



Cabinet Working Party Houses in Multiple Occupation

Background Paper

October 2025

1. REGULATION OF HOUSES IN MULTIPLE OCCUPATION

- 1.1 This report provides an overview of the existing provisions for the regulation of Houses in Multiple Occupation (HMOs). It also sets out additional provisions within the Housing Act 2004 and the Town and Country Planning (General Permitted Development) (England) Order (as amended) 2015 which allow councils to introduce Additional Licensing schemes and an Article 4 Direction to assist in regulating HMOs.
- 1.2 Some regulatory controls on HMOs already exist and can be summarised as follows.
- HMO's that have **more than 6** unrelated persons require planning permission and a mandatory licence.
 - HMO's with **6 or 5 persons** require a mandatory licence but do not require planning permission.
 - Smaller HMO's with an occupancy of **3-4 persons** currently do not require planning permission or a licence.
- 1.3 Smaller HMOs are difficult to identify if landlords do not come forward. The Government altered the criteria for mandatory licensing in October 2018, but it still does not capture the HMOs with 4 or less occupants.
- 1.4 There are complex legal tests associated with the statutory definition of a House in Multiple Occupation. For simplicity we have provided the following summary definition. A property which is let to several tenants who are not members of the same family, may be a 'House in Multiple Occupation' if both of the following apply:
- at least 3 tenants live there, forming more than one household
 - toilet, bathroom or kitchen facilities are shared

A household consists of either a single person or members of the same family who live together. It includes people who are married or living together and people in same-sex relationships. Some self-contained flats and converted buildings can also be HMOs.

2. MANDATORY LICENSING OF HMO'S

- 2.1 The mandatory licensing of HMO's with 5 or more persons is prescribed under Section 55 of the Housing Act 2004 and this is enforced by The Environmental Health and Housing team. There are exemptions to requirements to hold a mandatory HMO Licence under Schedule 14. Examples of this include when the property is managed by a local authority, a registered social landlord under Part 1 of the Housing Act 1996, properties occupied by students, buildings occupied by religious communities or buildings occupied by 2 people.

- 2.2 The Council currently has one officer responsible for the regulation of licenced HMO's.

3. SMALLER 3-4 PERSON UNLICENCED HMOs

- 3.1 Smaller HMO's with an occupancy of 3-4 persons currently do not require planning permission or a licence issued by the Environmental Health and Housing team.
- 3.2 Whilst smaller HMOs are still required to meet approved standards in relation to living conditions and be free of housing hazards including adequate fire precautions the Council is not routinely notified of the existence of smaller HMOs. The Council will investigate complaints and concerns about housing conditions raised by tenants on a reactive basis.
- 3.3 There are two potential schemes available to regulate or control 3-4 person, unlicensed HMOs, which can be applied over a discrete geographical area. Firstly, additional licensing of HMOs that fall outside the mandatory licensing criteria, and secondly, an Article 4 Direction which removes permitted development rights within the development control framework.

4. ADDITIONAL LICENSING

- 4.1 An Authority can operate an Additional Licencing scheme alongside the existing mandatory licence scheme.
- 4.2 To designate an area of their district for additional licensing a local council must meet the requirements of Section 57 of the Housing Act 2004. They must produce an evidence base that demonstrates that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public.
- 4.3 Before making a designation the authority must—
- (a) take reasonable steps to consult persons who are likely to be affected by the designation; and
 - (b) consider any representations made in accordance with the consultation and not withdrawn.
- 4.4 A local housing authority prior to making a designation for Additional Licensing must ensure that any exercise of the power is consistent with the authority's overall housing strategy. The latest NELC Housing Strategy was approved by Cabinet in March 2024 and will need to be assessed to see if it satisfies this test.
- 4.5 The authority must also seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour

affecting the private rented sector, both as regards combining licensing under this Part with other courses of action available to them, and as regards combining such licensing with measures taken by other persons.

- 4.6 The authority must not make a particular designation under section 56 unless they have considered the following.
- whether there are any other courses of action available to them (of whatever nature) that might provide an effective method of dealing with the problem or problems in question, and
 - if they consider that making the designation will significantly assist them to deal with the problem or problems (whether or not they take any other course of action as well).
- 4.7 In this Act “anti-social behaviour” means conduct on the part of occupiers of, or visitors to, residential premises which causes or is likely to cause a nuisance or annoyance to persons residing, visiting or otherwise engaged in lawful activities in the vicinity of such premises, or which involves or is likely to involve the use of such premises for illegal purposes.

5 PLANNING LEGISLATION

- 5.1 In planning terms small HMOs (with no more than 6 residents) fall within use Class C4. Permitted development established by the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended) allows changes of use from dwelling houses (Class C3) to Class C4 without the need for planning permission.
- 5.2 Local Planning Authorities can impose restrictions on selective permitted development rights using a direction under Article 4 of the Town and Country Planning (General Permitted Development) Order 2015 where there is clear justification for doing so. This enables local planning authorities to withdraw specified permitted development rights across a defined area in exceptional circumstances.
- 5.3 An Article 4 Direction can only remove permitted development rights. Should future planning applications be received for changes of use to HMOs they must be considered on material planning considerations and their own merit.
- 5.4 Government advice through the National Planning Policy Framework advises that all Article 4 directions should be applied in a measured and targeted way. They should be based on robust evidence of any problems and apply to the smallest geographical area possible.
- 5.5 It should also be noted that Article 4's do not apply retrospectively and compensation may be payable if the council makes an Article 4 and within 12 months of doing so a planning application comes in for use as a HMO not allowed by the Article 4 and the council refuse.

- 5.6 Compensation would cover two aspects, the first is any abortive costs due to the Article 4 the second is any other loss or damage sustained which is directly attributable to the Article 4. To avoid compensation payments a Local Planning Authority can confirm and publish its intention to make the Direction at least 12 months, and not more than 2 years, ahead of the Article 4 taking effect.
- 5.7 A direction under Article 4 of the Town and Country Planning (General Permitted Development) (England) Order 2015 should not be used to manage a housing management related matter and alternative housing management strategies should be considered.
- 5.8 The developments of the residential properties also require compliance with current Building Regulations. To achieve this, the property owner has a requirement to submit applications to a Building Control Body (BCB) of which there are two types, a Local Authority Building Control or a Registered Building Control Approver (RBCA).

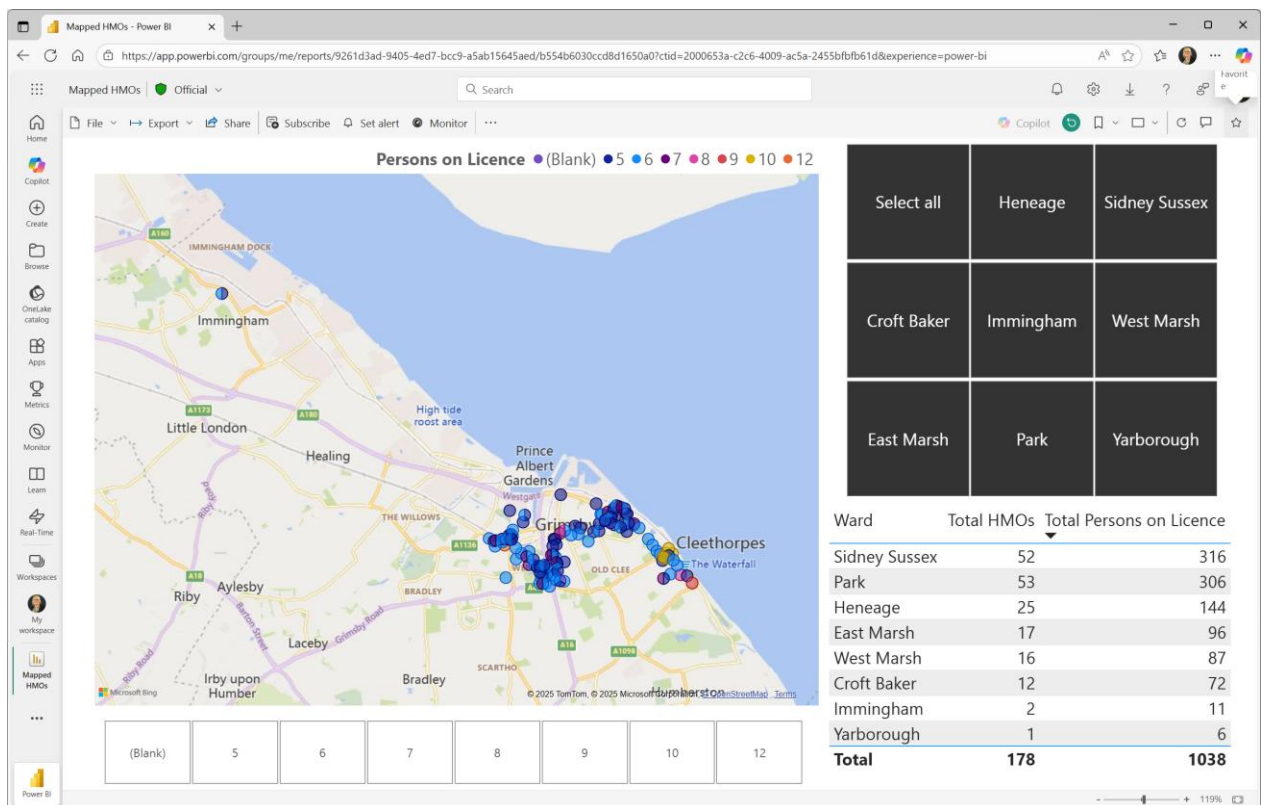
6 OUR LOCAL HOUSING NEEDS

- 6.1 The Council is currently in the progress of reviewing its Housing Needs Assessment to inform the emerging Local Plan (2025–2043). The work is being delivered by Litchfield an independent specialist consultancy and is expected to be finalised and published in November 2025 as part of the Local Plan consultation.
- 6.2 Based on interim data, we are expecting that the assessment will highlight a continued high need for 1-bed units of accommodation across the Borough to meet our housing need. Data further confirms that our historic build rates for 1-bed units are significantly lower than national average and our population needs. This is likely to contribute to the increased demand in the private rented sector for conversion of older properties into self-contained flats and HMOs.

7 WHAT DATA AND INSIGHT DO WE HOLD ON HMOS

- 7.1 The Council hold a register of approximately 200 properties licenced as a mandatory HMO with 5 or more people. These are inspected to ensure compliance before a license is issued.
- 7.2 Recent data identifies there are 55 Houses in Multiple Occupation (HMO's) known to the Authority, requiring investigation.
- 7.3 The NELC Refugee Integration Service has recently acquired one HMO property which has 5 bedroom capacity, solely used for refugees who have full status and access to public funds. HMO's for asylum seekers are not under the council. This is the responsibility of the Home Office and their contractors who are tasked to procure accommodation.

The image below shows the numbers of licenced HMOs mapped by ward as at 9th October 2025:



8 WHAT DATA COULD WE COLLECT IF WE WANTED A BETTER UNDERSTANDING OF OUR HMO STOCK

8.1 Local Authorities have multiple routes to collect data in respect of household composition and property ownership. Local Authorities must make sure that where such data is collected, stored and processed, this is compliant with GDPR legislation. There are three main types of data that may be useful to guide us to develop an improved understanding.

- data to estimate the overall number of HMOs in NEL and historic trends
- data providing specific locations of HMOs in NEL, their size and occupation.
- data providing information on any negative impact on our communities from HMOs.

8.2 The key data sets that already exist and could be analysed to provide an improved understanding of the overall number of HMOs and historic trends are.

- National Census Data. This could provide the Local Authority with intelligence of how many households class themselves as living with

unrelated adults. The data cannot distinguish accurately between large and small HMOs and is further not address specific. It is only collected every 10 years. Our current dataset reflects the position in March 2021.

- Local Stock condition survey. Our last local stock condition survey was completed in 2019. The survey carried out property condition assessments by a randomly selected number of properties across the Borough. Whether a property is an HMO is noted through this process. Using statistical methods, the overall survey will use this data to provide an estimate figure of number of HMOs they would expect in the total housing stock.
- The Housing Economic Needs Assessment (HEDNA), currently in production as part of our Local Plan Evidence pack.

8.3 Data the Local Authority already have or could choose to start collecting to gain a better understanding of the specific locations of smaller HMOs in NEL, their size and occupation include:

- Request and collect data on whether a property is an HMO as part of setting up new Council Tax billing accounts. In respect of HMOs the landlord is liable for the Council Tax bill, details regarding the number of occupants is not recorded as it is not required to determine Council Tax liability. The current system does not hold a flag that enables reporting on the number of HMOs. We can explore the implementation of a new process that will enable us to record information in future where we are aware that a property has been converted from a single house to an HMO.
- Data from planning enquiries and applications. This currently only relate to larger HMOs and is already shared between the Planning and Housing Enforcement Team.
- Data from building control applications received. This will not currently capture all property conversions as property developers have a choice if they wish to use Local Authority Building Control or a private provider. Data sharing between Building Control Team and Housing Enforcement Team could be enhanced to deliver a better understanding of HMO conversions.
- Data received from residents' complaints about HMOs. Whilst we already have systems in place to log all complaints and enquiries from residents, these are currently not recorded in a way where we could distinguish HMO properties from other rented properties. Changes to systems and processes could be implemented to deliver a better understanding of HMO complaints in the future.
- Data collected by Housing or other regulatory services officers as part of their routine work. Officers across the Authority will come across HMO conversions as part of their wider role. At this point in time, the fact that a property is a HMO is not routinely logged, unless the property meets the

size requirement to require a license. The Authority could review if systems improvements are possible to enable intelligence on HMOs to be recorded across regulatory services teams.

8.4 Data the local authority could choose to start recording to provide information on any negative impact on our communities from HMOs include:

- At this point in time complaints such as refuse issues, waste in garden, noise complaints are not distinguishing HMO properties from other property types. This makes it difficult for the Local Authority to verify any impact HMOs have on the local community. The Authority could review if systems improvements are possible to enable complaints received regarding environmental conditions or ASB relating to HMOs to be recorded in a separate category to enable better understanding of any community impact.
- At this point in time the Authority does not log on its waste collection system if a property is a small HMO. This means that currently data around waste contamination, failure to present bins and side waste presentation cannot be separated by property type. The Authority could review if systems improvements are possible to enable complaints received regarding waste collections or side waste around HMOs to be recorded in a separate category to enable better understanding of any community impact.

8.5 Any changes to data collection methods would be subject to ability to change functionality in existing software or procurement of alternative software solutions. There may further be resource implications in relation to officer time to capture and log data. Any changes in working methods would further be subject to consideration of GDPR, in particularly transparency around reason for data collection and intended use of data.

9. SUMMARY AND RECOMMENDATIONS

9.1 Legal frameworks are already established to control conversion of properties into large HMOs. This ensures that for HMOs with 6 or more people, planning permission and a license is required. For HMOs with 5 or more people only a licence is required. This ensures that larger HMOs are converted to an appropriate standard and free of housing hazards. Our data indicate that licensed HMOs in the Borough generally meet the required standard on inspection.

9.2 Smaller HMO conversions are still required to meet Building Regulations and reach rental housing standards. The Council would investigate any complaint of small HMOs containing housing hazards and the Council can take legal action if required to ensure compliance.

9.3 If the Council wished to consider additional licensing for HMOs, they must produce an evidence base that demonstrates that a significant proportion of the

HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public. The Council currently hold very limited data to confirm or dismiss if the current stock of smaller HMOs have a negative impact on our communities or the residents they house. Without further data, the Council could not meet the criteria for implementation of additional licensing of HMOs.

- 9.4 If the Council wished to introduce an Article 4 Direction, to require planning permission for conversion of properties into smaller HMOs, there is a requirement that these are applied in a measured and targeted way. Article 4 Directions should be based on robust evidence of any problems and apply to the smallest geographical area possible. North East Lincolnshire Council currently hold limited data on the number, types and location of small HMOs in the Borough. This makes it difficult for the Authority to estimate impact of conversions on availability of family housing. The area also has a recognised unmet housing need for 1-bed housing units. With limited data available it is not currently possible for the Council to produce the robust evidence base required to consider implementation of an Article 4 direction.
- 9.5 If the working group wish officer to consider this matter further it is recommended that:
- a) Further analysis of Census and HEDNA data is conducted to report back on estimated current number of HMOs, wider availability of 1-bed housing stock and the projected future need of smaller unit to establish if supply is balanced with housing demand.
 - b) Task Officers with establishing the resources and system requirements needed across Council Tax and Regulatory Services, to improve data gathering around smaller HMOs, both in relation to numbers, locations and local impact.
 - c) Endorse the continued transformation of the Private Sector Housing Enforcement resource, which is already in progress following the end of the Equans contract. This includes recruitment of enhanced officer resource to ensure all complaints received regarding unsafe or illegal HMOs can be investigated and actioned.

10. CONTACT OFFICERS

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