

Build Your

# HMO PORTFOLIO

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Working  
together to  
build you a  
healthy &  
profitable  
portfolio.

HMOs are a highly profitable strategy in the property space. They can add value to property and provide returns of 20%+ on your hard earned and invested money. But you need to know what you are doing. Here is a 'cheat sheet' that we hope provides some insight into the process of sourcing and building an HMO.







# 01

Choose an  
area in  
which to  
invest.

Think about where your target audience wants to live, what amenities are close by, employment and transport links. Is there a market for renting rooms in your chosen area? Would people want to come and live in your shiny new HMO? The other matter to consider is whether the area is an Article 4 area or not. If it isn't you can turn your house into an HMO without planning. If it is in an Article 4 area, you will need Planning Permission from the local council to rent it out as an HMO.



# 02

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Find a property to purchase that can be converted into an HMO.

We find that 3 bed terraces are best for converting into a 7/8 bed HMO. They can be found all over the South Coast. The worst state the better as we are going to renovate it anyway! Check the local council website if it is an Article 4 area – not all properties can be converted into HMOs.

# 03

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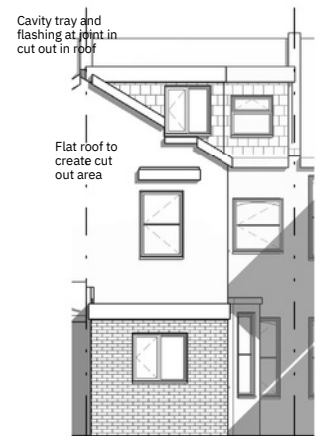
Chat to a broker who understands property investment.

Ideally they should be a property investor themselves. Even if you plan to fund the entire project with cash (which is easier), you will probably want to mortgage the property at the end of the project. A broker you can trust to get you the best deal is invaluable.

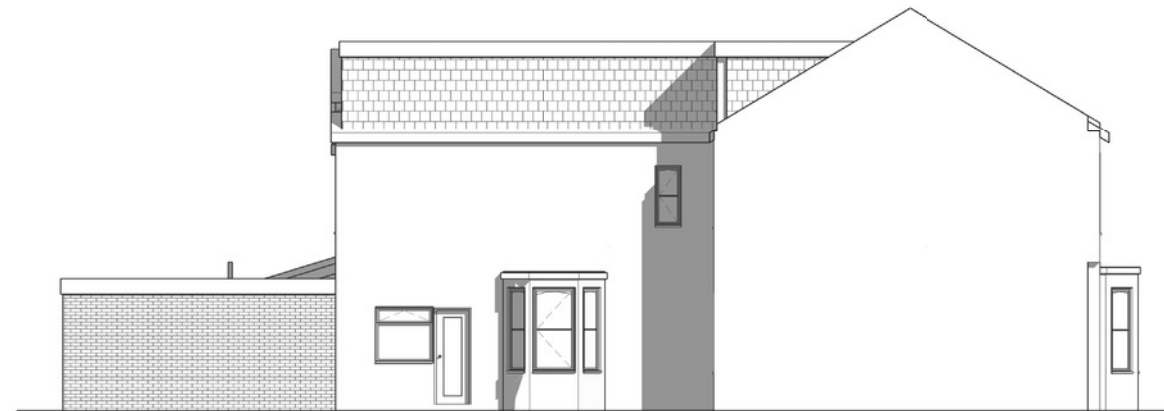
# 04

## Instruct an Architect

Your architect needs to understand HMOs and the national (and local) room size standards – these vary from council to council and if a room is too small you won't be able to rent it out. The Architect will draw up plans, and this is where it starts to become real!



**6 Proposed Rear**  
1 : 100



**7 Proposed Side**  
1 : 100

# 05

## Apply for planning.

Using the plans the architect has drawn up, if it is an Article 4 area you will need to apply for planning with the local council. If there are objections, it may need to go to committee, and investors are often invited to offer representation at planning committee meetings. Obviously, in order to be able to rent it as an HMO in an Article 4 area it MUST get through planning. HMOs outside of Article 4 areas are easier because the work required often does not require planning, but because it is easier, it can lower the end value. Depending on what other work the property needs (eg. An extension), it may still need planning.



# 06

Instruct an Interior Designer.

Do not skip this step! This next stage is where you need an interior designer to work with the architects to produce M&E plans which detail where doors, lights, radiators, toilets, showers, handbasins, furniture etc will all fit. Poorly designed HMOs will have furniture too big for a space, or light switches behind wardrobes etc. This stage is vital to creating a property that work for people and that appeals to tenants and creates a home they want to stay in long term. It's also when fire systems, emergency lighting and energy saving ideas are planned.



# 07

The build.

Once everything has been decided and signed off, the next stage is the build! Find a builder you can trust (not the cheapest). From rip out, to final design flairs this is where it all comes to life, and if you have a good builder, with a completed plan that doesn't change, this stage should take no more than 20-24 weeks.



# 08

## The exit.

Towards the end of the building phase, it's back to the broker to arrange the exit strategy and start the process of getting a mortgage. This phase just needs careful balancing of professionals so the end valuation is where we want it to be, without taking too long so the property is not sitting empty and we can move tenants in as soon as possible.

# 09

## Licensing.

You also need to arrange licensing at this point with the council. They will ask for multiple certificates to assure themselves your HMO is up to standard and safe to tenant.

Finally, it's time to hand it over to a letting agent you can trust, sit back and enjoy the regular hassle free income property generates, and over time, the capital growth.

# Get in touch.

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If that feels a bit daunting we can support you through the process, and we offer a 'start to finish' turnkey service that will use our own Power Team to create a beautiful high-end HMO for you that will generate £1500-£2000 per month in profit. If you would like to join our waiting list please go to **[www.thepropertygp.com](http://www.thepropertygp.com)** and register your interest.

