

HOUSES OF MULTIPLE OCCUPATION (HMO) – WHAT'S THE LATEST?

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There is a significant amount of interest in Houses of Multiple Occupation (HMO) at present with many investors and developers recognising them as valuable assets, with a better profit margin and less variation in income level by comparison to larger units.

There are however some important planning and licencing requirements that need to be satisfied prior to operating.

In simple planning terms there are two types of HMOs. Small HMOs which comprise of between 3 and 6 people (Use Class C4) and larger HMOs (Use Class Sui Generis).

While there is also some variation in licencing across different locations depending on size, compliance with national room size standards is compulsory as of October 2018.

Outside of London the regulatory regime, particularly in relation to planning, tends to be less restrictive.

The pattern across London Councils is very different. Some place significant restrictions on the conversion of family homes into HMO developments with many viewing them as a substandard form of accommodation and place a priority on retaining larger family homes.

These include Waltham Forest, Newham, Redbridge, Enfield and Barking and Dagenham who have specific planning policies that both restrict the loss of family housing and article 4 directions that remove the right to

change houses into small HMOs.

Conversely some Councils including Kensington and Chelsea, Hammersmith and Fulham and Camden have planning policies which specifically protect their existing HMO stock.

Note: Changes from non-residential uses or to a large HMO will always require planning permission.

A marked shift in strategic policy is the recognition in the draft London Plan that HMO accommodation does form part of the necessary housing mix in London as a whole. There is a clear need and demand for this form of accommodation and most boroughs will welcome genuinely high quality and well managed HMO units.

What are the challenges?

The challenge our clients face is identifying the best sites from an investment perspective and the planning strategy for delivering such uses. In some London Boroughs conversions from dwellings is acceptable.

Even those Councils with restrictive policies are focused on the conversion of existing housing stock into HMOs. There is still the prospect of delivering purpose built HMO accommodation of varying sizes that complies with relevant policies. There is a profound housing need which can be met by purpose built development or converting other uses.

Our team has a vast amounts of experience in securing consents for HMO developments and defending those that are enforced against.

For assistance please contact our team.