



**TOPIC PAPER:
HOUSES IN MULTIPLE
OCCUPATION (HMO)
OCTOBER 2025**

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1. INTRODUCTION

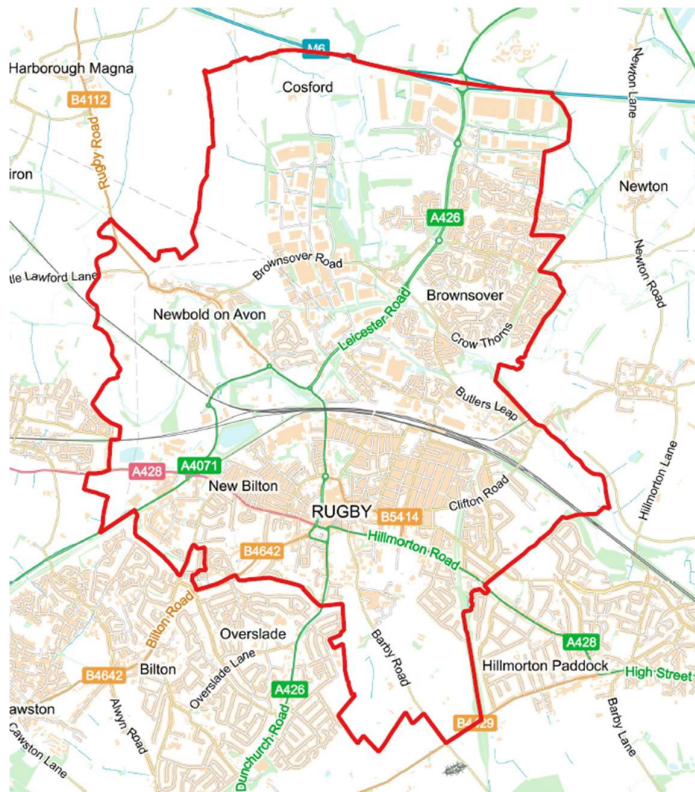
- 1.1. This topic paper provides an overview of the status, issues and impacts of Houses in Multiple Occupation (HMOs) within the Rugby Borough area and the policy implications this could have. It forms part of the evidence base for the inclusion of a new policy on HMOs within the emerging Local Plan to complement the Article 4 Direction which came into force in February 2025.

BACKGROUND AND POLICY CONTEXT

- 1.2. The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 defines the following types of property as a house in multiple occupation (HMO):
- *a house or flat let to three or more tenants who form two or more households while sharing a kitchen, bathroom or toilet - if you rent out a property to five or more tenants who form two or more households, you must apply for a HMO licence*
 - *a building converted entirely into self-contained flats if the conversion fails to meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies*
- 1.3. The Use Classes Order defines small HMOs housing 3-6 unrelated individuals who share basic amenities as Class C4 dwellings. There is no automatic requirement for planning permission when converting a standard C3 dwelling into a C4 HMO. Large HMOs with more than 6 unrelated individuals are classed as Sui Generis and always require express planning permission for a change of use.
- 1.4. Following concerns identified through the emerging Local Plan Issues and Options consultation relating to the growth and concentration of HMOs within certain wards of the Borough, it was decided to introduce an Article 4 Direction to help manage the location of HMOs and bring them under planning control.
- 1.5. The emerging Local Plan's housing policies will also make provision for additional controls on the distribution of HMOs within individual streets to minimise impacts on existing residents and the wider setting.

- 1.6. The Article 4 Direction came into effect in February 2025 and removed deemed planning consent for new HMOs in 5 wards (see Figure 1 below) meaning a planning application will be required for change of use from C3 dwelling to C4 HMO in this defined area.

Figure 1 - Defined area for Article 4 Direction



- 1.7. HMOs provide high-density accommodation and typically cluster in areas of relative high-density housing. While offering efficient use of land and affordable accommodation, the impacts of this density on the wider area must also be considered.
- 1.8. The National Planning Policy Framework (December 2024) states in paragraph 129 on the density of housing that:
Planning policies and decisions should support development that makes efficient use of land, taking into account:
- a) the identified need for different types of housing and other forms of development, and the availability of land suitable for accommodating it;*
 - b) local market conditions and viability;*
 - c) the availability and capacity of infrastructure and services – both existing and proposed – as well as their potential for further improvement and the scope to promote sustainable travel modes that limit future car use;*
 - d) the desirability of maintaining an area’s prevailing character and setting (including residential gardens), or of promoting regeneration and change;*
 - e) the importance of securing well-designed, attractive and healthy places.*

METHODOLOGY

- 1.9. This topic paper is primarily based on the register of licensed HMOs held by the Environmental Health department at Rugby Borough Council, as of 30th September 2025. The full register is not included in an appendix due to current restrictions on publishing the register.
- 1.10. The latest HMO register has also been compared with the register from 30th November 2023 which was used in the evidence base for the Article 4 Direction. This served as the benchmark for determining change in numbers of licensed HMOs within the last 22 months.
- 1.11. Location data for licensed HMOs was mapped using GIS tools to provide a visual demonstration of their distribution within the Borough. Analysis was carried out to assess change over time in distribution, and to identify clusters of HMOs within specific streets or areas.
- 1.12. The register and planning application history only relate to HMOs housing five or more tenants as these are the only properties requiring a licence. It therefore does not give a comprehensive figure for the total number of HMOs, which is believed to be higher.
- 1.13. Consultation responses from members of the public and statutory consultees received in response to the Issues and Options consultation on the emerging Local Plan and the Article 4 Direction proposals were reviewed to provide qualitative data on concerns and challenges of HMOs.

2. OVERVIEW OF HMOS IN RUGBY BOROUGH

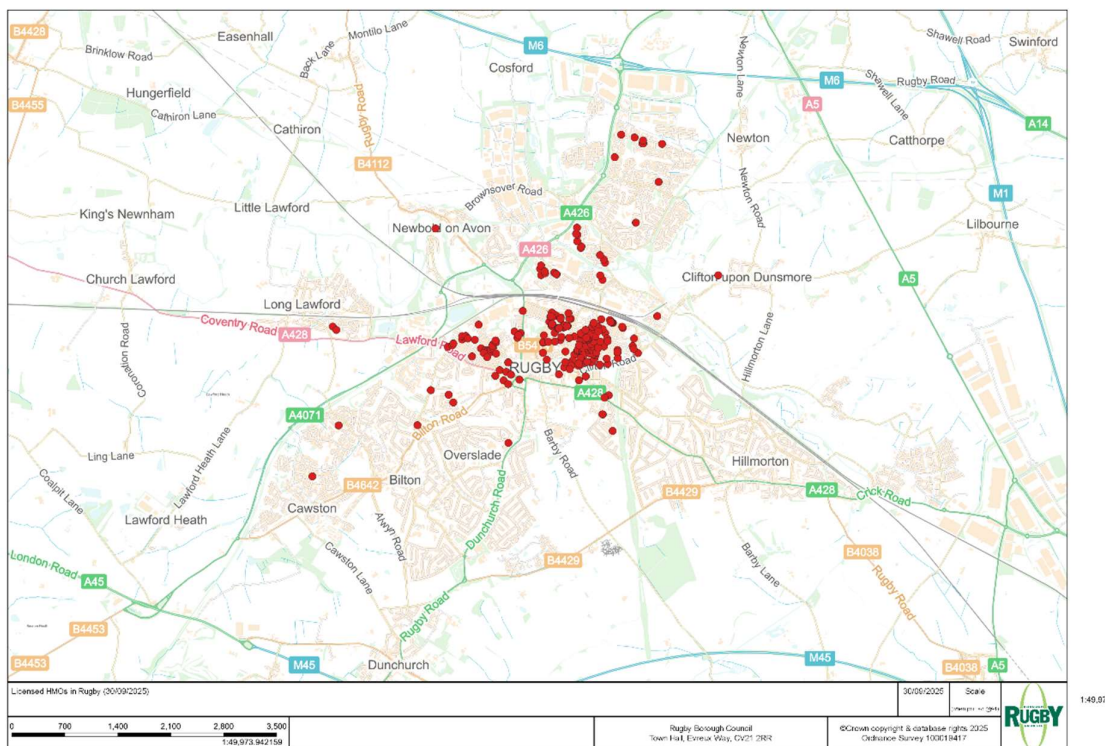
HOW MANY HMOS ARE THERE IN RUGBY?

- 2.1. The public register of licensed HMOs held by Rugby Borough Council's Environmental Health department lists 235 dwellings currently licensed as HMOs within the Borough.
- 2.2. This includes those which are C4 dwellings housing 3-6 unrelated individuals, and those with sui generis use class housing over 6 unrelated individuals. It also includes instances of self-contained flats which do not meet the 1991 Building Regulations or where more than a third of flats are let on a short-term basis.
- 2.3. An HMO licence is only legally required for dwellings housing 5 or more tenants making up 2 or more households. Therefore, the total number of all HMOs in the Borough will be higher.

WHERE ARE HMOS LOCATED IN RUGBY?

- 2.4. HMOs in the Borough area are concentrated around Rugby town, in keeping with the typically higher numbers observed in urban and high-density areas and low levels in rural/low density areas. Figure 2 shows the geographic distribution of licensed HMOs.

Figure 2 – Map of licensed HMOs

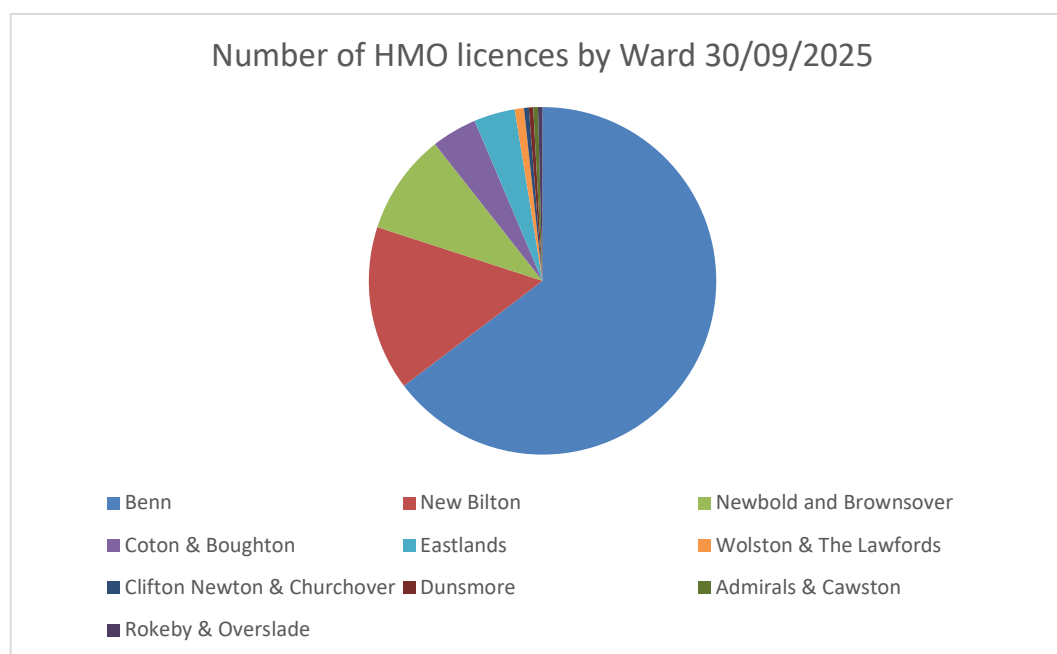


- 2.5. The highest number of HMOs by some margin is found in Benn ward, which accounts for 64% of all licensed HMOs. This is followed by New Bilton, Newbold and Brownsover, Coton and Boughton, and Eastlands respectively. There are very few instances of licensed HMOs outside these wards. Table 1 shows a breakdown of numbers by ward.

Table 1 – Number of licensed HMOs by ward

Ward	Number of licensed HMOs	% of all licensed HMOs
Benn	152	64.1%
New Bilton	36	15.2%
Newbold and Brownsover	22	9.3%
Coton and Boughton	10	4.2%
Eastfields	9	3.8%
Wolston and The Lawfords	2	0.8%
Clifton, Newton and Churchover	1	0.4%
Dunsmore	1	0.4%
Admirals & Cawston	1	0.4%
Rokeby and Overslade	1	0.4%
Total number	235	

Figure 3 – Chart showing number of HMO licences by Ward (30/09/2025)



- 2.6. This distribution can broadly be explained by proximity to town centre amenities, employment opportunities, and the train station drawing in residents. This is combined with lower property prices within Benn and New Bilton wards relative to the wider Borough creating attractive development opportunities for investors.
- 2.7. Within individual wards HMOs are unevenly distributed, with higher concentrations on a small number of streets. Tables 2 and 3 show the numbers of licensed HMOs on the most common streets within Benn and New Bilton wards.

Table 2 – Number of licensed HMOs in Benn ward by street (top 8)

Street	Number of licensed HMOs	% of all licensed HMOs in Benn ward	% of all licensed HMOs
Murray Road	27	18%	8%
Manor Road	17	11%	5%
Bath Street	14	9%	4%
Grosvenor Road	11	7%	3%
Claremont Road	9	6%	3%
Craven Road	8	5%	2%
Park Road	7	5%	2%
Abbey Street	7	5%	2%
Total number	100	66	43

Table 3 – Number of licensed HMOs in New Bilton ward by street (top 4)

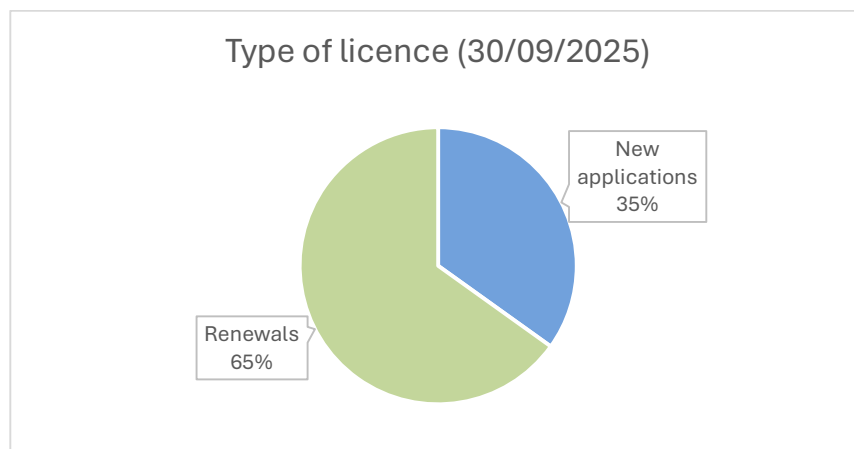
Street	Number of licensed HMOs	% of all licensed HMOs in New Bilton ward	% of all licensed HMOs
Bridget Street	7	19%	3%
York Street	6	17%	3%
Lawford Road	5	14%	2%
Avenue Road	4	11%	2%
Total number	22	61%	9%

- 2.8. Table 2 shows that the 8 streets with the highest counts of licensed HMOs in Benn ward contain 66% of all licensed HMOs in the ward and 43% of all licensed HMOs in the Borough.
- 2.9. There are 27 licensed HMOs on Murray Road, equal to 16% of all properties on the street, and making up 8% of all licensed HMOs in the Borough. Manor Road contains 17 licensed HMOs, equal to 19% of all properties on the street, and making up 5% of the Borough's licensed HMOs.
- 2.10. Table 3 shows that the 4 streets with the highest counts of licensed HMOs in New Bilton ward contain 61% of all licensed HMOs in the ward and 9% of all licensed HMOs in the Borough. 19% of New Bilton's licensed HMOs are on Bridget Street and 17% on York Street.

CHANGE IN HMO NUMBERS AND DISTRIBUTION

2.11. HMO licences are valid for 5 years after which the licence must be renewed. Of the 235 licences on the register as of 30th September 2025, 153 were renewals of existing licences and 82 were new applications within the last 5 years. This equates to just over a third as new applications as shown in Figure 4.

Figure 4 – Type of licence 30/09/2025



2.12. 25 new licences were granted in 2024, a higher figure than usual. This may partially be due to landlords opening new HMOs before the Article 4 Direction came into effect in February 2025.

2.13. Table 4 below shows the change in licence numbers between November 2023 and September 2025 for each ward. It demonstrates an overall increase of 16% in the total number of licensed HMOs within the Borough but indicates that this growth is concentrated within the most common wards of Benn and New Bilton.

Table 4 – Change in licence numbers by ward – November 2023-September 2025

Ward	Licensed HMOs 30/11/2023	Licensed HMOs 30/09/2025	Percentage change
Benn	122	152	25%
New Bilton	32	36	13%
Newbold & Brownsover	22	22	0%
Coton & Boughton	10	10	0%
Eastlands	10	9	-10%
Wolston & The Lawfords	1	2	100%
Clifton, Newton & Churchover	1	1	0%
Dunsmore	1	1	0%
Rokeby & Overslade	1	1	0%
Admirals & Cawston	2	1	-50%
Hillmorton	1	0	-100%
Total	203	235	16%

- 2.14. Benn ward has seen an increase of 25% within this period, while New Bilton saw a smaller growth of 13%. Benn ward's share of total HMOs has also slightly increased since November 2023, rising from 60% of all licensed HMOs in the Borough to 64%.
- 2.15. Numbers in all other wards are stable, or concern too few licences to be statistically significant.

3. IMPACTS OF HMOS

POSITIVE IMPACTS OF HMOS

- 3.1. It is understood that the majority of residents in HMOs in Rugby are in employment, rather than students, and that demand is driven by the work opportunities within and in proximity to Rugby town. For example, there is a cluster of HMOs north of the town centre in the Brownsover and Coton Park area which is likely linked to employment at Rugby Gateway.
- 3.2. The strong supply of HMO accommodation could therefore be considered to bring economic benefits to the Borough by facilitating further employment growth and economic activity. Cost of nearby housing is often cited as a barrier for employers nationally when attracting talent and the availability of HMOs can address this challenge.
- 3.3. HMOs offer high-density accommodation and are therefore an efficient use of land within urban areas, as promoted by paragraph 129 of the NPPF. There are cases where houses converted to HMOs were previously unoccupied or in a state of disrepair and the development can be seen as reducing underoccupancy or dereliction.
- 3.4. They also play a key role in supplementing the wider housing stock's lack of dwellings suitable for single individuals and help to address shortfalls of affordable rental accommodation in the Borough.
- 3.5. Finally, most HMOs are located in proximity to the town centre and train station, facilitating active travel and reducing use of the private car when accessing day to day amenities such as shops, healthcare and leisure facilities.

NEGATIVE IMPACTS OF HMOS

- 3.6. The main source of evidence for the negative impacts of HMOs is anecdotal, including the representations made in response to consultation on the Article 4 Direction and the Issues and Options proposal for the emerging Local Plan.
- 3.7. The Issues and Options consultation asked respondents if they agreed with the Council's proposal to introduce a policy to limit concentrations of HMOs within a 100m radius to 10% of dwellings, avoid non-HMO dwellings being sandwiched between two HMOs and avoid three consecutive HMOs on a street. 129 respondents supported the policy and 29 respondents did not.
- 3.8. Comments from members of the public in response to the proposed Article 4 Direction referred to concerns of overcrowding and poor-quality housing, pressures on parking spaces, changing

makeup of the street, lack of regulation, shortages of family homes, and increase in rubbish. A minority of comments also alleged an increase in crime or antisocial behaviour linked to HMOs although this is unsubstantiated.

- 3.9. The potential negative impacts of high HMOs numbers are summarised in Table 5 which also indicates the reach and timescale of these impacts.

Table 5 – Summary of negative impacts of HMOs

Impact	Detail	Timeframe	Impact area
Increase in rubbish generation	As single properties, HMOs are typically allocated only one set of bins which can be insufficient for 5+ occupants. This leads to overflowing bins and rubbish on streets.	Immediate impact	Local impact to the street
Over-demand for parking spaces	Most HMOs are located within resident parking permit zones where demand for spaces often exceeds capacity. This challenge is exacerbated by an increase in car-ownership density from multiple adults residing within HMOs.	Immediate impact	Local impact within the wider parking permit zone
Transient population and loss of community ties	HMOs are often let out on shorter tenancies than whole rental properties and many houses have high attrition rates. This increase in transience can reduce community ties, increase anonymity on residential streets, and lower personal feelings of attachment to a place.	Medium-term impact	Local impact to the street and wider community area
Poor maintenance or appearance of buildings	Landlords of HMOs may be less inclined to sufficiently maintain buildings, leading to poor appearance or disrepair.	Medium-term impact	Local impact to the street
Shortage of whole family homes for rent	Renting out a property as an HMO is often more lucrative than as a single dwelling, reducing supply of whole-homes suitable for families to rent and exacerbating housing shortages for some groups.	Longer-term impact	Impact to the wider Rugby town and Borough
Increased competition for properties for sale	Potential owner occupiers are in competition with developers when purchasing properties and may lose out to cash buyers or developers. The increased demand will drive up prices. Many HMOs in Rugby are relatively lower-value houses which	Longer-term impact	Impact to the wider Rugby town

	are suitable starter homes for first-time buyers or young families, affecting access to property ownership.		
Changing nature of house layouts and structures	Many HMOs are physically altered to meet the needs of C4/Sui Generis occupants, such as multiple kitchens/bathrooms, inclusion of en-suite or kitchenette facilities in bedrooms, and extensions beyond typical family household requirements. This can reduce supply of family homes and will require costly alterations to convert back.	Longer-term impact	Impact to the wider Rugby town and Borough

IMPLICATIONS FOR THE BOROUGH

- 3.10. The biggest challenge for the Borough is the uneven distribution pattern which has led to high concentrations of HMOs across a relatively small number of streets and within 4 wards of Rugby.
- 3.11. The high concentration of HMOs in close proximity to each other can affect the character and feel of these areas and lead to impacts on existing residents such as competition for parking and an increase in rubbish.
- 3.12. There has been a steady growth in the number of HMOs within the Borough, possibly linked to the growing employment opportunities in the area, and if left unchecked this could lead to longer-term implications for the Borough's housing mix.
- 3.13. While HMOs can help to supplement a shortage of single person accommodation, it reduces supply of family accommodation and increases whole-house rents and house prices, creating longer-term supply and affordability issues. These impacts may be felt across the wider town or Borough area.

4. POLICY RECOMMENDATIONS

- 4.1. The Article 4 Direction which came into force in February 2025 has brought C4 HMO conversions under planning control in the wards most affected by HMOs. This will enable the LPA to ensure the new HMOs meet criteria to be set out in the emerging Local Plan.
- 4.2. At a national policy level, paragraph 129 of NPPF notes that while efficient use of land is encouraged, this must consider the need for different types of housing, market conditions, availability of services and the maintaining of an area's prevailing character and setting to ensure well-designed, attractive, and healthy places.

- 4.3. This topic paper acknowledges the role HMOs play within the housing mix and the potential benefits both for residents and the wider Borough economy. HMO policy is therefore not intended to ban or unreasonably restrict the creation of new HMOs in principle.
- 4.4. The current concentrations of HMOs within some locations are unsustainable and this distribution does not enable the area's prevailing character to be maintained, nor does it contribute to securing well-designed, attractive and healthy places.
- 4.5. Policies relating to HMOs should aim to address the high concentrations of HMOs in specific locations, including clustering within single streets to reduce the harmful impacts this can have on existing residents and the wider community.
- 4.6. It is therefore recommended to implement a policy such as that proposed in the Issues and Options and Preferred Option Consultation Plan which would limit concentrations of HMOs within a 100m radius to 10% of dwellings, avoid non-HMO dwellings being sandwiched between two HMOs and avoid three consecutive HMOs on a street.