



HMO licenses, Student Accommodation and the Hidden Conditions we need to know about

Houses in Multiple Occupation (HMOs) are a complex and often overlooked area of law, but they can be a key factor in operating student accommodation. Generally they arise where more than 2 people live together who are not part of the same family, and they share common facilities like a kitchen, toilet or bathroom. All HMOs need a specific licence if they are occupied by more than 4 people, and local authorities are also able to set their own rules for when other types of HMO may require a licence.

Student accommodation often takes the form of an HMO, be it a shared student house, or a new-build cluster flat in a purpose-built student accommodation (PBSA) tower. And whilst checking the HMO licence position might not be at the top of a student's checklist when choosing their term-time home, investors, funders and lenders in the student accommodation sector are becoming increasingly aware of the need to get the licensing piece right.

As well as an HMO licence specifying the maximum number



of occupants each "house" may contain, they also have an expiry date and are personal to the then current licence holder. They cannot be transferred to a purchaser on the sale of the property and a new owner will need to make an application for a new licence or licences.

Failure to have a valid HMO licence is a criminal offence and subject to an unlimited fine, albeit there is a defence where a valid application for a new licence has been made but the licence is yet to be granted.

But automatic renewal of HMO licences is not a given, and equally there is no guarantee that a new

owner would be granted a new licence either. HMO licences can be granted subject to conditions (e.g. to carry out works) requiring compliance by a fixed date.

On a recent PBSA acquisition we were involved in, the vendor's HMO licences for a number of cluster flats in a PBSA block were granted subject to conditions requiring fire safety works to be carried out by a deadline that had already passed. The concern for the purchaser was that this breach may impact the ability to procure new licences, or that if new licences were granted the timeframe for completion of the works to be imposed on the buyer by the new licences would be unachievable.

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The fact that no enforcement action had been taken to date was of little comfort given that the issue would be brought to light by the buyer's unavoidable application to the local authority for new HMO licences following acquisition. Accordingly, the vendor had no alternative but to carry out the necessary fire safety works required to comply with the conditions in the HMO licences as a condition of the sale completing.

This example highlights the need for owners and operators of student accommodation to stay on top of the requirements in their HMO licences as part of the ongoing building management process, especially if the property is being prepared for sale. And whilst the sector is more wary than ever of their [fire safety obligations](#), [thanks to the Building Safety Act 2022](#), it can often be overlooked how the HMO licencing regime can also impose statutory obligations on owners and operators of student accommodation.

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