

Houses in Multiple Occupation (HMOs)



Who are we?

- Carol & Paul Watson
- Accidental Landlords since 1994
- Started 'investing' 1998
- Corporate backgrounds, full time in property from 2014
- Joined a franchise to teach us HMO investing & management in 2014
- 3 BTL – 2 maisonettes, 1 Grade 2 listed cottage
- Own 5 HMO's
- Managing an HMO in New Malden

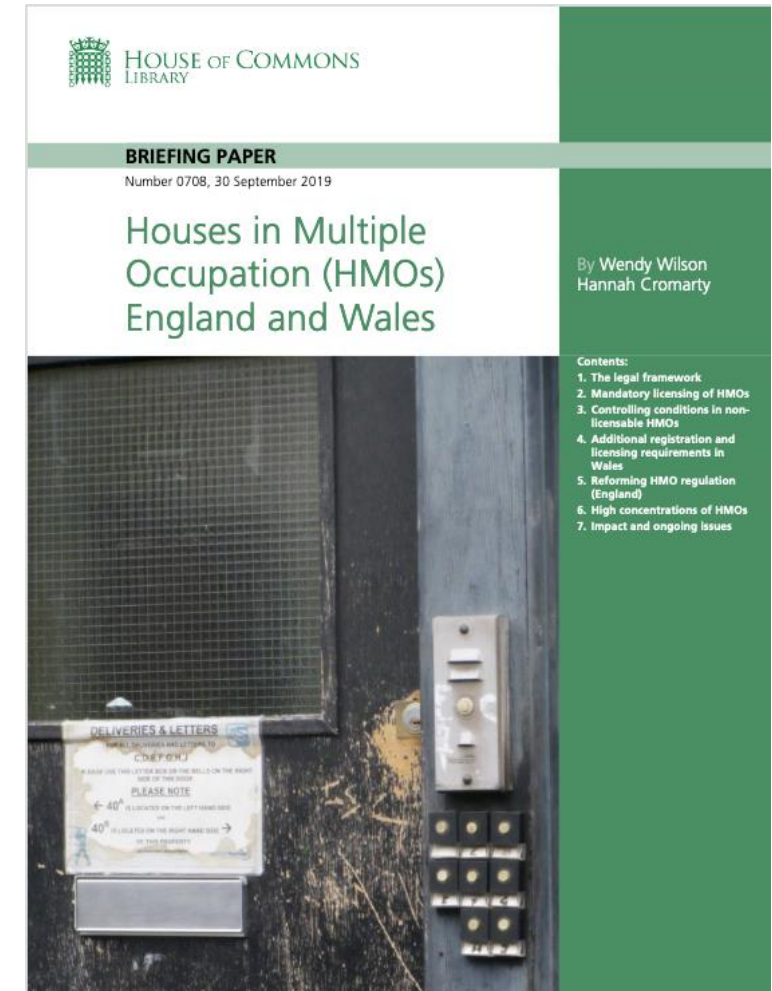
HMO Facts & Figures

- UK Property Market 2011 Census Data:
 - 14.2 Mio Owner Occupied Households
 - 3.9 Social Rented
 - 3.7 Mio Private Rented
- A [house in multiple occupation](#) (HMO) is a property rented out by at least 3 people who are not from 1 'household' (for example a family) but share facilities like the bathroom and kitchen. It's sometimes called a 'house share'



HMO Facts & Figures

- There were an estimated 497,000 HMOs in England and Wales at the end of March 2018
- From 1 October 2018, the Government extended the scope of mandatory HMO licensing in England so that it applies to HMOs with five or more occupiers living in two or more households regardless of the number of storeys.



3 HMO Licencing Criteria

1) The property in question is reasonably suitable for occupation by the number of persons or households specified in the application

2) The proposed licence holder is a 'fit and proper' person / the proposed manager of the HMO or an agent or employee of that person is a 'fit and proper' person.

3) The proposed management arrangements are satisfactory

Application for Licence for House in Multiple Occupation

For office use only
Date received: _____
Date passed to officer: _____
Reference number: _____
Fees received: _____

Please use the accompanying notes when completing this form.
If you have more than one house in multiple occupation you will need to complete a separate application form for each property. Please fill in the form using BLOCK CAPITALS and black ink. If you require more space to answer any question, please use additional sheets, specifying which question your answer relates to, and attach the sheets to the application form.

Type of application (please tick appropriate box):
☐ New licence ☐ Renewal of licence

Address of property to be licensed: _____
Postcode: _____

Is the applicant the proposed licence holder? ☐ Yes ☐ No (see note 1)
If **yes**, please go straight to Part 2 of the form. If **no**, please complete Part 1 of the form.

PART 1. Applicant details - see note 1

Surname: _____ First name(s): _____
Address: _____
Postcode: _____

Telephone numbers: Home: _____ Work: _____
Mobile: _____ Fax number: _____
Email address: _____ Date of birth: _____

What is your relationship to proposed licence holder: (please tick the appropriate box)
☐ Friend ☐ Relative ☐ Agent ☐ Solicitor ☐ Other (please specify) _____

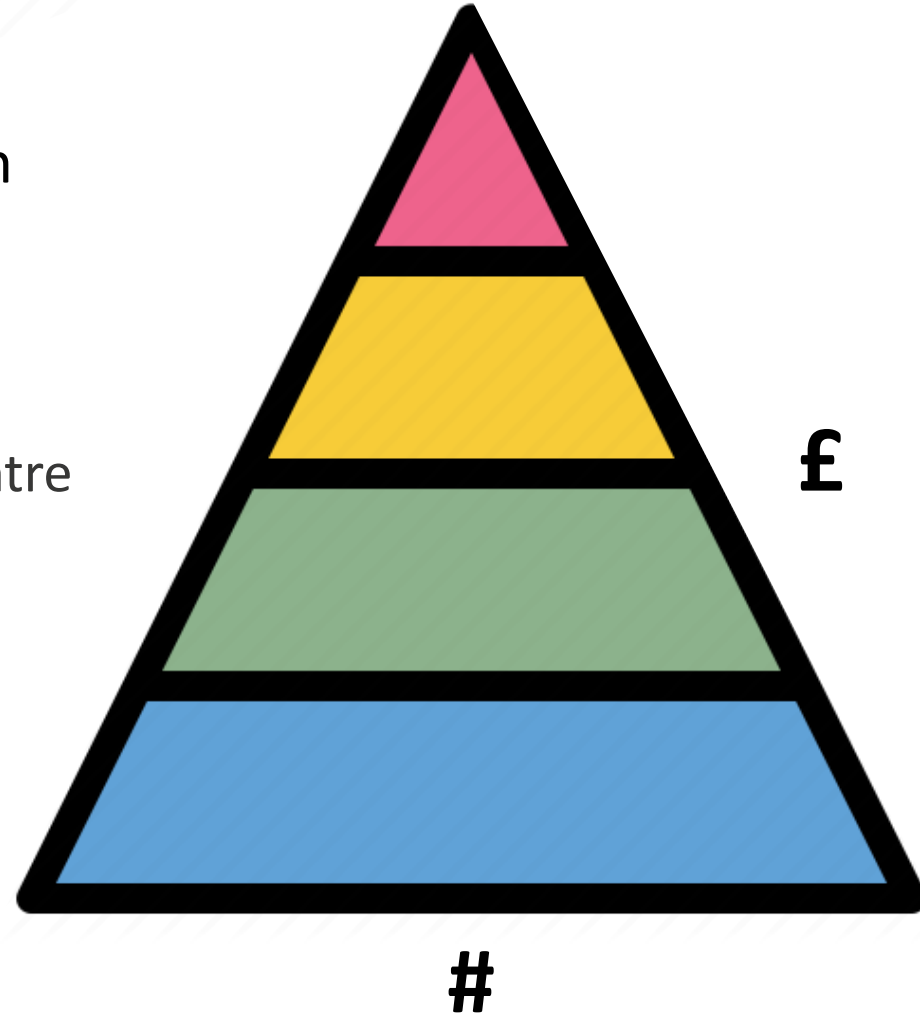
What is your interest in the property?
Postcode: _____

Please go to Part 2.



The HMO market in 2020

- Over 600,000 licenced HMOs
- Estimate well over 1,000,000 in total in the UK
- Different types:
 - Ultra High (Mainly MiniMO) – City centre
 - Professional
 - Student
 - Social Housing
 - Contract Workers

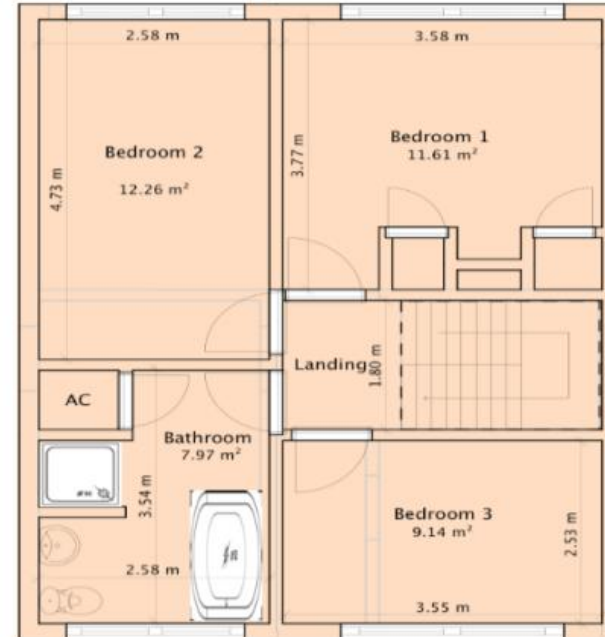


Our First HMO:

- Purchased May 2014
- 3 Bed-Semi, Woking.
- Goldsworth Park estate



Our First HMO: Original Floorplan



3 Bedrooms & 1 bathroom

After the refurb



7 Bedrooms & 5 bathroom





Problems / Challenges and Lessons.....

- Refurbs
 - Builders: My 3 C's – Chemistry, Communication, Cashflow
 - Allow extra time
 - Build in contingency budget
- Financial
 - Massive outflow, but the tide will turn.
 - Aim to add value and refinance it out after
 - Your mortgage broker is key.
- HMO's
 - Higher financial return than standard BTL
 - **Much** more work than standard BTL





Woking



New Haw



Byfleet



Addlestone



33 Housemates
Over HMO 100 tenants in 6 years
Average stay – 12 months



Woking



Top Tips

- Suited Keys
- 6 is the magic number.
- Try to add value (habitable space) to the property during refurb.
- Think about extra bathrooms and larger room sizes when selecting houses to buy
- Your cleaner is a very important operational member of the team.
- All rent paid by standing order on 1st day of month.
- You only get one chance at staging and great photography / video.

Future Trends

- Larger rooms as longer term sharers collect more “stuff”.
- Working from home is more normal
 - Desks in rooms / Dedicated workstation space.
 - Faster/More reliable internet
- Smaller households as a result of CV19 (in the short term - Next 2 years)
- Sharers age profile getting older – less flexible ???!

Any Questions ?