

HMO INVESTOR CHECKLIST

A practical guide for buying, financing and managing a House in Multiple Occupation

Use this checklist as an initial guide when assessing an HMO purchase or refinance. Requirements vary by property and local authority, so always verify the position with the relevant council and suitably qualified professionals.

Before You Buy

- ☐ Research local tenant demand and typical room rents.
- ☐ Calculate the projected rental yield and allow for void periods.
- ☐ Confirm whether the property is already operating as an HMO.
- ☐ Verify the current planning use class: C3, C4 or Sui Generis.
- ☐ Check whether the property is within an Article 4 area.
- ☐ Review any planning restrictions or conditions.
- ☐ Obtain details of any existing HMO licence.
- ☐ Check the property's EPC rating.
- ☐ Identify any refurbishment or conversion work required.
- ☐ Discuss mortgage suitability and affordability with a specialist broker.

Licensing & Compliance

- ☐ Confirm whether mandatory, additional or selective licensing applies.
- ☐ Check the local authority's current HMO standards and application requirements.
- ☐ Verify the permitted number of occupants and households.
- ☐ Confirm that bedrooms meet the applicable minimum size requirements.
- ☐ Ensure there are adequate kitchen, bathroom and toilet facilities.
- ☐ Review waste storage and collection arrangements.
- ☐ Check any conditions attached to an existing licence.
- ☐ Record renewal dates for licences, inspections and certificates.
- ☐ Remember that licensing and planning permission are separate requirements.

Fire & Property Safety

- ☐ Install and maintain suitable smoke alarms and heat detectors.
- ☐ Install carbon monoxide alarms where required.
- ☐ Check whether compliant fire doors are needed.
- ☐ Keep escape routes clear and properly maintained.
- ☐ Confirm whether emergency lighting or fire-fighting equipment is required.
- ☐ Complete annual gas safety checks where gas is supplied.
- ☐ Maintain a valid Electrical Installation Condition Report (EICR).
- ☐ Test portable electrical appliances where appropriate.
- ☐ Keep clear records of inspections, certificates and remedial work.

Finance & Insurance

- ☐ Review specialist HMO mortgage options.
- ☐ Compare interest-only and capital repayment structures.
- ☐ Confirm the lender's rental stress-test requirements.
- ☐ Allow for valuation, legal, broker and licensing costs.
- ☐ Arrange suitable specialist HMO landlord insurance.
- ☐ Budget for utilities if they are included in the rent.
- ☐ Build a contingency fund for repairs, voids and unexpected costs.
- ☐ Review the finance arrangement and refinancing options regularly.

Ongoing Management & Maintenance

- ☐ Create an annual maintenance and replacement budget.
- ☐ Schedule regular property and communal-area inspections.
- ☐ Respond promptly to repairs and safety concerns.
- ☐ Allow for increased wear and tear in kitchens, bathrooms and shared spaces.
- ☐ Budget for cleaning, gardening, decoration and appliance replacement.
- ☐ Keep tenancy, deposit and compliance records organised.
- ☐ Review tenancy agreements and house rules when appropriate.
- ☐ Monitor tenant feedback, satisfaction and retention.
- ☐ Use a suitable managing agent if the property will not be managed directly.

Maximising the Property's Appeal

- ☐ Price rooms competitively for the local market.
- ☐ Provide reliable high-speed broadband.
- ☐ Consider en-suite facilities where practical and financially viable.
- ☐ Create usable work-from-home space where possible.
- ☐ Keep furniture, decoration and communal areas in good condition.
- ☐ Review utility usage and costs regularly.
- ☐ Benchmark the property against competing local HMOs.
- ☐ Consider improvements that may support tenant demand and retention.

Five Key Checks Before You Commit

☐ **Planning permission** ☐ **Licensing** ☐ **Fire safety** ☐ **Mortgage eligibility** ☐ **Insurance**

Important: This checklist is for general information only and does not constitute legal, regulatory, tax, valuation or financial advice. Rules and lender requirements can vary.