

Houses in Multiple Occupation (HMO) Risk Management

As a landlord, maintaining healthy, safe and compliant properties for your tenants is already an important responsibility that comes with your profession. However, landlords that let properties considered to be houses in multiple occupations (HMOs) have additional expectations to fulfil.

Your property is classified as an HMO if at least three tenants live there—forming more than one household—and the tenants share communal facilities such as the toilet, bathroom or kitchen. A household is defined as either a single person or members of a family (eg a married couple, relatives or half-relatives, step-parents and step-children) who live together. Further, a property is considered a large HMO if at least five tenants live there—forming more than one household—and the tenants share toilet, bathroom or kitchen facilities.

Whether it be obtaining extra licensing, implementing proper safety measures, maintaining communal areas or preventing property overcrowding, it's crucial that you keep your HMOs compliant with legal standards to avoid costly consequences and reputational downfall. Consider the following risk management methods to ensure quality HMOs and safe tenants.

Keeping Your HMOs Compliant

Apart from routine letting responsibilities, landlords of HMOs must also meet the following legal standards:

- **Obtain a proper licence**—If you rent out a large HMO, you must have an HMO licence. However, even if you are confident in the classification of your property, always check to be sure whether you need a licence when renting out an HMO. Licences

are valid for a maximum of five years and must be renewed before they run out. You need a separate licence for each HMO that you run. If you rent out an unlicensed HMO that should be licensed, the fine amount is unlimited. Click [here](#) to apply for an HMO licence.

Consider the following risk management methods to ensure quality HMOs and safe tenants.

- **Implement proper health and safety measures**—Be sure that your HMO meets all relevant health and safety standards by doing the following:
 - Complete a fire risk [assessment](#) or have a competent, responsible person carry it out for you. In addition, be sure to establish clear, accessible escape routes and install fire safety equipment such as smoke alarms and fire extinguishers. Keep proper documentation of all fire safety procedures.
 - Have an annual gas safety check carried out and have the electrical systems checked at least once every five years. Keep proper documentation of these safety checks and give new tenants a copy of the gas safety check record before they move in or within 28 days of the check.
 - Keep communal areas and facilities in good condition with routine maintenance. Provide repairs when necessary. This includes any

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- shared gardens and other structures belonging to the HMO.
- Conduct a routine legionella risk [assessment](#) and implement proper measures to maintain the water supply and drainage system.
- Make sure your local council completes a Housing Health and Safety Rating System (HHSRS) risk assessment on your HMO within five years of receiving your licence application. If the HHSRS inspector finds any issues during the assessment, complete all necessary work to remedy the problems in a timely manner.
- At the beginning of each tenancy, provide tenants with your full name and address or those of the letting agent, the property's energy performance certificate and the government's 'How to Rent' guide, located [here](#). Also, prominently display your name, address and telephone number within the property in the case of an emergency.
- Ensure tenants are protected from injuries which may be caused by the design and structural conditions of the property, such as protection against falls from windows with low sills and unsafe balconies.
- **Avoid overcrowding concerns**—Especially when renting out HMOs, the risk of overcrowding can become a costly compliance issue. With this in mind, always be sure that facilities are suitable for the amount of people living at the property. Specifically, **The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018** enforces the following requirements:
 - All rooms used as a sleeping accommodation for someone over the age of 10 years must have a floor area of at least 6.5 square metres.
 - All rooms used as sleeping accommodations for someone under the age of 10 years must have a floor area of at least 4.64 square metres.
 - Landlords must inform their local authority if their HMO properties possess any rooms with a floor area of less than 4.64 square metres. These rooms cannot be used as bedrooms.
 - Any single room used as a bedroom for two people over the age of 10 years must have a floor area of at least 10.22 metres.
 - When calculating the floor area of a room, any part of the room where the height of the ceiling is less than 1.5 metres cannot be considered in the final measurement.
 - Tenants must not exceed the maximum number of people permitted to use a single room for the purpose of sleeping accommodations.
 - Rooms that are used for sleeping accommodations may not be used for other purposes.
 - Tenants must have suitable space to store rubbish outside of their rented home, as well as suitable washing and cooking facilities for the number of tenants.
- **Report any changes**—Always tell your local council if you make any major property changes to an HMO or if your tenants make any changes (eg a tenant has a child).
- **Inform your broker**—Finally, communicate with your broker to ensure they are aware that your property is operating as an HMO. Otherwise, any claims you make for your property could be considered invalid.

Additional Property Management Guidance

In addition to ensuring your HMOs are compliant, consider the following property management tips:

- In the event of an assured shorthold tenancy, you must protect the tenant's deposit with a government-approved protection [scheme](#).

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- Establish a routine inspection, maintenance and repair programme to ensure the interior and exterior of each property remains healthy and safe for tenants. Pay special attention to pipes, drains, wiring, heating or ventilation systems, stairs, doors, flooring, railings and chimneys.
- Implement proper procedures to prevent or handle conditions such as the spread of mould, bacteria or pest infestations.
- Communicate a clear, written agreement with all tenants to ensure they understand what their rights and responsibilities are, as well as consequences for non-compliance.

For more guidance regarding HMOs or insurance solutions, contact Holloway Insurance Services Ltd today.