washing machine, to ensure that you will need to be contacted infrequently while the property is being let.
- Look at other properties that are being listed and price your property accordingly. Take into account the distance to Olympic events and the local area attractions. You don't want to price yourself too low, or scare people off with sky-high prices.
- Make it clear in your home description exactly where it is located, how far it is to the nearest transport link and an estimate of how long it will take to get to the stadium and other venues.
- While the Olympics are at the forefront of many visitors minds, it is important to mention what is in the local area to where your property is – after all, many will want to go sightseeing and soak in the London culture.
- It is worth asking for a deposit if someone else is going to be renting your property entirely. You should arrange this with the prospective tenant beforehand and should give you some more piece of mind, as tenants will be more likely to treat your property with the utmost care.

Read more: <http://www.thisismoney.co.uk/money/mortgageshome/article-2030032/Can-make-money-renting-home-London-2012-Olympics--time.html#ixzz1WaniMBHE>