



Did you know...the rules for HMOs are changing

From 1st October, the rules are changing for HMOs and when they must qualify for a mandatory licence. As ever, it means that intermediaries will have to be on the ball to tease out the difference between the time of HMO establishment and the time of licence, something that I will define now.

Current definition of an HMO

The Housing Act of 2004 detailed the following requirements as the collective definition of an HMO property:

- 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.
- A house which has been converted entirely into bed-sits or other non-self-contained accommodation and which is let to 3 or more tenants, who form 2 or more households and who share kitchen, bathroom or toilet facilities.
- A converted house which contains 1 or more flats which are not wholly self-contained (i.e. the flat does not contain a kitchen, bathroom and toilet within it) and which is occupied by 3 or more tenants, who form 2 or more households.
- 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 1/3 of the flats are let on short-term tenancies.

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

New HMO licencing regulations

Landlords must apply for a licence before 1st October 2018 to lawfully continue to let the property. However, with so many recent changes in HMO criteria, it is not always clear as to who should apply.

Currently, a property requires a mandatory licence if the following apply:

- The property fits the above definitions of a House in Multiple Occupation (HMO)
- The property is occupied by 5 individuals from more than 1 household
- The property has 3 or more storeys

However, from 1st October, [The Licensing of Houses in Multiple Occupation \(Prescribed Description\) \(England\) Order 2018](#) will replace the 2006 order of the same name, so that

the 3 storeys element will be removed from the criteria. This means that any HMO occupied by 5 or more individuals from more than 1 household (not all related to one another) will require an HMO licence, irrespective of how many floors in the property itself.

Minimum room sizes will also be introduced, so that:

- The floor area of any room in an HMO used as sleeping accommodation by one person aged over 10 years is not less than 6.51 square metres in size.
- The floor area of any room in an HMO used as sleeping accommodation by two persons aged over 10 years is not less than 10.22 square metres in size.
- The floor area of any room in an HMO used as sleeping accommodation by one person aged under 10 years is not less than 4.64 square metres in size.
- The floor area of any room in an HMO which is less than 4.64 square metres in size must not be used as sleeping accommodation by anyone.

How will this impact landlords?

For landlords, failure to apply for a license or temporary extension by 1st October, will be a criminal offence. Moreover, after this time, if HMO landlords do not meet the criteria, through oversight or otherwise, they could face a council fine of up to £30,000.

Clearly, HMO landlords are being made to jump hoops through an increasingly challenging unforgiving range of criteria. To further complicate matters, local authorities are permitted to designate particular areas and properties as subject to licencing, based on their own judgement and outside of the new HMO criteria.

For this reason, it is important to have a conversation with your landlord clients to, not only provide them with the support they need going forwards but, in doing so, strengthen your relationship with them as they prepare for change.

Get in touch

With so many changes happening in the HMO market, it's not always easy to keep up-to-speed with the latest information. At Landbay, we're aware of this challenge – that's why our experts are available, throughout the working day, to answer any questions you may have, so that you can always provide your clients with the best possible service.

Speak directly to a member of our underwriting team on 0207 096 2700 or email enquiries@landbay.co.uk and we will get back to you within one business day.

Landbay current HMO lending guidelines

- First-time HMOs must be a landlord with at least 2 years' experience
- Min. property value - £120,000
- Max. LTV – 75%
- Max. 10 bedrooms (min. room sizes to be determined by statute and local authority requirements)