

The background of the slide features a large, light blue watermark of the University of Toronto crest. The crest consists of a shield divided into four quadrants: top-left shows a building, top-right shows a stag's head, bottom-left shows a sailing ship, and bottom-right shows an eagle with wings spread. Above the shield is a crown with four floral motifs. Below the shield is a banner with the motto 'ANNE FOR A'.

Agenda Item 9

Houses in Multiple Occupation

Falkirk Council

Title: Houses in Multiple Occupation

Meeting: Executive

Date: 06 November 2025

Submitted By: Director of Place Services

1. Purpose of Report

- 1.1 The purpose of this report is to consider the current situation with regard to Houses in Multiple Occupation (HMOs) in Grangemouth and the Council area as a whole. The report explores whether over-concentrations of HMOs exist and, if so, what policy options are available to address the issue.
- 1.2 The report relates to the Council Plan's priority of supporting stronger and healthier communities.

2. Recommendations

2.1 Executive is asked to:-

- (1) **Note the comparatively low levels of licensed HMOs, and the lack of any significant concentration of HMOs within the Council area;**
- (2) **Agree that no policy intervention is justified at present to control HMOs in the Council area, whether through the planning or licensing regimes; and**
- (3) **Agree that the number and distribution of HMO licences continue to be monitored to identify any trends which might cause concern in the future.**

3. Climate Change Implications

- 3.1 The report does not have any climate change implications.

4. Background

- 4.1 At the meeting of the Council's Executive on 21 August 2025, a motion was passed requesting the Director of Place Services to look at *'whether there are grounds for considering if there is an over concentration of HMOs in Grangemouth (or part of it) and in any other communities in the Council area and to report back to a future meeting of the Executive on the options available to the Council, including the issuing of supplementary planning guidance'*.
- 4.2 The motion noted the content of Scottish Government guidance on HMOs, referencing the positive role which HMOs play in the housing market, whilst acknowledging the potential issues which can arise where high concentrations of HMOs exist. The motion also noted that such concerns had been raised specifically in relation to Grangemouth.

Legislative and Policy Context

- 4.3 HMOs are regulated by the Council through both the licensing and planning systems. In terms of licensing, the Housing (Scotland) Act 2006 defines an HMO as any living accommodation occupied by 3 or more persons who are not all members of the same family, occupied by them as their only or main residence and sharing kitchen or bathroom facilities. The purpose of the licensing function is to ensure that applicants are fit and proper to hold a licence and that the accommodation is suitable for use as an HMO. In terms of planning, there is no definition of an HMO in planning legislation. Planning permission for an HMO is only required where use as an HMO is considered to be a material change of use.
- 4.4 The relevant Scottish Government guidance on HMOs is provided in Circular 2/2012 Houses in Multiple Occupation: Guidance on Planning Control and Licensing. The Circular notes that HMOs provide a vital source of accommodation, with steady demand for them in many parts of Scotland. Traditionally this has been mainly from students, but there is increasing demand from other groups such as young professionals and mobile workers.
- 4.5 The Circular notes that high concentrations of HMOs can give rise to a range of negative effects on local communities including:
- changes in demand for services, altering the availability and nature of services provided;
 - increased competition for private houses, consequential rises in house prices, and reduced availability for non-HMO residents;
 - areas of high HMO concentrations can become unpopular with non-HMO residents, altering the community;
 - potential physical deterioration caused by lack of investment by absentee landlords;
 - increased population density, resulting in increased demand on services, infrastructure and on-street parking provision; and
 - a high number of transient residents leading to less community cohesion.
- 4.6 The Circular states that: *'Where concentrations of HMOs are considered to have a negative effect on the amenity of a community, or where it is considered likely that such a situation may arise, planning authorities may adopt policies to manage HMO concentrations, while ensuring that a sufficient supply of HMOs is maintained. Policies must be designed to safeguard community amenity and must not be in response to perceived concerns about the behaviour of tenants.'* The guidance further advises that *'policies may establish HMO concentrations for a given building, street, neighbourhood, or other defined area, as considered necessary'*.
- 4.7 Circular 2/2012 states that any policies dealing with HMOs should be included in the development plan, preferably in the form of supplementary guidance. Under the Planning (Scotland) Act 2019, there is no longer provision for supplementary guidance to form part of the development plan. Therefore, were the Council to introduce a policy on HMO concentrations, it would be either by incorporating it in the forthcoming Falkirk Local Development Plan 3 (LDP3), which is scheduled for adoption in 2028, or as separate, freestanding non-statutory supplementary guidance which would be a material consideration in the determination of planning applications.

- 4.8 Section 131A of the Housing (Scotland) Act 2006 (introduced by the Private Rented Housing (Scotland) Act 2011) provides that the Council may refuse to grant an HMO licence where it considers that there is (or, as a result of granting the licence, would be) HMO overprovision in the locality in which the living accommodation concerned is situated.
- 4.9 The legislation does not provide a definition of 'overprovision' or 'locality'. In considering whether there would be overprovision the Council must have regard to:
- The number and capacity of licensed HMOs in the locality, and
 - The need for housing accommodation in the locality and the extent to which HMO accommodation is required to meet that need.

In a similar way to planning, the potential to control overprovision would require to be based on policy based on the factual assessment of numbers balanced with need.

5. Considerations

HMOs in the Falkirk Council Area

- 5.1 The motion reflects some community anxiety about the incidence of HMOs locally. In fact, HMOs play a relatively minor role in the Falkirk Council area. Currently, there are only 28 licences across the area. In terms of distribution by Council ward, 13 are in Falkirk North, 8 in Grangemouth, 3 in Falkirk South, and 2 each in Lower Braes and Bonnybridge & Larbert. 23 of the licences are held by Falkirk Council, NHS Forth Valley and a housing association, mostly providing supported accommodation. One is held by a care home, with 4 further privately held licences.
- 5.2 By way of comparison, the Stirling Council area recorded some 763 licences in 2024, with Edinburgh standing at 6,325, and Glasgow at 3,364. The 2024 figure for the whole of Scotland is 15,274. Those authorities with the highest HMO numbers are generally university towns, reflecting the strong influence of demand from the student sector, and it is largely these authorities that have found it necessary to introduce policies limiting concentrations of HMOs. The table in Appendix 1 shows the number of HMO licences in force across all Scottish Local Authorities in 2024 in descending order (source: Scottish Government Annual Housing Statistics Publication). Falkirk Council is 19th out of 32 councils with 26 HMOs in 2024 as the last full year of Scottish Government data.
- 5.3 In terms of trends, the number of licences in the Council area has fallen from 41 in 2010, a reduction of some 29%. The Council's Local Housing Strategy further notes that the reduction in the number of HMOs reduces the housing options of people on lower incomes.
- 5.4 The low incidence of HMOs is also evidenced by planning application figures. Since 2010, there have been only 15 applications for change of use to an HMO, 11 of which have been granted, 2 withdrawn, 1 refused, and 1 pending.
- 5.5 Given the current low level of HMOs, the downward trend in numbers over recent years, and the lack of any significant clusters in any part of the Council area, it is considered that there is no evidence at the present time justifying a specific policy on HMO concentrations or overprovision. The small number of planning applications for HMOs that arise can continue to be dealt with by

considering the site-specific circumstances in each case, taking into account material considerations such as amenity and parking.

- 5.6 Nonetheless, given the concerns about HMOs to which the motion passed at August Executive refers, the situation will continue to be monitored on an ongoing basis.

6. Consultation

- 6.1 Policy briefings on the issue were held for elected Members in advance of consideration of the motion at August Executive. The report has also been consulted on with officers from across the Council.

7. Implications

Financial

- 7.1 There are no financial implications related to the report's recommendations.

Resources

- 7.2 There are no resource implications related to the report's recommendations.

Legal

- 7.3 Planning Circular 2/2012 'Houses in Multiple Occupation: Guidance on Planning Control and Licensing' provides the relevant Scottish Government guidance for consideration of this subject.

Risk

- 7.4 There are no risk implications arising from the report recommendations.

Equalities

- 7.5 The report does not bring forward a new policy, or any change in service provision, and therefore no equality and poverty impact assessment is required. Should any policy be developed dealing with this subject in the future, it is likely that an assessment would be required.

Sustainability/Environmental Impact

- 7.6 The report does not bring forward a new policy, therefore no assessment of sustainability/environmental impact is required.

8. Conclusions

- 8.1 In response to the motion approved at August Executive, an assessment has been undertaken of the number and distribution of HMOs in the Council area to assess whether concentrations exist which are of concern in terms of causing negative impacts on communities. This has been informed by the guidance in Scottish Government Circular 2/2012. The analysis shows that the number of HMOs in the area is comparatively low, that they have been on a downward trend over the last 15 years, and their distribution does not show up levels of concentration in Grangemouth or elsewhere that would justify a policy

controlling HMO numbers in any specific area. Nonetheless, it is suggested that the issue is subject to ongoing monitoring.

pp Director of Place Services

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Appendices

Appendix 1: Number of HMO Licences in force in Scotland by Council area in 2024

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- None

Appendix 1: Number of HMO Licences in force in Scotland by Council area in 2024

Edinburgh, City of	6325
Glasgow, City of	3364
Dundee	1705
Aberdeen	978
Fife	931
Stirling	763
Highland	294
Dumfries & Galloway	112
Aberdeenshire	100
Renfrewshire	92
Scottish Borders	78
Perth & Kinross	71
West Lothian	59
Argyll & Bute	42
Midlothian	41
East Dunbartonshire	30
South Ayrshire	29
Falkirk	26
Moray	24
Na h Eileanan Siar	24
West Dunbartonshire	22
Inverclyde	20
Angus	16
South Lanarkshire	14
East Ayrshire	13
East Renfrewshire	13
North Ayrshire	12
Clackmannanshire	8
Shetland	8
North Lanarkshire	7
Orkney	7
Scotland	15,274

Source: Scottish Government