



Regulatory Update

Changes to Mandatory HMO Licensing

Provided by Crendon Insurance Brokers Ltd

Quick Facts

- The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 replaced the previous 2006 regulation of the same name.
- The new rules went into effect on 1st October 2018 and apply to all landlords that possess a licence for renting out property considered to be an HMO.

An estimated 4 million people live in private rented homes. Now at least 1.1 million who reside in licensable HMOs will benefit from the protection provided by HMO licensing requirements.

On 1st October 2018, **The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018** replaced the previous 2006 regulation of the same name. At a glance, this order calls for updated housing rental standards that aim to protect nearly 850,000 more people in privately rented homes from poor living conditions and overcrowding.

When the Rules Apply

The rules apply to all landlords that possess a licence for renting out property considered to be a house in multiple occupation (HMO). This means that the property is rented out by at least three people who are not from one household (eg not related to one another), but share certain living spaces, such as the bathroom or kitchen. Previously, the rules only applied to properties of three or more storeys—now all properties will be covered.

If you wish to rent out your property as an HMO in England or Wales, contact your council to see if a licence is required. However, you must have a licence if you rent out a large HMO. A large HMO can be classified with the following criteria:

- The home is rented to five or more people who form more than one household.

- Some or all tenants share certain living spaces, such as the bathroom or kitchen.
- At least one of the tenants pays rent (or their employer pays it for them).

When applying for an HMO licence, landlords must also prove to their local council that they meet these standards:

- The house is suitable for the number of occupants (in terms of size/facilities).
- The manager of the house (the landlord or an agent) is 'fit and proper' (they have no criminal record or breach of landlord laws or code of practice).
- The landlord sends the council an updated gas safety certificate each year, installs and maintains smoke alarms, and can provide safety certificates for electrical appliances if requested.

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 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.



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This update to the existing HMO licensing regulations was created as one of many new government measures intended to 'rebalance the relationship between landlords and tenants'. Prior to the order, there were around 60,000 licensable HMOs. The rule change requires an additional 170,000 to become licensed.



Click [here](#) to apply for an HMO licence.

Overview of the Order

Prior to the rule change, landlords were required to apply for an HMO licence from their local authority if they met the previously mentioned criteria and their property was more than three storeys. However, the new rules state that **the order now applies to all applicable properties, regardless of storeys.**

In addition, the new rules include the following changes:

- 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.

- If a previously compliant HMO licence holder is in breach of any of these rule changes, the local authority must inform the licence holder and provide them with a set amount of time (maximum 18 months) to remedy the violation.

The Impact of the Order

This update to the existing HMO licensing regulations was created as one of many new government measures intended to 'rebalance the relationship between landlords and tenants', according to a recent government [press release](#).

While the majority of landlords already provide decent living accommodations to their tenants, these rule changes will essentially attempt to eliminate any outliers that were avoiding their responsibilities.

Upon updating the order, Housing Minister Heather Wheeler MP said 'everyone renting a home has the right to expect it is maintained to a decent standard'.

Prior to the order, there were around 60,000 licensable HMOs. This rule change requires an additional 170,000 properties to become licensed. Such a change will ensure that even more tenants benefit from quality living accommodations across the country.

For more compliance and insurance guidance, contact Crendon Insurance Brokers Ltd today.



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