



HMO (House in Multiple Occupation)

has become one of the most commonly used terms when it comes to renting property but, although most people have heard the term HMO, few really understand what it means and how it applies to them and their rental property.

To help clear things up we've put together a guide to explain what an HMO is, how to work out if your property is an HMO and, if so, whether you need a license. These are, of course, guidelines and we'd

recommend you speak to your local council for confirmation but this should bring you up to speed with the terminology and what it means in relation to your property.

The information in this guide applies only to England and Wales as Scotland and Northern Ireland have their own regulations (Wales will have their own in the near future).



What is an HMO?

HMO stands for House in Multiple Occupation and generally refers to one of the following:

- A house split into bedsits
- A house or flatshare where each tenant has their own tenancy agreement
- Students living in shared accommodation

The term can also refer to hostels and Bed and Breakfast accommodation which isn't just used for holidays but these two categories aren't relevant to most residential landlords.



Do I have an HMO?

Under the changes in the Housing Act 2004 if you let a property which is one of the following types it is a House in Multiple Occupation. We've tried to simplify the jargon as much as possible to make things clear.

The jargon: An entire house or flat which is let to 3 or more tenants who form 2 or more households and who share a kitchen, bathroom or toilet

What this means: A typical flat or house share which has 3 or more tenants.

The jargon: A house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to 3 or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities

What this means: Bedsits let singly and sharing facilities

The jargon: A converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by 3 or more tenants who form two or more households

What this means: Separate flats (could be studio flats) let singly which share some facilities

The jargon: A building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies

What this means: A whole building converted into flats which doesn't meet current regulations and where a third or more of the flats are let short term

In order to be an HMO the property must be used as the tenants' only or main residence and should be used solely or mainly to house tenants. Properties let to students and migrant workers will be treated as their only or main residence and the same will apply to properties used as domestic refuges.



Does my HMO need a license?

On April 6th 2006 mandatory HMO licensing came into force across England with the intention of raising the standard of accommodation in HMOs. Landlords must register their HMO with the council if the property has 3 (habitable) storeys or more AND is occupied by 5 or more people in two or more households. For licensing purposes a household refers to members of the same family living together and couples who live together (whether or not they are married). A group of friends sharing does not constitute a single household.

The council will then assess whether (in their view) there is enough space for the occupants and if the property is well managed before granting a license. Councils also have the power to introduce licensing for individual smaller HMOs or all rental properties in certain areas they want to improve, so **always check with your local council to see what the rules are where your property is**. For a basic guide to whether your property should have a license or not answer the following 3 questions:



Does your property have 3 or more storeys?



Is the property let to 5 or more unrelated tenants?



Do tenants share facilities?

If the answer to **all** 3 questions is 'yes' then you may need a license. If you answer 'yes' to **any** of these 3 questions it's worth contacting your local council as we've heard of HMOs which only fit one of these 3 yet have required a license.

Exceptions

- A flatshare containing two unrelated people
- A landlord living with up to 2 lodgers
- A building where all occupants are freeholders (or long leaseholders)
- Regulated buildings such as bail hostels and care homes. Domestic refuges, however, are not exempt.

Purpose-built blocks of flats are not HMOs. However, if any of the individual flats are shared by more than 2 tenants in two or more households they will be HMOs. Houses which are converted entirely into self-contained flats will only be HMOs if the conversion did not meet the standard of the 1991 Building Regulations and more than one-third of the flats are let out on short term tenancies.



Definitions

Habitable storey

Habitable storeys include all those in residential occupation (even if self-contained). This includes any storeys occupied by you and your family if you are a resident landlord. Basements and attics should be included if they are occupied, have been converted for occupation or are used in connection with the HMO's occupation. Business premises on the ground or any upper floor should also be counted although a basement used for business or storage need not be counted unless it's the only means of access to the HMO from the street.

Household

The following are considered to be households for the purposes of HMO licensing:

Members of the same family living together. This includes married couples or those living as married couples (including same sex couples).

Relatives living together. This includes parents, grandparents, children (and step-children), grandchildren, brothers, sisters, uncles, aunts, nephews, nieces and cousins. Half-relatives are treated as full relatives and a foster child living with his or her foster parent is treated as living in the same household as their foster parent.

So, for example, three friends sharing together would constitute three households. If a couple are sharing with a third person that would consist of two households. If a family rents a property it's classed as a single household

Self-contained accommodation

For a flat or part of a property to be considered self-contained it must have a kitchen (or cooking area), bathroom and toilet in it and these must be for the sole use of those living in it. If you have to leave the flat to use any of these facilities it can't be classed as self-contained.

The information contained in this guide is intended to get you acquainted with the background to HMOs. As local councils have the authority to impose licensing as they see fit we strongly suggest you speak to your council as well for further clarification.

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