

Welsh Government consultation on the valuation of houses in multiple occupation (HMOs) for

Council Tax

Response from Propertymark

October 2024

Background

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 18,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development¹

Consultation – overview

2. The Welsh Government are consulting to seek views on draft Regulations:
 - to ensure HMOs are banded as a single property with 1 Council Tax band
 - to ensure the HMO owner remains liable for Council Tax
3. To achieve this, the Welsh Government are proposing to disapply the Council Tax (Chargeable Dwellings) Order 1992 (“the 1992 Order”) and the Council Tax (Liability for Owners) Regulations 1992 (“the 1992 Regulations”) in relation to Wales and make the Council Tax (Chargeable dwellings) (Wales) Regulations 2025 and the Council Tax (Liability for Owners) (Wales) Regulations 2025.

Question 1 Do you agree with the Welsh Government’s policy to provide a consistent approach for the treatment of HMOs for Council Tax purposes, ensuring HMOs are aggregated and treated as a single dwelling and have 1 Council Tax bill?

4. Propertymark welcomes the proposal to aggregate Houses of Multiple Occupation (HMOs) to be treated as one single dwelling with one council tax bill. This will bring Wales into line with policy in England. As of the 1st of December 2023, all HMOs in England are to be valued as a single property (aggregated) for Council Tax purposes².

¹ [The professional body for the property sector | Propertymark](#)

² [Houses in Multiple Occupation \(HMOs\) - GOV.UK \(www.gov.uk\)](#)

5. Firstly, the current system where council tax is 'disaggregated' and billed for each HMO unit as a separate dwelling, has resulted in an inconsistent and unfair taxation billing system, where contract holders are paying more than other residents on the same street. By aggregating council tax as one unit for HMO's, council tax bills are likely to be reduced for contract holders. This is key as HMO's are becoming increasingly popular as an affordable housing solution for low paid contract holders or those in receipt of means tested benefits.
6. Secondly, by aggregating council tax bills for one unit for HMO's, the system will be less complex and will allow landlords to pay the council tax and proportion the overall cost to each contract holder as part of their rent rather than the confusion from separate bills being issued.

Question 2 Do you agree with the proposed definition of HMOs for Council Tax purposes as set out in the draft Regulations?

7. Propertymark agrees with the definition of HMO's for council tax purpose as set out in the draft regulations. We welcome the inclusion of a clear definition to ensure a clear and consistent approach. Previously, under the system where HMO properties could be disaggregated, some contract holders were paying council tax bills while other contract holders were not. In some cases, these council tax bills could be quite high and a financial strain on contract holders. The previous approach was under the discretion of local authorities in Wales, and was not only inconsistent, but often unfair.
8. Section 3(2) of the Local Government Finance Act 1992 defines what is meant by "dwelling" and section 3(5)(b) provides that Welsh Ministers may prescribe that any dwelling which would be two or more dwellings would be treated as 1 dwelling. Local authorities should have accurate records of some HMO's if they have three or more storeys and are occupied by five or more persons forming two or more households, which would come under mandatory licensing regimes. For local authorities that have introduced additional licensing, they should use those records. However, in most cases local authorities should work with the Welsh Government and the Valuation Office Agency to identify HMOs and correctly band them for council tax should the proposal be agreed.

Question 3 Are there other types of properties not included in the definition for HMOs in the draft Regulations which should be aggregated and treated as a single dwelling for the purposes of Council Tax valuation and banding?

9. Propertymark recommends that the Welsh Government and the VOA liaises with all twenty-two Welsh local authorities to consider any properties that fall outside of the definition that could be reasonably considered and to resolve these between the three parties.

Question 5 Are there any other types of properties not currently defined that could be considered to be treated as a single dwelling for the purposes of Council Tax valuation and banding?

10. Propertymark recommends that the Welsh Government and the VOA liaises with all twenty-two Welsh local authorities to consider any properties that fall outside of the definition that could be reasonably considered and to resolve these between the three parties.

Question 6 Do you have any other comments on the proposals?

11. Propertymark acknowledged that should the proposals be brought forward; retrospective council tax bills will not be considered. We further understand that it will be incumbent on landlords and their property agents who have disaggregated properties, to apply to the VOA to request that their properties are aggregated on the valuation list.
12. Propertymark would be very happy to liaise with the Welsh Government, the VOA and Welsh local authorities to communicate any changes that property agents and landlords should be made aware of and to consider appropriate communication with our membership.
13. As a concluding thought, we also believe that if the proposal is approved, legislation from the Renting Homes (Fees etc) (Wales) Act 2019³³ should be amended to allow landlords to charge tenants with the cost of council tax as a permitted payment. This would appear to be the fairest and most transparent method for landlords to be reimbursed from the cost of aggregated council tax and that this should be fairly proportioned with other contract holders.

³³ [Renting Homes \(Fees etc.\) \(Wales\) Act 2019 \(legislation.gov.uk\)](https://legislation.gov.uk)

Question 7 The Welsh Government would like your views on the possible effects that the proposals for HMOs could have on the Welsh language, specifically on:

- 1. opportunities for people to use Welsh**
- 2. on treating the Welsh language no less favourably than English**

14. Propertymark does not feel the proposals will have any negative impact on opportunities for people to use Welsh or in treating the Welsh language any less favourable than English language.

Question 8 Please also explain how you think the proposals for HMOs could be developed so as to have:

- 1. positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language**
- 2. no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language**

15. Propertymark does not have any further comments