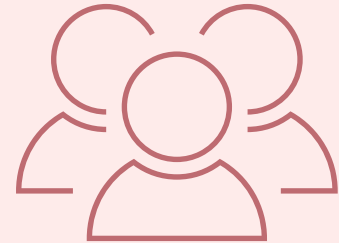


Houses in Multiple Occupation

Houses in Multiple Occupation (HMOs) form a key part of the private rental sector. If your property has three or more bedrooms, you may be considering renting it as an HMO.

What is an HMO?

In Scotland, any property that is home to 3 or more people who are not in the same family is classed as a House in Multiple Occupation (HMO).



The 'same family' in this context includes:

- Couples (whether married or not)
- Direct descendants and ascendants (i.e. grandparents, children including stepchildren etc.)
- Uncles, aunts, nieces and nephews

It does not include cousins or any more distant relations.

Thus, a person looking to rent with their spouse, uncle and cousin would not need to rent an HMO as this is only two families (being (i) the person, the spouse and uncle, and (ii) the cousin).

What is required to rent an HMO?

To rent an HMO you need an HMO licence. This must be applied for from the local authority.

HMO licences can last for up to 3 years, but your first HMO licence (regardless of whether you have converted a pre-owned property into an HMO or bought an existing HMO) will only ever last 1 year. You must apply for renewal before the previous HMO licence expires.

It is illegal to rent an HMO without an HMO licence. It is also risky to apply for an HMO licence without ensuring that your property is compliant. This creates a difficult situation wherein you need to make your property compliant in order to apply for the HMO licence, but need to wait for the application to be approved (which can take up to 12 months) before renting it as an HMO.

What does my property need to have to get an HMO licence?

All standard safety certificates required for other rental properties must be obtained (such as a gas safety certificate) and renewed. In addition, the following may be needed:

- A floorplan of your property showing all room dimensions
- An annual fire alarm system certificate
- An annual fire appliances (namely fire blankets and fire extinguishers) certificate
- An annual emergency lighting certificate, if necessary
- An annual sprinkler system certificate, if necessary
- An annual fire risk assessment

As well as providing additional documentation, your property will also have to meet additional criteria in terms of:

- Property proportions (bedrooms must meet minimum dimensions and with sufficiently sized windows);
- Fire escape and isolation (this mainly relates to effective window escape, installing FD-30 doors and functional door closers);
- Ventilation;
- Heating;
- Lighting;
- Kitchen facilities and food preparation space;
- Toilet and sanitary facilities; and
- Waste disposal.

HMO compliance is very strictly enforced and inspections can be carried out by a local authority at any time.

Failure to get an HMO licence can result in the service of an overcrowding statutory notice and an unlimited fine.

Non-compliance with an HMO licence could result in the licence renewal being refused and your tenancy being forced to end.

What do we think?

Operating an HMO requires constant oversight and investment. While HMOs can get higher rents in certain areas, they result in far more compliance and maintenance costs than a standard rental. They also require significant forward investment before any returns are seen. Accordingly, we advise that HMOs are only considered when they are the most economically viable solution for both you and your property.

This Chapmans' guide seeks to explain the basics of HMOs, but please contact the team for more tailored advice on operating an HMO and to discuss whether your specific property or properties is suitable for being let as an HMO.

Information correct as of May 2024.

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