

4 things about HMOs

1. Regulation

If a property houses five or more people forming two or more households, a licence is needed. Licences are usually valid for five years but, bear in mind that there can sometimes be a wait for the licence to be granted – some councils could take many months to process applications.

Extra work may be required so that the property is compliant. In particular, the regulation stipulates that the minimum usable floor space is no less than 6.51 square metres for single occupancy and 10.22 square metres for double occupancy. This could involve the landlord having to move or construct walls in order to alter room size, which in some cases will involve planning permission.

Note: It's always worth checking the Local Authority standards for room size regulations as they can change between areas.

2. Health & Safety

Landlords are subject to more regulation than if the property was let as a single unit. Extra requirements include fire alarms, fire doors and emergency lighting, and the council may add other conditions to your licence. For example, improving the standard of your facilities, such as additional bathrooms and cooking facilities.

Landlords are also required to test the fire alarms regularly, ensure communal areas are kept clean and rubbish is under control.

3. Vetting & letting

It's worth remembering the high levels of turnover involved. An HMO property with seven rooms actually involves taking on seven separate tenants, each requiring their own contract.

The level of effort required for an HMO property is invariably more than a single let dwelling. But the risk to the bottom line is lessened by the fact that revenue is spread over multiple occupants.

4. Wear & tear

Again, with a high turnover of tenants, maintenance costs will go up and need to be minimised where possible. High durability carpets, lifetime warranties on door handles, the right bathroom finishes, kitchen specification and even the choice of light bulbs are all things to consider.