Bath and North East Somerset Council

Local Plan 2025 – 2043

Pre-submission Draft Local Plan (Reg 19) September 2026

Research Note: Houses in Multiple Occupation (HMOs)

Bath & North East Somerset Council

Improving People's Lives

1. Introduction

1.1 This research note has been prepared to support the Bath and North East Somerset Local Plan and the Houses in Multiple Occupation (HMO) related policies within it.

1.2 An HMO is a house or flat which is occupied by three or more unrelated people who share facilities such as a kitchen or bathroom. HMOs are an important part of the local housing market, particularly within Bath, providing affordable accommodation for student, professionals and migrant workers among others.

1.3 This research note/topic paper has three main purposes:

- to provide background to Policy H2 (Houses in Multiple Occupation) of the adopted B&NES Development Plan and how the policy is implemented; and
- to summarise relevant supporting evidence that provides justification for updating Policy H2 in the Bath and North East Somerset Regulation 19 Draft Local Plan.

2. Local Planning Context

2.1 The Council exerts greater planning controls over HMOs in Bath, and in July 2013 introduced a citywide Article 4 Direction to control the future growth and geographic spread of HMOs. In response to the Article 4 Direction, a change of use from residential to C4 HMO now requires planning permission across Bath.

2.2 The Bath and North East Somerset Council's adopted approach to the distribution and dispersal of Houses in Multiple Occupation (HMOs) is outlined in Local Plan Policy H2 and operates together with the citywide Article 4 Direction and the HMO Supplementary Planning Document (SPD).

2.3 The HMO SPD adopted the approach that planning permission would not be granted for a new or intensified HMO where HMO properties represent 10% or more of households within a 100-metre radius of the application property.

2.4 The threshold relates to the proportion of HMOs in an area which the Council considers to be a balanced concentration. A 10% or higher concentration of HMOs in an area is considered to create an overconcentration, and an unbalanced mix in the community.

2.5 The intended outcome of the SPD was to prevent over concentrations of HMOs in certain areas of Bath, therefore leading to more choice in areas to rent privately across the City.

The current threshold

2.6 The existing threshold is currently set at 10%. This was reduced from 25% in 2017. The threshold is currently set at 10% for the following reasons:

- The 2008 report titled Balanced Communities and Studentification by the National HMO lobby[1] describes what is considered to be a balanced community, with regard to housing type mix. The report describes a ‘tipping-point’, which is the threshold at which a community tips from balance to un-balance. With regard to HMOs, the tipping-point occurs when HMOs exceed 10% of the properties in an area, or when HMO occupiers exceed 20% of the population in an area.
- Nationally, the majority of Local Authorities with HMO restrictions in place base these on a 10% threshold (See appendix 1). Some have higher thresholds, but 10% is the lowest.

3. National Planning Context

3.1 The NPPF (2024) does not include specific policy, guidance, or reference to HMOs but Paragraph 63 states that local planning authorities are required to make provision for the size, type and tenure of housing needed for different groups in the community, including for those who require affordable housing, students, families, and people who rent their homes.

4. The current picture

4.1 According to Council monitoring on consented, licensed, lawful, and/or known HMOs, there are 2441 HMOs in the city[2] (Figure 1), representing 5.3% of the total residential addresses[3].

[1] Balanced Communities and Studentification: Problems and Solutions
[2] HMOs created since 2006. It is accepted that it may not be possible to identify all current properties of this type. There may be existing HMOs which are occupied but unknown to the Council.
[3] Compared to the Local Land and Property Gazetteer

4.2 The 2021 Census dataset RM192, includes an estimate of the number of HMOs in relation to the existing housing stock (including both small and large HMOs) for local authority areas, enabling comparison between local authority areas in England and Wales.

4.3 B&NES ranks 18th out of 331 local authorities, with HMOs representing 2.79% of the total housing stock. Most of the highest local authorities by percentage HMOs are London boroughs and university cities such as Cambridge (4th), Bristol (8th) and Brighton and Hove (12th). Oxford City Council has the highest percentage of HMOs, with 5.25%.

4.4 HMOs in B&NES are relatively sparce outside of Bath City. According to Council data, there are 163 HMOs outside of the Bath City boundary, representing 0.3% of residential addresses outside of the Bath City boundary. Therefore, the scarcity of HMOs outside of Bath City impact its overall percentage of HMOs in Census statistics.

4.5 When considering the HMO percentage specifically within Bath city (5.3%), the concentration of HMOs is comparable to the highest observed nationally, highlighting B&NES Council's unique position in relation to HMOs compared to the national level.

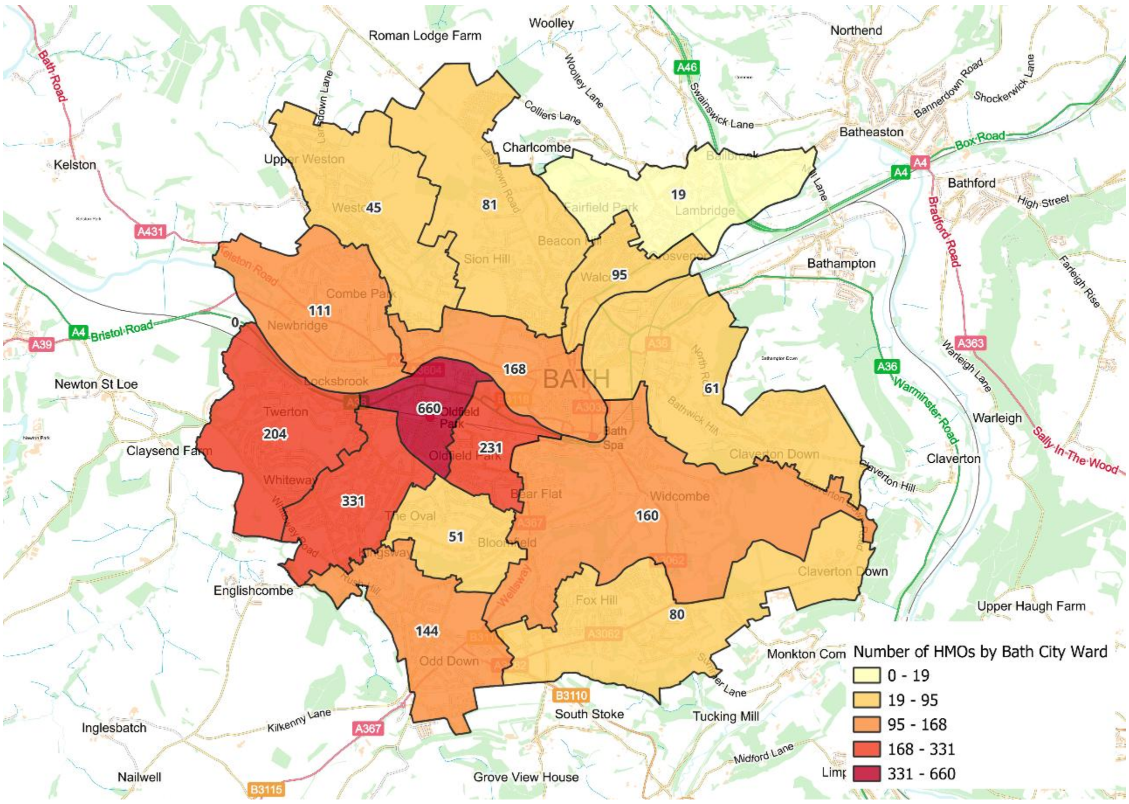

Figure 1: Quantity of HMOs per Bath city Ward

Current picture: Ward-level

4.6 The Wards with the highest concentration of current HMOs are Westmoreland, Southdown, and Oldfield Park respectively (Figure 1).

4.7 The Councils current position is that a 10% or higher concentration of HMOs in an area is considered to create an overconcentration causing an unbalanced community mix.

4.8 Figure 2 shows that at the Ward level, HMOs represent over 10% of residential properties in Westmoreland, Southdown, and Oldfield Park.

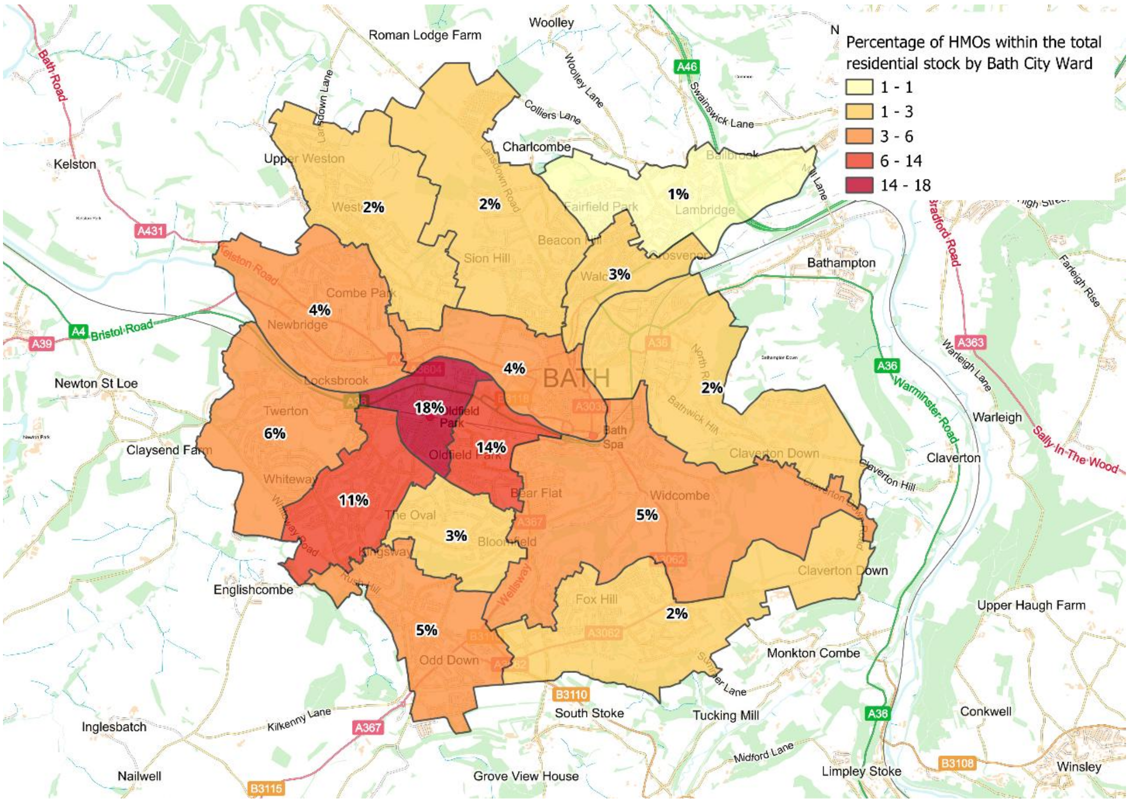

Figure 2: HMO concentrations at the Ward level

4.9 Figure 3 shows the Bath Census Output Areas (COAs) in which residential addresses comprise of 10% or more HMOs. This shows that at a closer to neighbourhood level, there are currently high densities of HMOs in Westmoreland, north of the Southdown Ward, and east of the Oldfield Park ward.

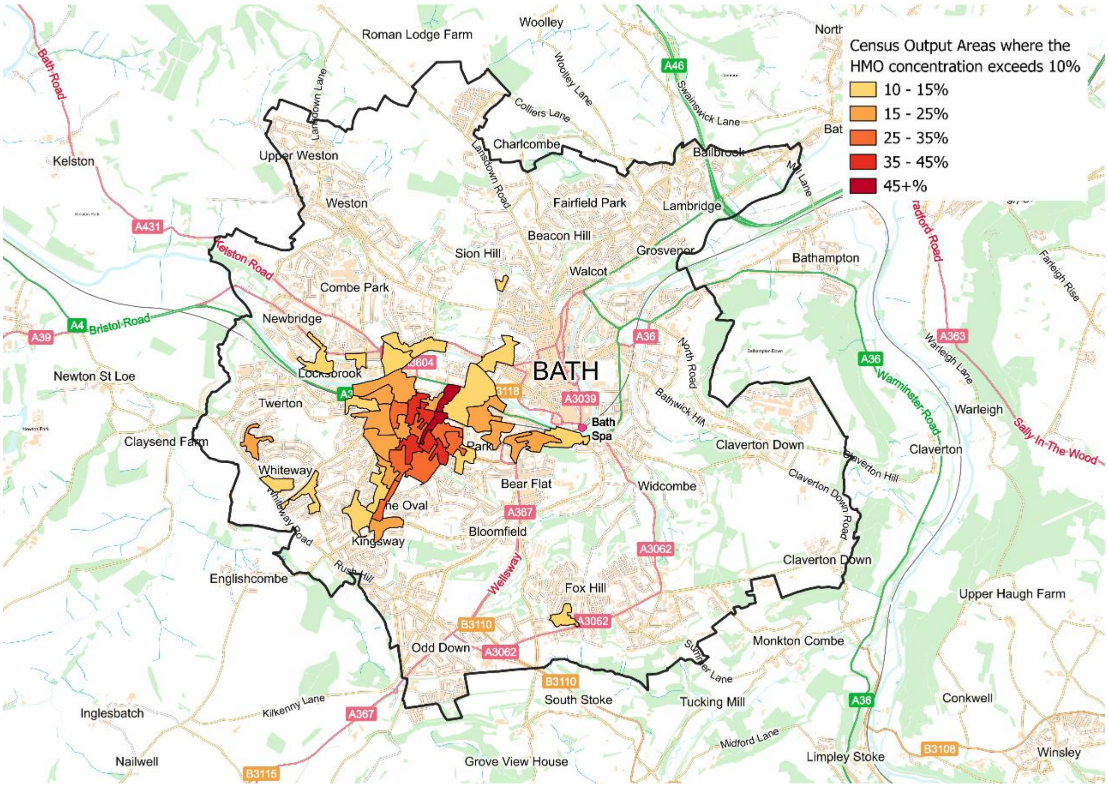

Figure 3: Census Output Areas in Bath city where the HMO concentration exceeds the 10% 'tipping point'

4.10 Since the Council updated the current threshold approach to determining planning applications for new HMOs in 2022, the most HMOs created have been in Twerton, Odd Down, and Westmoreland respectively (Figure 4)

4.11 It was acknowledged that dispersal could be an outcome of the SPD. Dispersal would reduce overconcentration in certain areas of Bath and leading to more choice in areas to rent privately across the City[4].

[4] Equality Impact Assessment / Equality Analysis that was prepared in relation to the HMO SPD Update in 2021

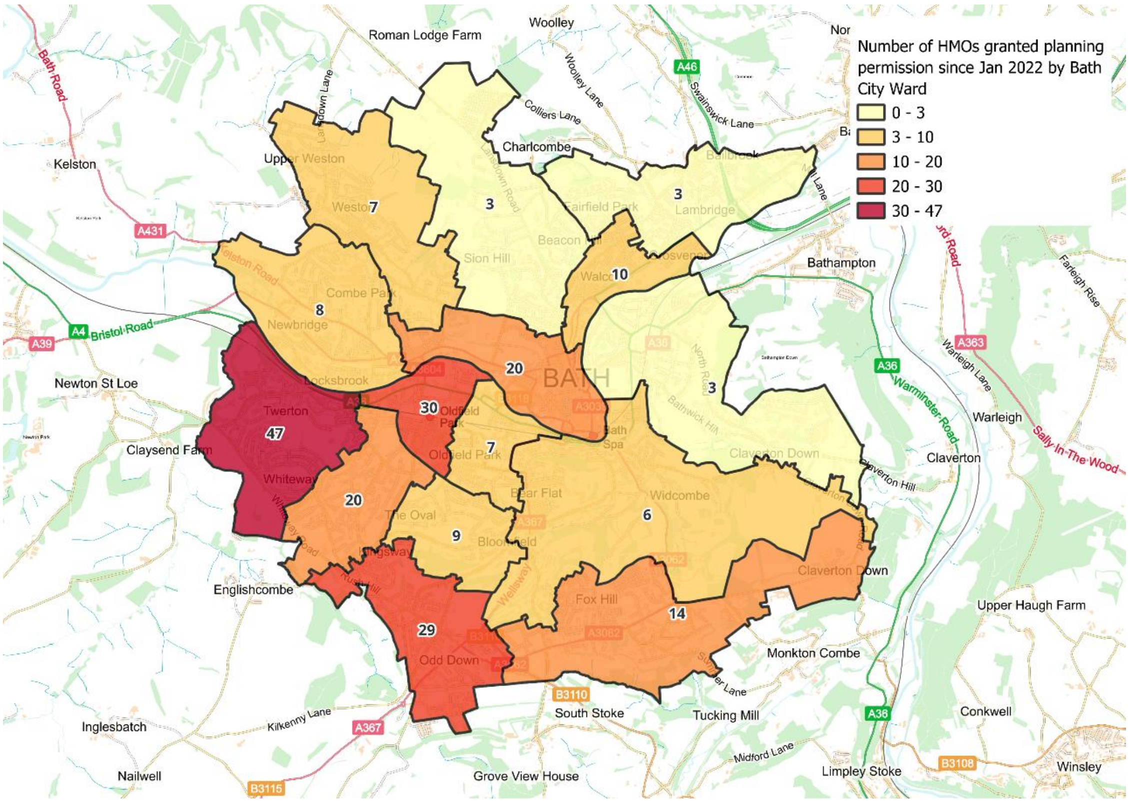

Figure 4: Quantity of HMOs converted by Bath city Ward since January 2022

5. Issues with displacement

5.1 The Office for National Statistics [‘Income estimates for small areas, England and Wales’](), provides data for the mean household disposable (net) income at Middle layer Super Output Areas (MSOAs) (also described as “local areas”) in England and Wales for financial year ending in 2023. This allows affordability ratios to be calculated by dividing median house prices[5] by gross annual household income for each local area.

5.2 An affordability ratio for B&NES was also calculated by dividing the median house price[6] by the average household income for the local authority area[7].As of the financial year ending in 2023, the affordability ratio in B&NES was 9.8,

[5] Office for National Statistics Median house price by MSOA dataset

[6] Median house price for the year ending in 2023 (Source: ONS - Housing affordability in England and Wales: 2024)

[7] Average household disposable (net) income for B&NES was calculated by aggregating MSOA-level incomes. For each MSOA, mean disposable household income was multiplied by the number of households, and these totals were summed across all MSOAs. This combined total was then divided by the total number of households in B&NES, producing a mean disposable household income of £40,330.

meaning that the median house price was 9.8 times larger than the average household disposable (net income)[8].

5.3 Figure 5 shows that the areas of Twerton, Southdown, and Odd Down have affordability ratios below the local authority average of 9.8.

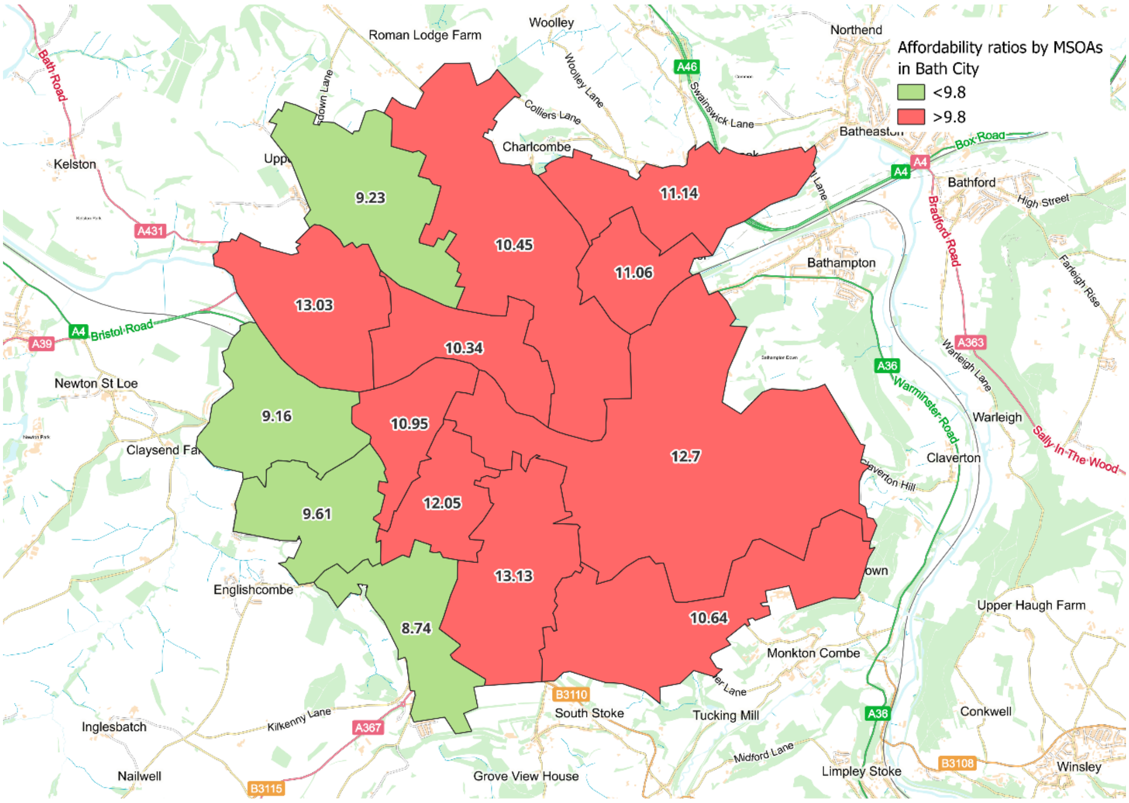

Figure 5: Affordability ratios in Bath city by Middle Super Output Area (MSOA)

5.4 Median house price figures for the financial year ending in Mar 2025 show that MSOAs closely related to the Wards of Twerton, Southdown, and Odd Down are still the most affordable in Bath City (Figure 6).

5.5 Figure 4 shows that the areas of Twerton, Southdown, and Odd Down have also had some of highest numbers of HMO creation since 2022.

[8] The B&NES affordability ratio of 9.8 for 2023 is calculated by dividing the median house price (£395,000) by the mean disposable (net) household income (£40,330). This differs from official ONS local authority affordability ratios, which use the median workplace-based earnings of individuals from Annual Survey of Hours and Earnings (ASHE) data rather than household income. MSOA income estimates are based on gross household income for all household members, these were aggregated to the local authority level to allow a like-for-like comparison with MSOA affordability. ONS acknowledge that local area income estimates can be aggregated to LA level, but the associated confidence intervals can't be produced, due to the modelling methods used.

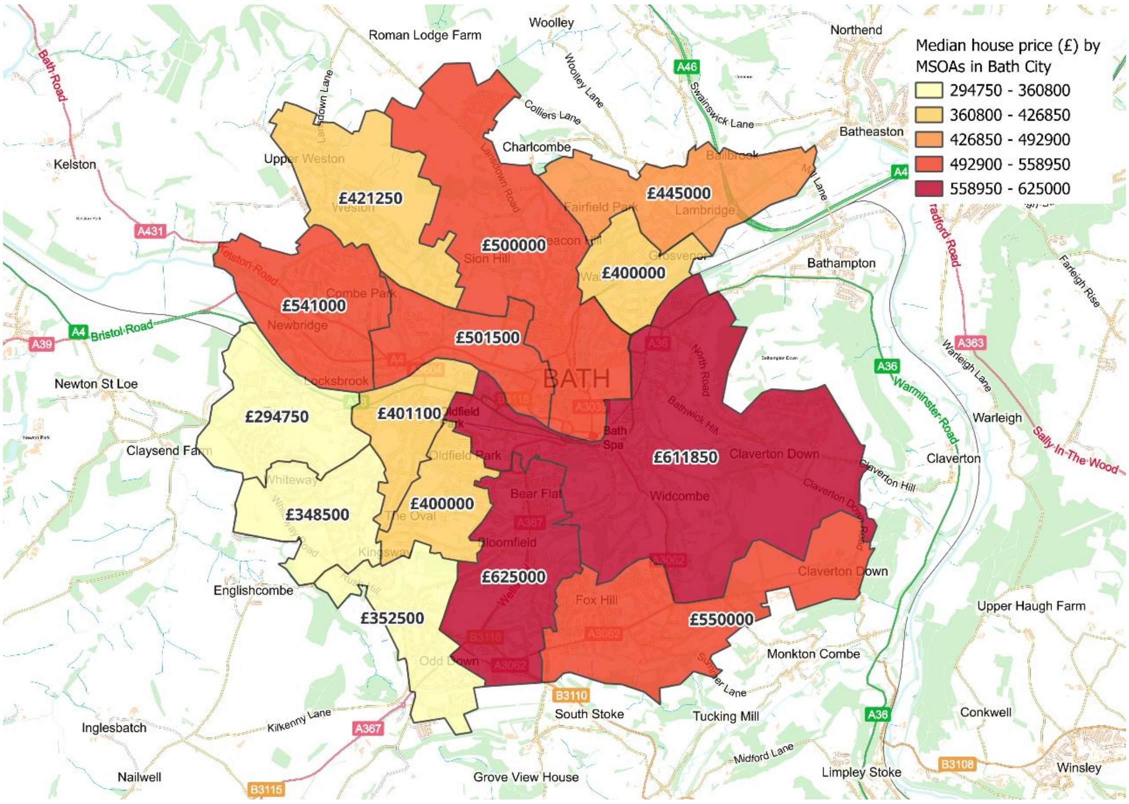

Figure 6: Median house price (£) in Bath city by Middle Super Output Area

5.6 Bath & North East Somerset faces several housing-related challenges. Recently, Bath was ranked the third least affordable city in the UK. This unaffordability creates significant issues, including a high number of households on the social housing waiting list, the highest number of households in temporary accommodation in 20 years, and negative pressure on economic growth.

5.7 Moreover, Bath is a constrained city and lacks the ability to expand outwards into the setting of the World Heritage Sites without causing substantial harm. Therefore, the council needs to carefully consider the impact that continued conversion of traditional C3-dwellings to Use Class C4 HMOs will have on housing options for families, especially in market housing areas which are more affordable.

6. Policy option

6.1 Considering observations that HMO creation is being dispersed from traditionally high concentration areas to the wider city, where market housing is more affordable, the Council proposed an option to update policy H2. During B&NES Council's Regulation 18 consultation between 3rd October to 14th November 2025, the Council consulted on three policy options for updating H2: a citywide restriction on 3-bed C3 conversions, a targeted Ward restriction on 3-bed C3 conversions, or retain the existing policy as written.

6.2 Following consideration of representations, the proposed policy update will adopt an approach to prohibit the creation of an HMO where it would result in the loss of 3-bed C3 dwellings in specific Wards where market housing is relatively more affordable, protecting the supply of housing in these areas suitable for owner occupation by families and first-time buyers among other groups.

7. Justification for the policy approach

7.1 The Local Housing Needs Assessment (LHNA) (September 2025 Draft) identifies the overall housing need for market housing in B&NES. Over the emerging plan period (2025-2043), a priority need has been identified for 5,650 C3 3-bed dwellings for general needs housing amongst market housing.

7.2 3-bed households already make up the largest proportion of all households in Bath City (Table 1).

Table 1: Households in Bath city by bedroom size (Source: Census 2021 Dataset TS050)

Total: All households in Bath City		1 bedroom		2 bedrooms		3 bedrooms		4 or more bedrooms	
number	%	number	%	number	%	number	%	number	%
39017	100	6619	16.96	10353	26.53	12863	32.97	9182	23.53

7.3 Utilising both HM Land Registry's Price Paid Data on property transactions in Bath city and MHCLG's Energy Performance Certificate data, the average housing transaction price paid by bedroom size in Bath City per annum since 2013 was calculated from 3,082 records. This shows that the average property transaction price for a 3-bed dwelling in Bath City is typically lower than the average property price in B&NES per annum between 2013 and 2025 (Figure 7).

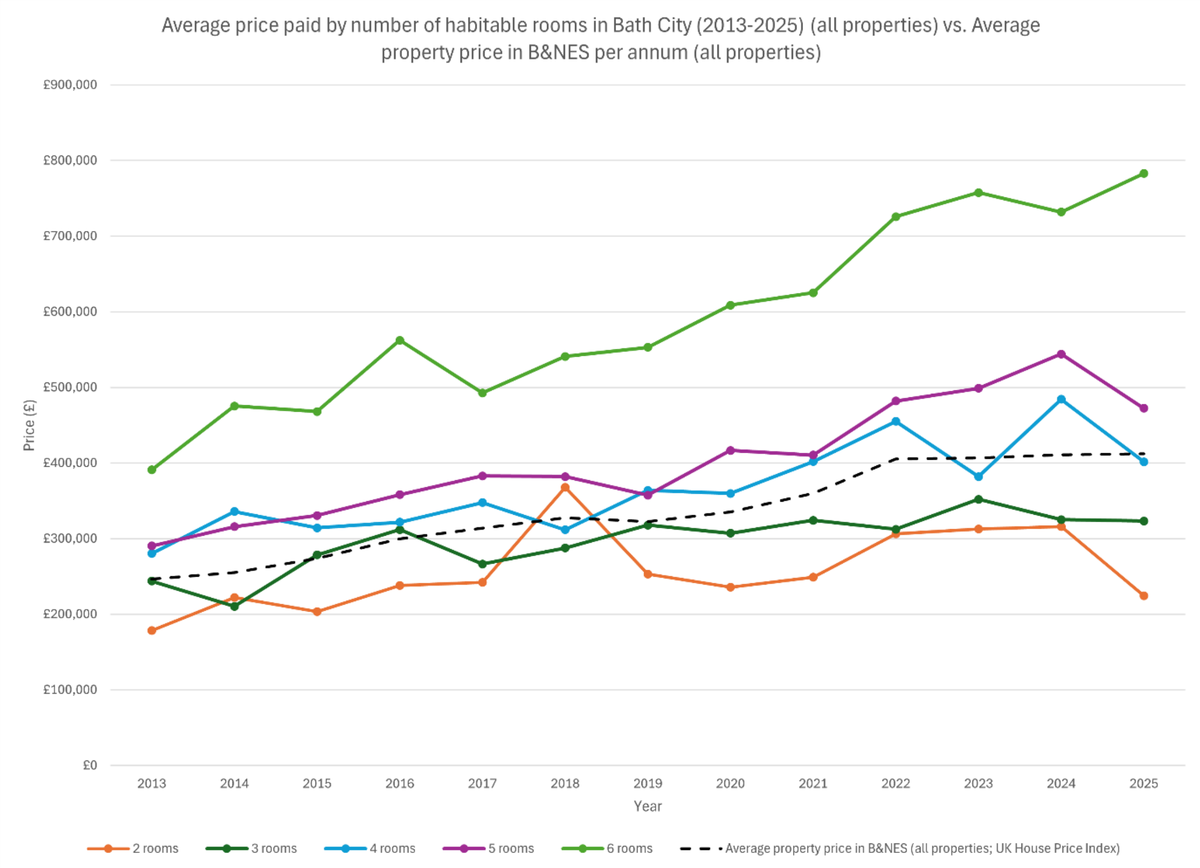

Figure 7: A line graph showing the average property transaction price by dwelling size per annum in Bath city (2013-2025) against the average B&NES property price per annum

7.4 Council records on planning permissions granted between 2013 and 2025 to convert C3-dwellings into Use Class C4 HMOs show that 3-bed C3 dwellings represent more than half of granted change of use planning permissions.

Table 2: Quantity of C3 dwellings converted to HMOs (Use Class C4 and Sui Generis) between 2013 and 2025 by existing dwelling size

Number of habitable bedrooms in existing C3 dwellings	Number of planning permissions granted for the conversion of C3 dwellings to Use Class C4 HMOs between 2013 and 2025	% of total permissions granted between 2013 and 2025
1-bed	6	1
2-bed	57	12
3-bed	245	52
4-bed	128	27
5-bed	30	6
6-bed	7	1
7-bed	1	0

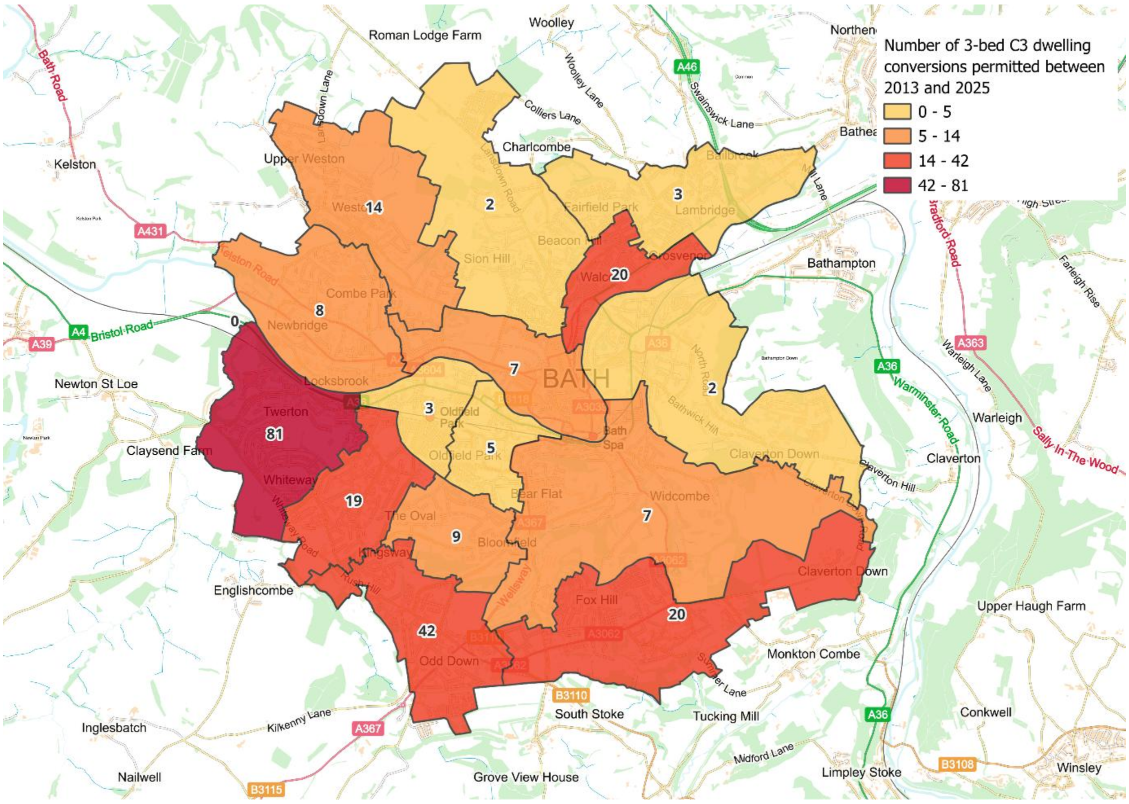

Figure 8: Quantity of 3-bed C3 dwellings converted into HMOs by Ward in Bath city (2013-2025)

7.5 Spatially, the Wards with the highest permitted number of 3-bed C3 conversions between 2013 and 2025 are Twerton (81), Odd Down (42), Walcot (20), Combe Down (20), and Southdown (19) respectively (Figure 8).

7.6 In conclusion, there is an objectively assessed priority need for 3-bed dwellings over the new B&NES Local Plan period (2025-2043). 3-bed C3 dwellings in Bath city are relatively more affordable than the B&NES average property price. 3-bed C3 dwelling conversions represent the majority of HMO conversions and are spatially concentrated in the Wards where the market housing is relatively more affordable.

Approach for protecting housing supply from a targeted Ward level approach

7.7 The NPPF (2024) expects that planning measures used for the removal of permitted development rights should be proportionate, based on robust evidence, and applied to the smallest geographical area possible.

7.8 This research note has showed that the Wards of Twerton, Southdown, and Odd Down are relatively more affordable than other Wards in Bath city. Moreover, the majority of 3-beds C3 conversions since 2013 have been concentrated in these Wards, and 3-beds in Bath city are relatively more affordable than the B&NES average. Therefore, an approach to restrict the conversion of 3-bed C3 dwellings in the Wards of Twerton, Southdown, and Odd Down is considered appropriate and proportionate.

7.9 On average, around 12 3-bed C3 dwelling conversions into Use Class C4 or Sui Generis HMOs are permitted per annum, in the Wards of Twerton, Southdown, and Odd Down.

Table 3: Quantity of 3-bed C3 dwellings converted into HMOs in the Wards of Twerton, Southdown, and Odd Down per annum (2014-2025)

Year	No. of 3-bed C3 dwellings granted change of use permission to an HMO in the Wards of Twerton, Southdown, and Odd Down
2014	6
2015	3
2016	11
2017	14
2018	14
2019	18
2020	14
2021	18
2022	10
2023	11
2024	12
2025	10
Average	11.75

7.10 The number of 3-bed dwellings which could be retained over the plan period (2025-2043) through a targeted Ward-level policy approach which would seek to restrict the conversion of 3-bed C3 dwellings have been estimated. To account for uncertainty, a ranged-estimation has been used, including a low-range (8), mid-range (12), and high-range (16) for the annual number of permissions granted for the conversion of 3-bed C3 dwellings.

Table 4: C3 Housing Supply retention estimates

	Low range	Mid range	High
Estimated no. of 3-beds to be retained if conversion of 3-bed C3 dwelling to an HMO is restricted over the plan period at a targeted Ward-level (2025-2043)	144	216	288

7.11 It is estimated that a policy approach to restrict the conversion of 3-bed C3 dwellings to HMOs at a targeted Ward-level (Twerton, Southdown, and Odd Down) could retain around 2.5-5% of the 3-bed dwellings needed to meet the general needs market housing over the plan period identified in the LHNA.