



Caerphilly County Borough
2nd Replacement Local Development Plan 2020-2035

EB57: Housing in Multiple Occupancy Evidence Paper

October 2026



**Caerphilly County Borough
2nd Replacement
Local Development Plan 2020-2035**

**EB57
Houses in Multiple Occupation (HMOs)
Evidence Base Paper**

1. INTRODUCTION

- 1.1 This paper considers the provision of Houses of Multiple Occupancy (HMOs) within Caaerphilly County Borough. It is one of a series of papers produced as part of the evidence base for the 2nd Replacement Local Development Plan, 2020-2035 (2RLDP). Each topic paper can be read in isolation or together to gain a wider understanding of how the policies and/or allocations in the 2RLDP have been developed to address issues facing Caerphilly County Borough.
- 1.2 Whilst HMOs have long been contentious, they are widely recognised as an important source of affordable accommodation, and they are likely to continue to play an important role in meeting housing needs, particularly for students and people on low-incomes. However, applications for new HMOs often prompt concerns about their potential effect on local communities and neighbourhood amenities.
- 1.3 The Caerphilly County Borough Local Development Plan up to 2021 (Adopted LDP) does not contain a specific policy in respect of the provision of HMOs. It is important to consider whether a policy response is needed in the Caerphilly County Borough 2nd Replacement Local Development Plan 2020-2035 (2RLDP).

2. LEGISLATIVE CONTEXT

- 2.1 HMOs are subject to a clear and statutory framework. Under the Housing Act 2004, mandatory licencing applies to properties with three or more storeys that are occupied by five or more individuals forming more than one household and sharing facilities such as a kitchen or bathroom. In Wales, the Housing (Wales) Act 2014 places responsibility on local authorities to administer HMO licencing schemes, including setting licence conditions and taking enforcement action where these schemes are not met.
- 2.2 Local authorities have discretion to go further by introducing additional licencing schemes to capture smaller HMOs or those in specific areas where there are concerns about property management, safety, or community impact. They may also extend licencing requirements to certain property types that fall outside of the statutory HMO definition in planning terms.
- 2.3 Local authorities can also use planning powers to manage the concentration of HMOs, including requiring planning permission for new HMOs and setting limits where necessary to maintain balanced communities.
- 2.4 In 2016 the Welsh Government made changes to the Town and Country Planning (Use Classes) Order to enable local authorities to have the ability to manage the future growth and concentration of HMOs. These amendments introduced a new use class for HMOs (C4) which are occupied by between three and six unrelated individuals, with the effect that these properties are distinct from traditional 'family' homes (C3) in planning terms. Large houses in multiple occupancy (those with more than six people sharing) are unclassified by the Use Classes Order and in planning terms are therefore considered as a 'unique use'.
- 2.5 In consequence, a planning application will be required for a change of use from a dwellinghouse to a C4 HMO, or from a dwellinghouse to a large HMO, or from a C4 HMO to a large HMO, where a material change of use is considered to have taken place.
- 2.6 The changes mean that local authorities can consider adopting local policies to control the density and spread of HMOs when preparing and reviewing their Local Development Plans

(LDPs). Planning applications would then be assessed against these policies allowing local authorities greater control over new HMOs.

3. DEMAND FOR HMOs

- 3.1 HMOs have historically served tenants who are younger, in single-person households, staying for relatively short periods, and often on lower incomes. A large number of HMOs are used as student accommodation and HMOs continue to be concentrated in university cities and towns in Wales.
- 3.2 However, the market for HMOs is broader than students. Demand appears to be growing amongst professionals in their 20s and 30s. This may reflect affordability constraints facing young people, given increases in private rents and the decreased affordability of home ownership.

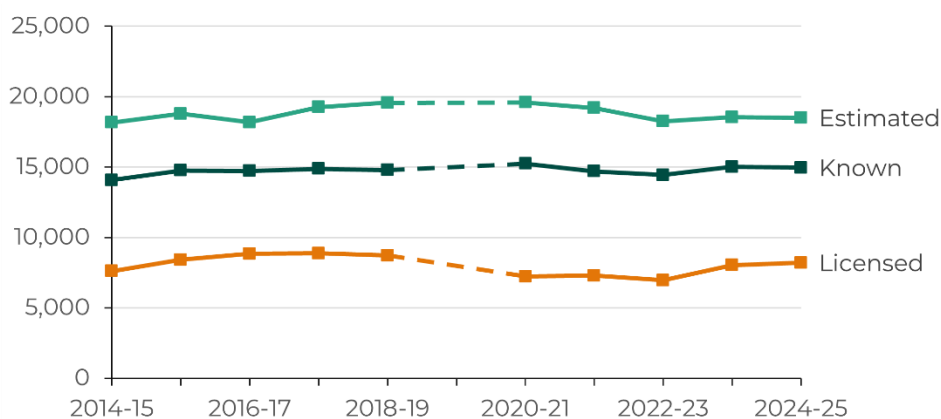
4. EVIDENCING THE NEED FOR HMO POLICY WITHIN THE 2RLDP

- 3.3 All local planning authorities are required to keep under review matters affecting development in their area and the LDP review process enables local authorities who do not currently have HMO policies in place to respond to changes in local circumstances accordingly.
- 3.4 The overall number of known HMOs in Wales has risen slightly compared to a decade ago, though trends vary across areas.

HMOs in Wales

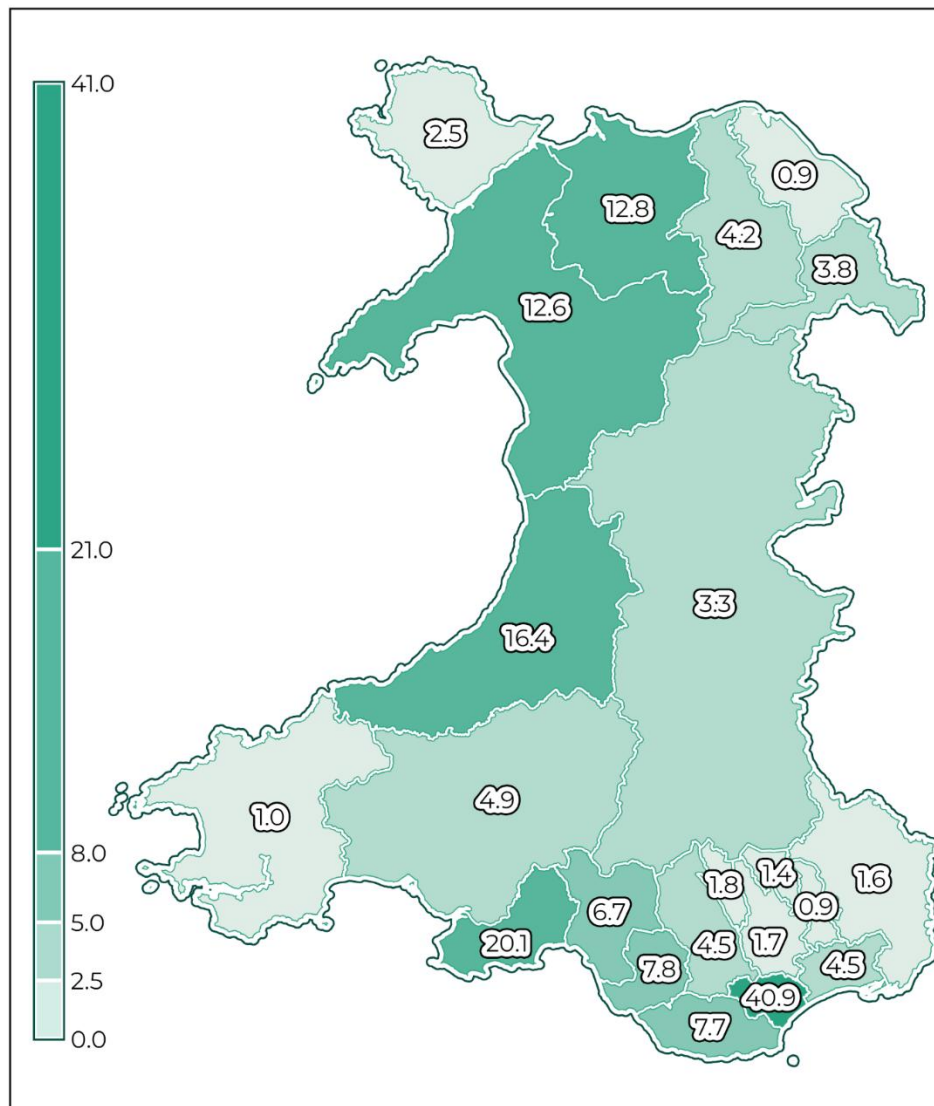
- 3.5 There were 14,954 known HMOs in Wales as of March 2025, though local authorities estimate the total number could be 18,490. The number of known HMOs has risen by 884 (or 6.3%) since 2014-15, while the estimated number has risen by 323 (1.8%). Both figures fluctuate from year to year, and the dataset does not show turnover within the HMO stock.

Figure 1: Estimated, known and licensed HMOs in Wales



Source: *Houses in Multiple Occupation (HMOs) by local authority area and Dwellings licenced by local authority area and licence type*, StatsWales.
(Data not collected for 2019-20 due to the impact of the COVID-19 pandemic).

- 3.6 The highest concentration of HMOs is in Cardiff, which has 41 known HMOs per 1,000 dwellings. The lowest concentrations are in Torfaen, Flintshire and Pembrokeshire, each with around 1 known HMO per 1,000 dwellings.



HMOs in Caerphilly County Borough

5. CONCLUSION

- 3.9 LDP policies must be justified on material planning grounds having regard to local evidence and the local authority must be able to demonstrate that further concentration of HMOs would harm the local area. Policies must also satisfy the various 'tests of soundness' explored by Planning Inspectors during an LDP Examination.
- 3.10 In order to justify a policy intervention, it would need to be evidenced that the concentration of HMO's has an impact on local character. On the basis of the low number of HMOs within Caerphilly County Borough, it is not considered that the character of the area has been changed or would be changed within the lifetime of the plan. As such it is not considered that it would be necessary or justified to include a specific HMO policy within the 2RLDP. HMO applications should continue to be determined in accordance with national and local planning policies.