



# Accountancy Co-operative

*the Approachable & Friendly accountancy service*

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## About Houses in Multiple Occupation (HMO)

### Key Points

- HMOs are far more profitable to run than other types of residential lettings with rental incomes often two to three times those of single households.
- They require far more in terms of management time and effort.
- They require more in terms of initial investment to meet stringent health & safety regulations.
- Some types of HMO require the landlord to be licensed by the council.

### What is an HMO?

An HMO is a property that is shared by **three or more tenants** who are not members of the same family. Depending on the exact type of HMO some landlords must have a licence from the council.

All HMOs, whether the landlord needs a license or not, are subject to **Management**

**Regulations and Inspections** under the **Housing Health and Safety Rating System (HHSRS)**

This ensures that the property is managed properly and meets certain safety standards. The licence will be valid for up to three years, and will then have to be renewed.

### What types of properties are classed as HMOs?

The following types of accommodation are all likely to be HMOs:

- shared flats and houses
- bedsits
- hostels
- halls of residence for students or nurses
- boarding houses
- hotels or bed and breakfasts with permanent residents
- some supported accommodation, such as foyers or 'move on' accommodation for homeless people.



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## What must I do to start an HMO business?

If you are operating or intend to operate residential lettings in this category you would be well advised to consult with your own local authority. Local Environmental Health and Fire Officers will advise on the requirements.

If you are contemplating conversions then local planning approval will be required and the building inspectors will specify standards and requirements.

A landlord operating HMO type property will be under all the usual obligations of a landlord to maintain the property, its structure and internal services, in a fit and safe condition for his tenants.

In addition though, landlords need to arrange the management of their HMOs and in particular the common areas ensuring that:

- Layouts and facilities meet minimum standards (consult your local authority)
- You maintain the property in a safe and habitable condition
- You maintain occupancy at an acceptable level
- You register with your local authority and provide details of residents and changes in occupancy.
- You identify a responsible person to manage the property and display contact details prominently on the premises
- Stairways, passageways, and fire escapes are cleaned and free from obstructions.
- Fire extinguishers and fire alarms are tested and maintained regularly.

Tenants of HMOs have a responsibility to cooperate with their landlords to ensure that the regulations are complied with. This may mean allowing access to rooms at reasonable times. Tenants who don't pay their rent on time, cause damage to the property or nuisance to other occupants and neighbours will be in breach of their tenancy agreement and could face eviction proceedings.



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**The following points are important for landlords of HMOs:**

- Landlords operating certain types of HMOs will need a license from their local council.
- The landlord is liable for the occupiers' Council Tax and therefore an amount to cover this should be included in the rental.
- Landlords converting properties into HMOs need to be aware planning, building regulations, environmental health and fire regulations must be complied with.
- A special insurance policy will be required.
- Nuisance claims brought by neighbours are likely due to increases in noise and rubbish. If not managed correctly the landlord could be held partly responsible for this.
- The landlord or house manager must by law be in control of the occupancy situation at all times. Tenants must not be allowed to come and go as they please without proper documentation - this in any case is in the landlord's interest for rent collection and eventual possession.



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