

# **Small Houses in Multiple Occupation**

## **Evidence to Justify the Purpose and Extent of an Article 4 Direction**

**Hyndburn Borough Council**

**December 2024**

## Executive Summary

Houses of Multiple Occupation (HMOs) are properties rented out to at least 3 people who are not from one household but share facilities like a bathroom and kitchen. Most HMOs are conversions or sub-divisions of existing residential properties.

HMOs provides an important way of meeting the Borough housing needs, particularly for people on low incomes, seasonal migrant workers, young professionals, and growing number of one person households, and referrals for homeless, ex-offenders, asylum seekers. However, high concentration of HMOs can present a challenge to sustain a mixed, balanced and sustainable communities and impact on residential character and amenity.

The paper provides evidence in support of the designation of an Article 4 Direction for Houses in Multiple Occupation, through analysing the multiple social and economic indices of Hyndburn. An Article 4 Direction is made under the Town and Country Planning General Permitted Development Order 1995 (as amended) and will remove Permitted Development Rights which allow the use of houses as small HMOs (Use Class C4) without the need for a planning application. The Article 4 Direction will not stop changes of use but will provide a means of managing the concentration of HMOs and to protect and enhance balanced communities.

The communities in Hyndburn face a wide range of socio-economic challenges. Many of Hyndburn's Wards are within the top 10% of the most deprived wards in England when measured against a variety of indicators, and a similar number are also in the top 20% most deprived. Over the past 20 years, Hyndburn's position in the indices of deprivation has steadily fallen and the steady increase in the numbers and concentrations of Houses in Multiple Occupation are likely to have contributed towards this and make improvements to Hyndburn's rank steadily more difficult.

It is no coincidence that the wards with the lowest house values are also characterised by higher levels of deprivation and higher numbers of HMO's. Whilst these areas were once characterised by failing housing markets with high levels of vacant properties, owners of vacant properties are now finding companies and agencies keen to manage their properties to accommodate people with range of needs such as people on release from prison, mental health needs or refugees with no home. This in turn places additional burdens and stress on already deprived communities.

If the current trends continue in the absence of controls then the decline witnessed will only continue, and for these reasons, a greater degree of control is needed through an Article 4 Direction which then provides for application of policy. The introduction of an Article 4 Direction is therefore recommended in 9 wards in Hyndburn – Barnfield, Central, Church, Clayton-Le-Moors, Netherton, Peel, Rishton, Spring Hill, St Andrews - and the position in the remaining wards be monitored so that if it is later necessary to extend the geographical scope of the Article 4 Direction then this can be done.

## Contents

1.	<b>Purpose of this Report and Background .....</b>	<b>4</b>
2.	<b>Background of Legislation.....</b>	<b>5</b>
3.	<b>House in Multiple Occupation (HMO).....</b>	<b>7</b>
4.	<b>Relevant Planning Policies and guidance .....</b>	<b>11</b>
5.	<b>HMOs in Hyndburn.....</b>	<b>14</b>
6.	<b>Economic and Social Issues Associated with HMOs in Hyndburn.....</b>	<b>18</b>
7.	<b>Appropriate Area for the Article 4 Direction.....</b>	<b>41</b>
8.	<b>Procedure and Further Implications.....</b>	<b>44</b>
9.	<b>Effect of Future Planning Policy.....</b>	<b>46</b>
10.	<b>Conclusions .....</b>	<b>49</b>
	<b>Appendix 1. Glossary of Terms and Acronyms.....</b>	<b>50</b>
	<b>Appendix 2. Customer First Analysis.....</b>	<b>52</b>

## 1. Purpose of this Report and Background

- 1.1 This report has been undertaken to investigate the impact that houses in multiple occupation (HMOs) can have upon amenity, social and economic well-being of an area. This report seeks to review the quantity and spatial distribution of HMOs, consider their impacts and identify where the control of concentration of HMOs will protect the balanced communities.
- 1.2 The purpose of this report is to evidence and justify the Council making a Direction under Article 4 of the Town & Country Planning (General Permitted Development) Order 2015 (as amended) in Hyndburn Borough to remove permitted development rights in parts of the Borough for the change use of Use Class C3 dwelling house to a Use Class C4 small House in Multiple Occupation (HMO).
- 1.3 Current legislation allows a family dwelling (Use Class C3) to change a small HMO (Use Class C4) without planning permission, by utilising 'permitted development' rights. It is accepted that HMOs can be an important source of low cost, private sector housing for those on low incomes, students, and people seeking temporary accommodation as part of a balanced mix of housing. However, in recent years there has been a significant level of increase in the number of HMOs within the Borough. There is a concern that high concentrations of HMOs in already deprived areas can further impact on the choice of housing, local services, social cohesion, crime and environmental amenity and contribute towards the decline of those areas.
- 1.4 The making of an Article 4 Direction will give the Council greater control over the management of HMO Conversion in the Borough, which means that such specified change of use would require planning permission and hence will be assessed against relevant Development Plan policies and policy guidance note. As part of this work, the Council has also prepared Supplementary Planning Guidance on Houses in Multiple Occupation to be used in the determination of planning applications.
- 1.5 This report is structured as follows:
- Section 2 sets out the background to Article 4 Direction
  - Section 3 sets out definition, types of HMOs, exempt accommodations and other details in relation to HMOs
  - Section 4 set out an overview relevant policies and legislative background associated with HMOs
  - Section 5 sets out the numbers and distributions of HMOs in Hyndburn
  - Section 6 identifies social and economic impact of HMOs in Hyndburn
  - Section 7 identifies the appropriate areas for the Article 4 Direction
  - Section 8 sets out the aims and objectives and policy approach of the supplementary planning guidance to be introduced following the Article 4 Direction taking effects
  - Section 9 considers future planning policy whilst section 10 sets out the Conclusions reached.

## 2. Background of Legislation

### What is an Article 4 Direction?

- 2.1 An Article 4 Direction<sup>1</sup> is a direction made under Article 4 of the General Permitted Development Order (GPDO) which enables the Secretary of State or the local planning authority to withdraw specified permitted development rights across a defined area. An article 4 direction cannot be used to restrict changes between uses in the same use class of the Use Classes Order.

### Procedure to Make an Article 4 Direction

- 2.2 There are two types of Article 4 Direction under the GPDO: Direction with immediate effect; and Non-immediate Directions. An immediate direction can withdraw permitted development rights straight away, however they must be confirmed by the local planning authority within 6 months of coming into effect to remain in force. Confirmation occurs after the local planning authority has carried out a local consultation. In accordance with Section 107 and 108 of the Town and Country Planning Act 1990<sup>2</sup> and The Town & Country Planning (Compensation) (England) Regulation 2015<sup>3</sup> (as amended), compensation provisions apply to directions with immediate effect, whereas non-immediate directions may be served, giving 12 months' notice of the intent to enforce a direction, without the need to grant any subsequent compensation.
- 2.3 It is proposed that the Council make a "non immediate" Article 4 Direction. The reason for this is that this would avoid the potential compensation liabilities associated with the making on an "immediate" Article 4 Direction. Given the number of HMO's in Hyndburn the "non immediate" route is considered the most appropriate course of action. This is the route most commonly taken by authorities making Article 4 Directions in respect of HMO's.

### Geographic Area of Article 4 Direction

- 2.4 Paragraph 53 of the National Planning Policy Framework (NPPF) advises that the use of Article 4 Directions to remove permitted development right(s) should be limited to situations where an Article 4 Direction is necessary to protect local amenity or the well-being of the area, and must be based on robust evidence and apply to the smallest geographical area possible. National Planning Practice Guidance also notes that blanket Article 4 Directions covering large areas (for example, the whole of a town) are not encouraged unless there is convincing evidence to justify such a direction.

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<sup>1</sup> National Planning Practice Guide, Paragraph: 036 Reference ID: 13-036-20140306, Revision date: 18 09 2020

<sup>2</sup> Town and Country Planning Act 1990 (legislation.gov.uk)

<sup>3</sup> Town and Country Planning (Compensation) (England) Regulations 2015; source: [www.legislation.gov.uk/uksi/2015/598/contents](http://www.legislation.gov.uk/uksi/2015/598/contents)

2.5 In the light of that advice, the use of data at ward level is considered most appropriate. Whilst data at a Lower Super Output Area (LSOA's) can be used to inform the ward level analysis, LSOA's are considered to be too small an area to form the basis of the Article 4 Direction. Local residents, elected members and officers are familiar with ward locations and boundaries and the same cannot be said of Lower Super Output Areas.

### 3. House in Multiple Occupation (HMO)

#### Definition and Types of HMO

- 3.1 A House in Multiple Occupation, commonly known as a HMO, is a property occupied by at least three people who are not from one 'household' (e.g. a family) but share facilities such as a bathroom and kitchen. Examples include purpose-built HMOs, bedsits, shared houses, households with lodger, accommodation for workers/employees and refugees. Of course, not all those accommodation types will fall under the planning definition of an HMO or the housing definition of HMO under the 2004 Housing Act. The determining factor is how a property is occupied.
- 3.2 In April 2010, amendments were made to the Use Classes Order and the General Permitted Development Order to introduce a new Class C development- C4 (Houses in Multiple Occupation). It is commonly referred as 'small HMOs'. Sui Generis HMOs where there are 6 or more unrelated people are still considered as HMOs, but these are now commonly referred to as 'large HMOs' which in broad terms, consist of more than six occupants.
- 3.3 It is important to understand that HMOs provide a form of low-cost housing, particularly for younger people and people in low incomes. They also provide flexible accommodation for people for short-term housing requirements. This includes people in-between properties, people employed in short-term contracts and people who are saving to purchase a home. They also provide housing for people that simply prefer to live with a number of other people, such as friendship groups. Given the limited number of purpose-built HMOs in Hyndburn, the sector will continue to be reliant on conversion of existing properties.

#### Exempt Accommodation (Properties that are not considered to be HMOs).

- 3.4 Within the Town & Country Planning (Use Classes) Order 1987 (as amended), C4 HMOs have the same meaning as that given in the Housing Act 2004. That said, certain types of shared properties are not categorised as HMO, according to Schedule 14 of the Housing Act 2004 This includes the following
- A building which is social housing or where the person managing or having control of it is a profit-making registered provider of social house.
  - A building where the person managing or having control of it is –
    - A local authority
    - Health Service body
    - A non-profit registered provider of social housing
    - Police and crime commissioner and the mayor's office for policing and crime
    - Fire and rescue authority

- A building controlled or managed by a co-operative society where no person who occupies premises in the building does so by virtue of an assured tenancy, a secure tenancy or a protected tenancy.
- Buildings regulated otherwise than under the Housing Act 2004
  - Any building whose occupation is regulated otherwise than by or under the Housing Act and which is of a description specified in regulations made by the appropriate national authority;
  - Educational establishments;
  - Buildings occupied by religious communities;
  - Any building which is occupied only by: one or more persons who have either the freehold estate or a leasehold interest granted for a term of more than 21 years; any member of the household of such a person.
- Any building which is occupied only by two persons who form two households.

3.5 Any properties falling into the above categories cannot be identified as a HMO and therefore cannot be considered as falling with the C4 Use Class described above. There are three possible Use Class categories defined within the Use Classes order which the above properties can be identified within:

- C3(b) – for properties with no more than six residents living together as a single household and where care is provided for residents; or
- C3(c) – for properties with no more than six residents living together as a single household where no care is provided to residents; or
- Sui Generis, which is a category for any uses which do not fit within the other classes

3.6 Shared housing that is managed by a registered provider or public body is also excluded from the definition of an HMO. The amount of this type of accommodation has grown rapidly in the Borough in recent years. It is recognised that such properties have similar characteristics to HMOs and therefore have potentially similar impact on local areas. It is therefore reasonable to allow both HMOs and exempt accommodation considered together when assessing the cumulative impact of these types of accommodation.

### **Permitted Development and HMOs**

3.7 On 01<sup>st</sup> October 2010, changes were introduced to permitted development rights to allow the change of use of C3 dwelling houses to the new C4 use (small HMOs) without the requirement of planning permission, as set out in the General Permitted Development Order (Paragraph A of Class I, Part 3, Schedule 2). Should Local Planning Authorities wish to exert tighter planning control on the development of HMOs, permitted development rights would have to be removed through a planning mechanism of Article 4 Direction of the GPDO (2015).

### **Licensing of HMOs**

- 3.8 Mandatory Licensing of HMOs was introduced under the 2004 Housing Act. HMOs which need to have a licence are those where there are five or more tenants, forming two or more households, which use shared facilities such as toilets, bathrooms, kitchens and so on. Under HMO licensing legislation, a lack of planning permission is not a relevant factor when making a decision on whether to grant or refuse an HMO licence. Conversely, having planning permission in place (or not requiring it) does not mean a premises is licensed to operate an HMO and this may need to be applied for separately.
- 3.9 Unlicensed HMOs relate to those smaller HMOs of 3 or 4 unrelated people, or where there is an exemption to licensing under Schedule 14 of the Housing Act 2004.
- 3.10 Under Part 2 of the 2004 Housing Act, councils are able to designate 'Additional HMO licensing scheme' which requires owners of all smaller HMOs (3 or 4 people) within the designated area to be licensed as HMO by the authority, just like the larger (5 or more people) mandatory HMO licensed properties. To justify having an additional licensing scheme, the council must be satisfied that a significant proportion of 3 and 4 person HMOs across the Borough are being managed sufficiently ineffective as to give rise, or to be likely to give rise to one or more particular problems either for those occupying the HMOs or members of the public. The use of additional licensing must be consistent with the Council's housing strategy and should be co-ordinated with the authority's approach on homelessness, empty properties and antisocial behaviour.

### **Planning Policy on HMOs across Lancashire**

- 3.11 A review of Lancashire authorities indicates that the more urban authorities – Burnley, Preston, Lancaster, Blackburn with Darwen and Blackpool - have used powers under Article 4 to control HMO development, and in doing so have either adopted relevant Supplementary Planning Documents or introduced policies within the development plan documents with regard to the HMO developments.

<b>Local Planning Authority</b>	<b>Article 4 Direction</b>	<b>Relevant Planning Policies</b>
Burnley	Yes	HMO & Small Flats SPD (Adopted April 2022)
Chorley	No	No
Fylde	No	No
Lancaster	Yes	Residential Conversion and Houses in Multiple Occupation SPD (consultation draft December 2019)
Pendle	No	No
Preston	Yes	Policy HS7 of Preston Local Plan
Ribble Valley	No	No
Rosendale	No	No
South Ribble	No	No
West Lancashire	Yes	Policy RS3

Wyre	No	Policy HP10 of Wyre Local Plan 2011-2031
Blackburn with Darwen	Yes	HMO and Residential Conversions and Sub-Divisions SPD (adopted April 2012)
Blackpool	Yes	Policy DM5 of Blackpool Local Plan Part 2: Site Allocations and Development Management Policies (adopted February 2023)

3.12 It has been noted that the six local authorities with Article 4 Directions in place have experienced a notable surge of small HMOs since the introduction of the 2010 GPDO, and the associated social and economic issues. A comparative analysis of the evidence based between Hyndburn and those neighbouring authorities will be undertaken in the following section of this documents.

## 4. Relevant Planning Policies and guidance

### National Planning Policy Framework (NPPF)

- 4.1 The NPPF sets out the Government's planning policies for England and how these policies should be applied. To achieve sustainable development, the NPPF expects the planning system to support strong, vibrant and healthy communities as a key social objective. There is no specific reference to shared housing within the NPPF but 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 require affordable housing, students, families, and people who rent their homes, etc.
- 4.2 Chapter 5 of the NPPF supports local planning authorities to ensure that the delivery of new housing seeks to meet locally identified need and that the needs of groups with specific housing requirements are addressed. Chapter 11 of the NPPF promotes making '*effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions.*'
- 4.3 Chapter 12 of the NPPF emphasises the importance of creating high quality, beautiful and sustainable buildings and places which promote health and well-being, with a high standard of amenity for existing and future users.
- 4.4 In light of the principles established by the NPPF, it is considered that provision of planning policy guidance on HMO development will help to ensure mixed and balanced communities and a high standard of accommodation and amenity supporting the adopted local planning policies.

### Hyndburn Development Plan Policies

- 4.5 The Vision of the Hyndburn Core Strategy states that "*High quality family homes will be developed to provide a more balanced housing market comprising traditional and modern house types*". The Vision also states that "*The Core Strategy also seeks to raise standards [footnote 37 – To be no longer amongst the 100 most deprived areas in the Country] across the Borough in order to reduce disparities both within Hyndburn and the rest of the Country, ensuring that vulnerable groups and the needs of the different communities within the Borough are taken into consideration.*"
- 4.6 One of the strategic objectives of the Core Strategy is to provide a greater choice and quality of housing and Policy H3 sets out a framework for the delivery of larger properties as a means of rebalancing the Borough's housing market that has a very high proportion (over 50%) of small, old, terraced properties.
- 4.7 Policy DM10 of Hyndburn Development Management DPD requires that the new housing development will have an unacceptable adverse impact on neighbouring development (including existing business) by virtue of it being over-bearing, or

oppressive, overlooking, or resulting in an unacceptable loss of light or amenity). Policy DM29 also requires new development to protect, and where possible improve, the amenity of surrounding existing and future residents.

- 4.8 Whilst there are no specific policies within the Council's current development plan documents that relate to the development of HMOs within the Borough, there is a concern that the number of HMO's in the Borough is not only impacting on the quality and choice of housing available but is contributing towards the continued decline of the Council in the relative rankings of local authority deprivation, contrary to the vision and objectives of the Core Strategy.
- 4.9 For this reason "Supplementary Planning Guidance" is proposed on Houses in Multiple Occupation. The absence of a specific policy on HMO's in the Development Plan means that it is not possible to develop a "Supplementary Planning Document (SPD)" which would have development plan weight. Notwithstanding this, it is proposed to undertake consultation on the emerging policy framework to allow it to be given some weight in the decision making process. This is particularly important should it be tested at appeal.

#### **Emerging Hyndburn Local Plan**

- 4.10 The Hyndburn 2040 Local Plan (Strategic Policies and Site Allocations) is still at pre-submission stage. Policy SP11 (Suitable Range of Housing) particularly relates to the development of new apartments and Houses in Multiple Occupation (HMOs) in Hyndburn. It states that the Council will seek to ensure that an appropriate range of housing is delivered in the plan period. New apartment developments (including Houses of Multiple Occupation) will only be supported where they would maintain the prevailing character and setting of the local area and are either: a) within town centres or within walking distance (250m or closer) of town centres; b) part of high quality development in canal-side locations where the regeneration benefits of this type of development can be demonstrated; c) part of strategy housing development where there is a need to provide a wider range of housing types; d) in locations that are well served by public transport and the development would secure the efficient use of land; or e) part of a scheme that would involve the reuse or adaptation of a historic mill building in an appropriate location.
- 4.11 The explanatory text in paragraph 6.31 also notes that 'new apartment development and HMOs in Hyndburn will only supported in the appropriate locations set out in Policy SP11 where they are well designed in terms of their appearance, size, and setting. The Nationally Described Space Standards (NDSS), which set out minimum space standards and room sizes have been adopted by the Council for all housing development. Paragraph 6.31 of the Hyndburn 2040 Local Plan also states that the new housing developments, including conversion of existing building to flats, apartments and HMOs should comply with the NDSS unless there is sufficient justification to suggest otherwise.

- 4.12 The policy approach to determining planning applications for the formation of the HMOs will be guided by the emerging Local Plan with the intention to secure strong and balanced communities. It is particularly noted that Policy SP11 takes a relatively permissive approach towards the HMOs within the sustainable locations at town centres and edge of centres, canal-side locations with regeneration benefits, strategic housing sites, in locations well served by the public transport, etc. That said, Policy SP11 should be read in conjunction with Policy SP20 (Environmental Amenity and Air Quality), which requires that new development will be permitted only if it is demonstrated that the material impact arising by virtue of traffic, visual impact, noise, dust, emissions, pollutions, odour, over-looking or loss of light, or other nuisance will not give rise to unacceptable adverse impact or loss of local amenity and can be properly controlled in accordance with best practice and recognised standards. New development should ensure that the occupiers of the new developments will enjoy an appropriate standard of amenity and will not be adversely affected by neighbouring uses.
- 4.13 In the absence of an Article 4 Direction of HMO, the formation of small HMOs (Class C4 use) through the change of use of existing dwellings will not subject to planning control. Therefore, only proposals in relation to the large HMOs (sui generis) will require planning permission, and be assessed in accordance with the relevant development plan policies and the NPPF.

## 5. HMOs in Hyndburn

- 5.1 National Planning Practice Guidance (PPG) requires there to be a ‘particularly strong’ justification if a Direction is to relate to a wide area (for example covering the entire area of a local planning authority). By way of national context, it should be noted that Article 4 Directions relating to HMO development that cover an entire Local Planning Authority Area are not uncommon. They have been implemented in a significant number of cities, districts, and boroughs, including Manchester, Oxford, Portsmouth, Blackburn with Darwen and York. There are therefore clear precedents for such a measure being appropriate within the local authority areas with significant numbers of HMOs.
- 5.2 Notwithstanding this, the use of Article 4 Directions to suspend permitted development rights across an entire administrative area should not be the norm. There has to be ‘a particularly strong justification’ for the withdrawal of the permitted development right across a wide area, while Directions should ‘apply to the smallest geographical area possible’ (MHCLG, 2021 paragraph 38). In light of the guidance provided by the PPG, quantitative and qualitative data from various source and agencies are to be analysed, to allow the Council to determine the areas to be affected by the proposed Article 4 Direction in Hyndburn.

### **Current Supply and Concentration of HMOs in Hyndburn.**

- 5.3 Given the Council hasn’t had an Article 4 Directions for HMOs in place, and that small HMOs outside the areas of the selective licencing scheme (implemented between March 2018 and March 2023) are exempted from any licencing requirement, it is difficult to estimate the exact number of the existing small HMOs and their distribution within the Borough.
- 5.4 In order to establish as good an understanding as possible of the number and distribution of Small HMOs, HMO data has been collected from various sources which include the Council Tax data, property inspection records of the Housing Standards Team, existing large HMO under mandatory licensing, and the records of specialist accommodation held by Government partnerships, etc. Those data has been analysed to establish the understanding on number, distribution and density of the known existing HMOs in the Borough. It is expected that there will be some overlap between the sources of data, and they have been filtered to avoid double-counting prior to the analysis taking place.

#### ***i. Data from the Housing Standards***

- 5.5 Under Part 3 of the Housing Act (as amended), from October 2018 mandatory licensing applies to all rented properties occupied by 5 or more unrelated people with shared facilities (large HMOs). Councils can also use powers under the Housing Act 2004 Part 3, to bring in Selective Licensing Scheme, requiring owners of all rented properties (not just HMOs) to apply for a selective licence. Under Part 2 of the

Housing Act, a Council is also able to designate an 'Additional HMO licensing scheme' which requires owners of all smaller HMOs (3 and 4 bedroom HMOs) within the designated area to be licenced as HMOs by the authority, just like the larger (5 bedroom or more) mandatory HMO licenced properties.

- 5.6 Hyndburn Borough Council has introduced a Selective Licencing Scheme for private sector renting properties between March 2013 and March 2023, with the intention of addressing the impact of poor quality private landlords and anti-social tenants. It is understood that the Selective Licencing Scheme in Hyndburn has collected the records of HMOs within the designated areas between 2013 and 2023.

**ii. Council Tax Data**

- 5.8 Revenues and Benefits data can be used to indicate properties occupied solely by students as such households are exempt from paying Council Tax, or the HMOs with Council Tax disaggregation prior to December 2023. Where properties inhabited by three or more residents with Council Tax Disaggregation often indicates that they are likely to be HMOs, however it is not possible to verify this without more detailed interrogation of the data and address points.

- 5.9 Council Tax records provided in by the Councils Revenue Team in October 2024 indicate that there are 176 properties in the Borough that are recorded as HMOs. However, it must be highlighted that, on 01 December 2023, the Council Tax (Chargeable Dwellings and Liability for Owners) (Amendment) England Regulations 2023 came into force, which changed the way in which Council Tax is calculated for HMOs in England and Wales. Prior to the regulation taking effect, an HMO could be split into single rooms by the local authority for the purposes of calculating council tax through disaggregation process, which means each separate rooms in an HMO could be liable for paying Council Tax. However, from 01 December 2023, an HMO is considered as a single dwelling for the purposes of Council Tax, and the owner of an HMO is liable for paying the Council Tax.

- 5.10 Given the changes in Council Tax legislation, and the fact that no all the HMOs have been disaggregated, the records of Council Tax is unlikely to accurately reflect the number of the HMOs in the Borough. However, it does provide useful baseline data for the purpose of cross-referencing with the records held by Housing Standards and Environment Protection Team.

**iii. HMOs provided and Managed by Government Partnerships**

- 5.11 It is understood that certain Government Partnerships acquire properties within Hyndburn to provide HMO bed spaces for homeless referrals, prison release referrals and violent offenders (subject to bail conditions). There is further evidence that these types of accommodation are often occupied by people from outside the Borough or the County.

5.12 The information provided by the Council's Housing Team in September 2024 suggested that Government Partnerships operate 83 HMOs properties within Hyndburn, containing a total of 357 bed spaces. It is noted that about 3-5 properties are added and removed each month from the list, which is due to the termination of contracts of some properties and acquisition of new properties.

**iv. Summary**

5.13 The Council's Housing Standards Department have collected and analysed all the data from the above described sources, alongside the housing benefits data released by the DWP. It is concluded that till October 2024, a total of 509 HMOs has been identified within the 16 Wards of the Borough (containing a total of 1,633 bed spaces), with higher level of concentration of HMOs being found in Barnfield, Central, Netherton, Peel, Church, Rishton, Spring Hill and St. Andrew's wards. The HMOs identified by the Council's Housing Standards Team have been categorised into five types, which are HMO Classification unknown, HMO licensable, HMO exempt from licensing, HMO licenced, HMO no licence required. Map 1 below shows the location of the known HMOs produced on the basis of the data provided by the Council's Housing Standards Team.

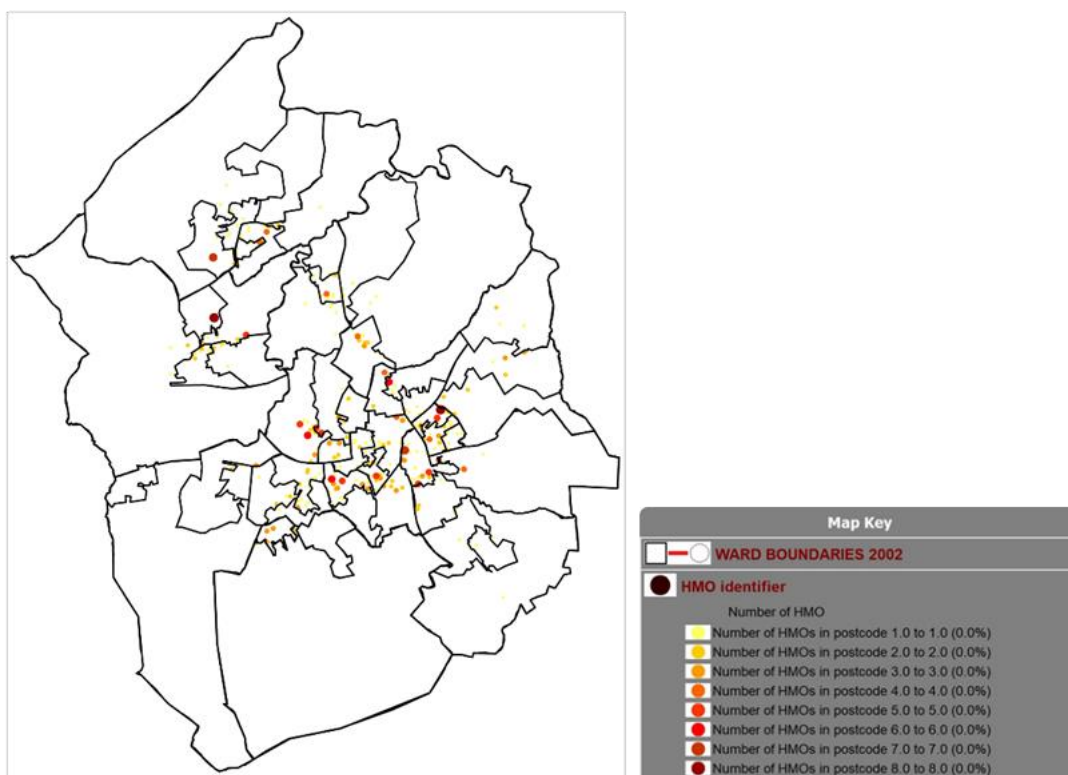


Fig 5.1 Density of existing HMO's in Hyndburn postcode areas

5.14 In light of the above, it is noted that without an extant Article 4 Direction, reaching an authoritative estimate of the number, distribution and level of concentration of HMOs across Hyndburn Borough is nearly impossible. This is because the Council's Selective Licensing Scheme (between 2018 and 2023) only applies to limited number of LSOA within some Wards, the end of the Council Tax disaggregation by

December 2023, and most small C4 HMOs converted from the dwellinghouses under the permitted development rights are not recorded by the Council's planning department. According to the HMO data available at the time when this evidence report is produced, the distribution of HMOs known to the Council are as follows:

<b>Ward</b>	<b>Grand Total</b>
Altham	25
Barnfield	58
Baxenden	5
Central	52
Church	61
Clayton-le-Moors	22
Huncoat	17
Immanuel	14
Milnshaw	24
Netherton	27
Overton	18
Peel	58
Rishton	41
Spring Hill	49
St Andrew's	32
St Oswald's	6
<b>Grand Total</b>	<b>509</b>

Fig 5.2. HMO Properties (October 2024)

## 6. Economic and Social Issues Associated with HMOs in Hyndburn

- 6.1 The impact of the HMOs on the social and economic well-being of communities has been subject to the extensive research by academicians, Government Departments, the local authorities across the Country. A high concentration of HMOs often reflects the particular social profile and market demands for such type of accommodation. For example, in major university towns in England, large numbers of HMOs in the private renting sector are present to meet the needs for student accommodation alongside University dormitories. Of course, the high demands and supplies for the HMOs in Hyndburn is not due to the large university population, and it could be derived from other more specific social and economic issues associated with the Borough.
- 6.2 In September 2008, Department of Community and Local Government published '*Evidence Gathering –Housing in Multiple Occupation and Possible Planning Responses – Final Report*'<sup>4</sup> with the intention of identifying good practice in areas that manage to cope well with high concentrations of HMOs, and determine whether planning policy is a suitable lever to tackle the social economic issues arising from the high concentration of HMOs. In this report, it is considered that high concentration of HMOs combined with particular social groups can result in unintended consequences that can create tension within the local resident community and can also have both positive and negative effects upon a local housing market area, including social, economic, as well as environmental and physical impacts.
- 6.3 It is worth highlighting that what are now recognised as HMO have also existed, although not distinguished as a housing type, until the Housing Act 1985. They were formally defined in the Housing Act 2004, when the concept of 'household' was clarified (as essentially a family), as a HMO as identified as a dwelling shared by three or more households. Defined as such, a HMO exhibits a number of distinctive characteristics.
- Occupancy: the occupation of HMO is intensive, higher than an ordinary dwellinghouse.
  - Occupancy: typically, consequent upon their markets, the occupants of a HMO are mostly from narrow age ranges (young adults), unlikely the wider mix in most other residential uses, and as such, they are novice householders.
  - Occupiers: by the very fact of multiple occupation, HMOs lack the internal structure of a household (or the management of residential institution).
  - Occupation: typically, tenancies in HMOs are short-term, due to the market they serve.
- 6.4 As illustrated in Table 6.1, based on the data from the Hyndburn Council Tax, Housing Standards departments, and the data from the Department for Work and Pensions (DWP), Hyndburn current records a total of 509 HMOs, providing approximately 1,633 HMO bed spaces. Compared with neighbouring authorities in

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<sup>4</sup> Source: Evidence Gathering –Housing in Multiple Occupation and Possible Planning Responses – Final Report, Department of Community and Local Government (Published September 2008)

Lancashire (BwD and Burnley), Hyndburn has a notably high ratio between HMOs and total number of residential dwellings within the Borough, particularly given the very small number of student HMO's within the Borough.

Local Authority Area	Number of HMO properties	Approximate Bed spaces	Population (2021 Census)	Total number of residential dwellings	HMO Density
Blackburn with Darwen	390 <sup>5</sup>	862	154,800	63, 225	1/162
Burnley	553 <sup>6</sup> (plus 1528 student dwellings)	N/A	94,700	42,540	1/77
Hyndburn	509	1,633	82,200	37,609	1/73

Table 6.1. Comparative HMO numbers and populations between Hyndburn and similar neighbouring authorities.

- 6.5 Compared with other neighbouring authority, there is evidence that a wide range of social and economic factors which are unique to Hyndburn are considered to have contributed towards the high number of HMOs in Hyndburn. Each of those factors will be discussed in turn below.

### **Social and Economic Factors Contributing towards HMOs provision in Hyndburn**

#### **A. House Price and the Affordability Ratio**

- 6.6 It is commonly accepted that within higher market/house values, the initial cost of investment for HMOs will often be higher. As property prices increase, and the number of investors seeking HMO's increases, this also means properties suitable for HMOs will likely continue to be more expensive<sup>7</sup>.

<sup>5</sup> Source: Blackburn & Darwen Article 4 Direction (2022 Update) Removal of Permitted Development Rights for the Change of Use from Use Class C3 (dwelling-houses) to C4 (HMOs) Background Document – Context, Evidence and Justification Paper

<sup>6</sup> Source: Article 4 Direction for the Removal of Permitted Development Right for the Change of Use for Use Class C3 (dwellinghouses) to C4 Houses in Multiple Occupation (HMOs), October 2023

<sup>7</sup> A Look at Market Values for HMO Investment (And Tips for Navigating the Growing Sector). Source: The HMO Roadmap; <https://thehmoroadmap.co.uk/blog/a-look-at-market-values-for-hmo-investment-and-tips-for-navigating-the-growing-sector/#:~:text=With%20higher%20market%20values%2C%20this,continue%20to%20be%20more%20expensive.>

- 6.7 UK Housing Price Index England – July 2024 (published 18<sup>th</sup> September 2024 by HM Land Registry)<sup>8</sup> has indicated that Burnley, Pendle and Hyndburn are the three local authority areas with the lowest house prices out of a total of 317 local authority areas in England in 2023 and 2024. According to the housing data from the Office of National Statistics and the Housing & Economic Need Assessment – Blackburn with Darwen and Hyndburn Councils (published December 2018), the median house price of Hyndburn Borough is well below the national and Lancashire averages.
- 6.8 Median house prices in 2013 were £87,000 in Hyndburn (the national equivalent was £190,000 and Lancashire’s £130,000), which is 33% and 54% lower than the national and Lancashire average. In May 2024, the average house price in Hyndburn had reached £125,000, which is approximately 41% and 55% below that of the average house prices of the national average and Lancashire. Due to low average house prices and low average salaries, Hyndburn (4.48) had the 6<sup>th</sup> lowest overall ‘house price to earning ratios’ out of 308 local authorities in England<sup>9</sup>. House prices in neighbouring authorities Blackburn with Darwen and Burnley show a similar pattern to that of Hyndburn, with their ‘house price to earning ratios’ being 4<sup>th</sup> and 11<sup>th</sup> lowest respectively out of all local authorities in England.
- 6.9 Within Hyndburn wards, from the information provided by the Council’s Housing Standards Team, Barnfield, Central, Church, Peel, Rishton, Spring Hill have the lowest average property prices, with the lowest average price of £76,558 in Spring Hill.
- 6.10 The low house prices of Hyndburn, Blackburn with Darwen (BwD), and Burnley have been making these local authority areas particularly attractive to companies and investors entering the HMO market. Understanding that BwD and Burnley have introduced the HMO Article 4 Directions applying to the whole administrative area or majority of the urban areas of their Boroughs respectively to control and manage the supply and distribution of HMOs, it is thought that Hyndburn (particularly those Wards with the lowest average house prices) has become the preferred location for HMO investors as it offers low property acquisition cost and little planning control from the Council.

## **B. Household Deprivation**

- 6.11 Alongside the low house price and ‘house price to earning ratios’ and lowest net increase of dwelling houses between 2012/13 and 2021/22 in Lancashire-12 area, it is also noted that the Hyndburn, Burnley and Blackburn with Darwen have been underperforming at Household Deprivation dimensions. The dimensions of

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<sup>8</sup> Source: UK House Price Index England: July 2024 (Published 18<sup>th</sup> September 2024); <https://www.gov.uk/government/statistics/uk-house-price-index-for-july-2024/uk-house-price-index-england-july-2024>

<sup>9</sup> Source: Lancashire County Council: House Price to Earnings Ratios [House price to earnings ratios - Lancashire County Council](#)

deprivation used to classify households are indicators based on four selected household characteristics:

- Education – a household is classified as deprived in this dimension if no one has at least level 2 education and no one aged 16 to 18 years is a full-time student.
- Employment – a household is classified as deprived in the employment dimension if any member, not a full-time student, is either unemployed or disabled.
- Health – a household is classified as deprived in the health dimension if any member is disabled.
- Housing – a household is classified as deprived in the housing dimension if the household’s accommodation is either overcrowded, in a shared dwelling, or has no central heating.

6.12 According to the 2021 census data, out of a total of 525,247 households in the Lancashire-12 area in March 2021, 252,315 (48%) were not classified to any of the four deprivation categories. For the Lancashire-14 area, the percentage was lower at the level of 46.4%. However, Blackpool (38.2%), Burnley (40.9%), Blackburn with Darwen (41.2%), Hyndburn (42.4%) are the four lowest performing boroughs in the category of ‘not classified to any of four deprivation’<sup>10</sup>.

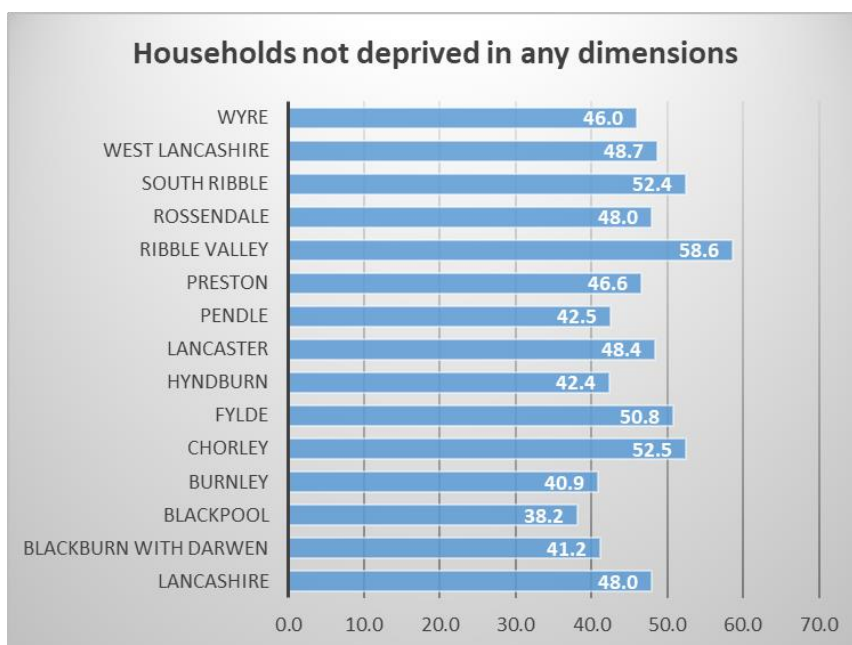


Fig 6.2 Households not deprived in any dimensions. Source: Official Census and Labour Market Statistics.

6.13 Furthermore, Hyndburn along with Blackpool, Blackburn with Darwen and Burnley have the highest percentage of household being deprived in two and three dimensions in the Lancashire -14 area. The percentages of households that were

<sup>10</sup> Source: Lancashire County Council: House Deprivation Dimensions [Household deprivation dimensions - Lancashire County Council](#)

deprived in three or four domains were relatively small at the national level (under 4%)

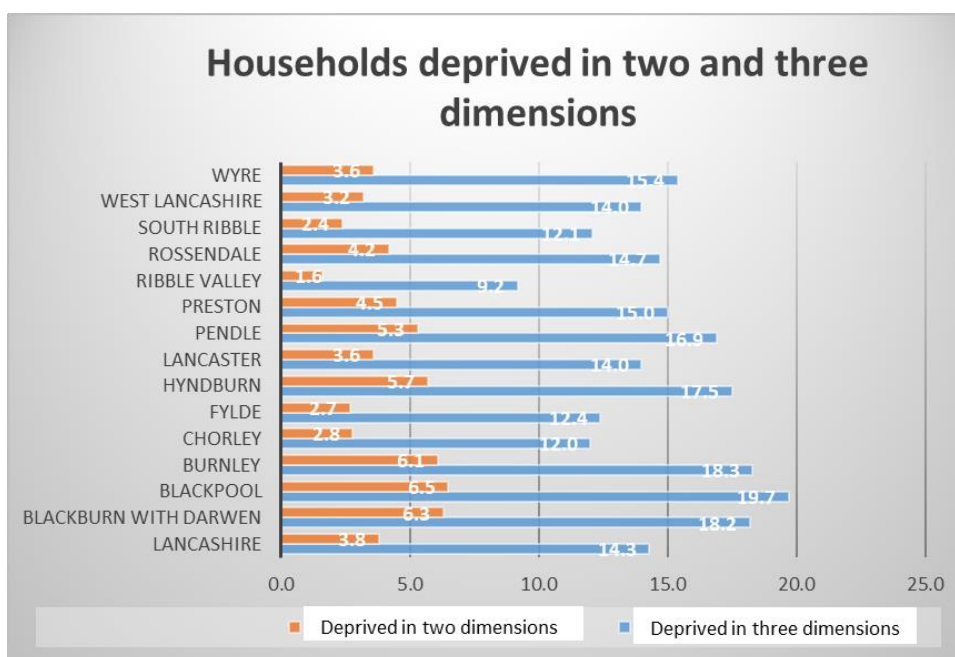


Fig 6.3 Households deprived in two and three dimensions. Source: Official Census and Labour Market Statistics

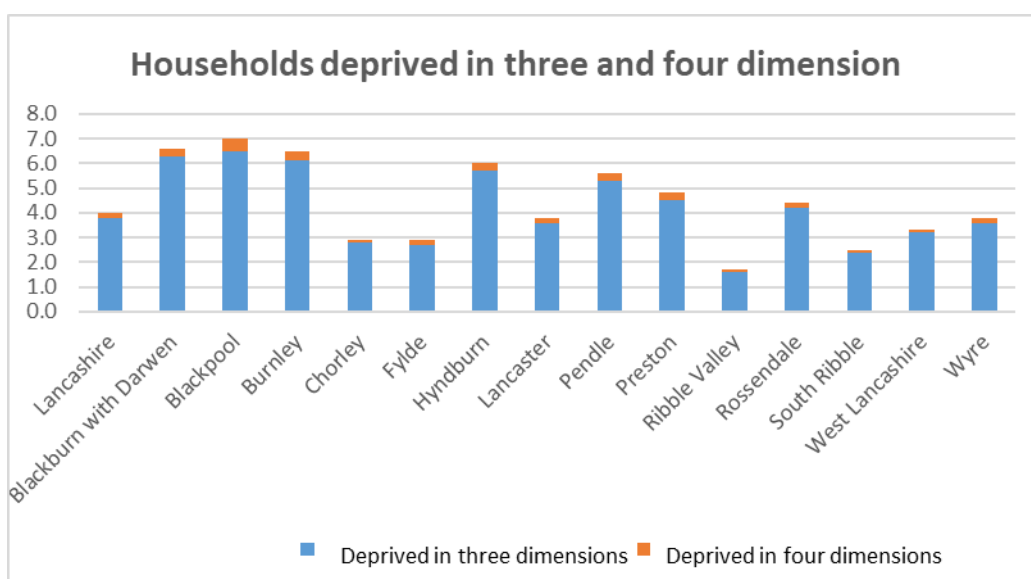


Figure 6.4 Households deprived in three and four dimensions. Source: Official Census and Labour market Statistics.

6.14 According to the 2021 census data, Hyndburn is ranked 18/317 in the Index of Multiple Deprivation against all local authorities in England. The table below shows the district level ranking for the 2004, 2007, 2010, 2015 and 2019 ID for the 14 Lancashire districts.

Lancashire LA (Ranked order)	2004 rank of average score	2007 rank of average score	2010 rank of average score	2015 rank of average score	2019 rank of average score
Blackpool	24	12	6	1	1
Burnley	37	21	11	9	8
BwD	34	17	17	15	9
<b>Hyndburn</b>	<b>58</b>	<b>40</b>	<b>34</b>	<b>26</b>	<b>16</b>
Pendle	71	44	33	38	33
Preston	59	48	45	61	45
Lancaster	107	117	116	105	89
Rosendale	92	92	98	108	92
Wyre	161	170	163	145	124
West Lancashire					155
Chorley	127	141	136	139	
Fylde	172	188	156	175	177
South Ribble	240	251	236	217	195
Ribble Valley	229	233	206	229	204
Ribble Valley	288	302	290	292	283

Fig 6.5. Lancashire District level rankings 2004 to 2019 indicating relative ranking compared to England rankings. 1 being the most deprived, 317 least deprived.

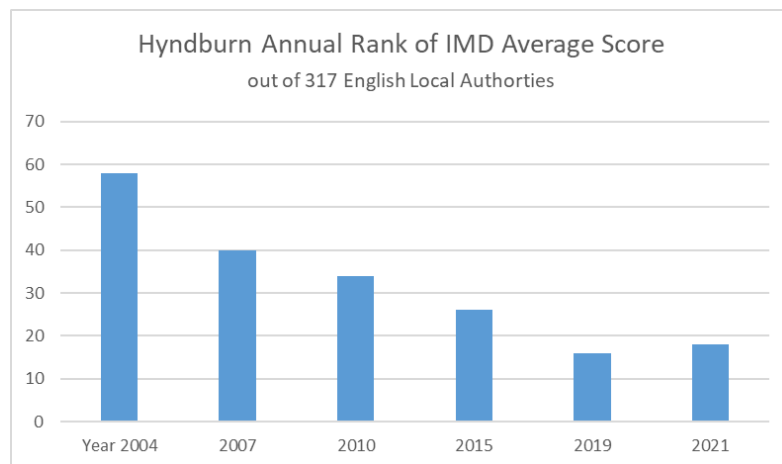


Fig 6.6. Hyndburn annual rank of IMD average score out of 317 English Authorities.

6.15 Figure 6.6 clearly indicates that Hyndburn has experienced deterioration in the IMD rank, dropped from 58<sup>th</sup> to 16<sup>th</sup> place between 2004 and 2019 and improved to 18<sup>th</sup> place in 2021.

6.16 Figure 6.7 below is the Hyndburn Lower Super Output Area deprivation map. The darker the colour the more deprived the area. it has identified a total of 25 Lower Super Output Areas within Hyndburn are the most deprived, and most of them fall within Barnfield, Church, Central, Netherton, Peel, Spring Hill wards.

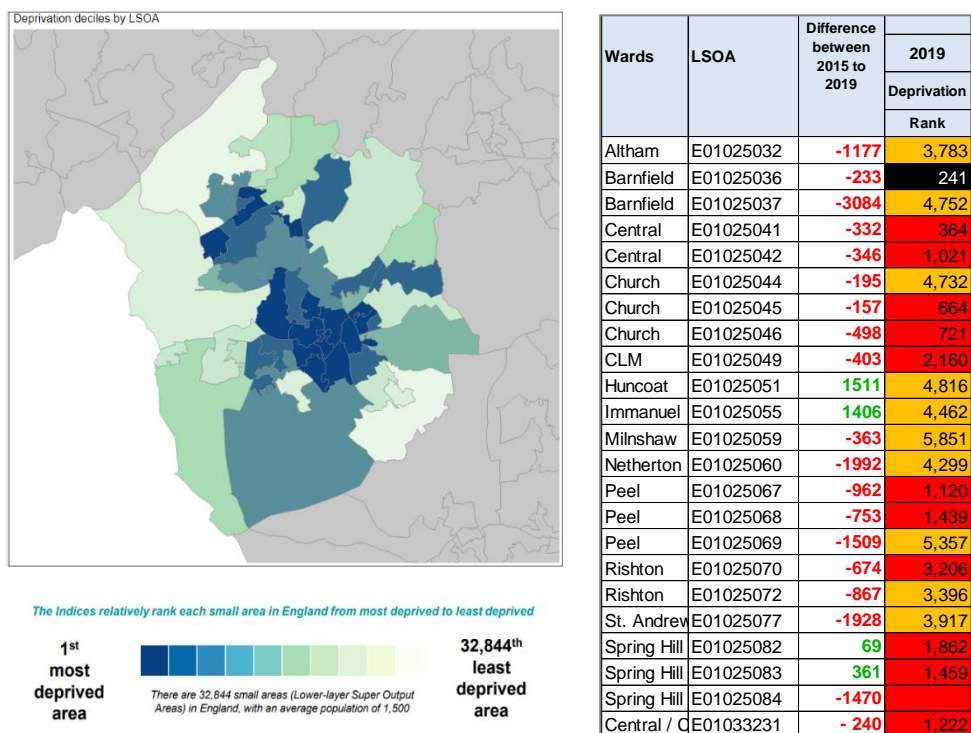


Figure 6.7. Hyndburn Lower Super Output Area (LSOA) Deprivation Map 2019 and the most deprived LSOAs within Hyndburn

**Lancashire County Council Deprivation**

decile 1 is the most deprived, decile 10 is the least deprived.

Select all	Blackburn with Darwen	Blackpool	Burnley	Chorley	Fylde	Hyndburn	Lancaster	Pendle	Preston	Ribble Valley	Rossendale	South Ribbles	West Lancashire	Wyre		
Ward name	IMD decile	Employment decile	Income decile	IDACI sub decile	IDAOPi sub decile	Health Deprivation and Disability decile	Crime decile	Education, Skills and Training decile	Children and Young People sub decile	Adult Skills sub decile	Living Environment decile	Indoor s sub decile	Outdoors sub decile	Barriers to Housing and Services decile	Geographical Barriers sub decile	Wider Barriers sub decile
Altham	3	3	3	4	3	1	3	4	5	4	3	3	3	9	6	10
Barnfield	1	1	1	1	2	1	1	3	4	3	2	2	3	10	9	10
Baxenden	9	9	10	10	9	3	6	8	8	7	5	4	6	10	6	10
Central	1	1	1	1	1	1	1	1	1	1	1	1	1	10	10	6
Church	1	1	1	1	1	1	1	1	1	1	1	2	2	10	9	8
Clayton-le-Moors	2	2	3	3	3	1	3	3	4	4	2	2	4	10	8	10
Huncoat	3	3	4	4	5	2	4	5	6	4	4	3	3	6	3	10
Immanuel	3	2	3	4	4	1	4	4	4	4	2	2	4	10	9	10
Milnshaw	2	2	2	3	3	1	3	4	5	3	3	2	3	10	10	10
Netherton	1	2	2	2	3	1	2	1	1	2	1	1	1	10	10	9
Overton	4	4	5	5	5	2	4	4	3	5	2	2	5	10	9	10
Peel	1	1	1	1	1	1	1	2	3	2	1	1	2	10	10	9
Rishton	2	2	3	3	4	1	3	3	3	4	1	2	3	10	10	10
Spring Hill	1	1	1	1	1	1	1	1	1	1	1	1	1	10	10	7
St Andrew's	1	2	2	2	2	1	1	3	3	3	1	1	3	10	10	9
St Oswald's	6	6	7	8	6	3	5	6	5	6	3	3	4	10	6	10

Figure 6.8 Hyndburn Wards Deprivation Data 2019. Source: <https://www.lancashire.gov.uk/lancashire-insight/deprivation/indices-of-deprivation-2019/neighbourhood-intelligence-main-deprivation-dashboard/>

### **C. Net Additional Dwellings and Demolition**

- 6.17 Low house prices, combined with the significant level of deprivation of Hyndburn has adversely affected the development commitment and the delivery of new housing within the Borough. Over the ten year period from 2012/13 to 2021/22, Hyndburn has seen the lowest level of gross / net increase of dwellings in Lancashire -12 area, amounting to 1260 and 840 dwellings respectively in total in the last decade.
- 6.18 It is also understood that since year 2010, there have been selective demolition of a number poor housing estates with long term vacant poor quality housing. According to the records held by the Council's planning department, it is understood that approximately 86 poor quality & long-term vacant dwellings have been demolished in the Borough since years 2010.

### **D. Living Environment**

- 6.19 As illustrated in Figure 6.8, the seven most deprived wards within Hyndburn are also identified as the most deprived in the living environment domain. Living environment deprivation domain measures the quality of the local environment, with its indicators falling into two sub-domains – indoor and outdoor living environment<sup>11</sup>. The indoor living environment measures the quality of housing, while the outdoors living environment contains measures air quality and road traffic conditions.

#### **Indoors Sub-Domain:**

- Houses without central heating: The proportion of houses that do not have central heating.
- Housing in poor condition: The proportion of social and private homes that fail to meet the Decent Homes standard.

#### **Outdoors sub-domain:**

- Air quality: A measure of air quality based on emissions rates for four pollutants.
- Road traffic accidents involving injury to pedestrians and cyclists.

- 6.20 The Living Environment Deprivation Domain is one of seven domains that combine to produce the overall index of Multiple Deprivation. The poor performance of the seven wards in Hyndburn within 'living environment' domain to some extent, reflects the poor quality of some existing housing stocks within those wards. It is recognised that there are many good landlords, however many problems associated with poor quality rented housing, anti-social behaviour, and irresponsible and unscrupulous landlords are considered to have detrimental effect on a neighbourhood and community. Those factors would inevitably make the areas and communities become unattractive to local families, which could result in people moving away from the area, with increasing number of properties left empty without being re-occupied in short or

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<sup>11</sup> Source: English indices of deprivation 2019: technical report;  
<https://www.gov.uk/government/publications/english-indices-of-deprivation-2019-technical-report>

medium term, leading to further decline of the area. Intervention is needed to end the spiral of downward decline that is being witnessed.

- 6.21 It is particularly worth noting that the seven wards that scored '1' and three wards that scored '2' in Living Environment decile also happen to be those wards containing the highest numbers of HMOs within the Borough. Of course, the high number of HMOs in those wards may not be directly responsible for their low score in Living Environment decile, nevertheless, relatively high levels of population transience, and poor quality internal/external environment associated with HMO accommodations would be contributing factors of the low score of Living Environment decile in those wards.

#### **E. Private Rented Sector Profile and Housing Benefits Claims**

- 6.22 Figure 6.9 provides an overview of the private rented sector of Hyndburn, and its position in the housing market of the Borough. It has also included records on the number and percentage of claimants of housing benefits in the private rented sector.
- 6.23 Potentially due to deprivation and low household incomes, Figure 6.9 indicates that those wards with low IMD decile and living environment decile scores, and high number of HMOs, have clearly shown higher number and percentage of private rental properties, housing benefits claims in private rented sectors than other wards.
- 6.24 As illustrated in Figure 6.10 below, Altham, Barnfield, Central, Church, Milnshaw, Netherton Peel, Rishton, St Andrew's, and Spring Hill are those wards with highest percentage of private rented properties on the housing market of Hyndburn. It is understood that the percentage of private rented properties in those wards could be the result of a series of social and economic factors. However, the wards with the higher percentage of private rented properties with housing benefits claims reflect those with those with low IMD decile, low living environment decile scores, and high number of HMOs.

Ward	Area Description	LSOA	Private Rented count	PR (%)	Avg PR (%)	Housing Benefit Private Rented	Proportion in PR on HB	Average ward percentage in PR on HB
Altham	Clayton part of Altham	E01025032	91	14.7%	18.1%	42	46.2%	40.3%
	Large rural part of Altham	E01025033	118	13.8%		35	29.7%	
	Enfield	E01025034	188	25.8%		90	47.9%	
Barnfield	Rural part of Barnfield	E01025035	52	8.7%	25.9%	20	38.5%	44.7%
	North part of Woodnook including TC	E01025036	368	54.2%		178	48.4%	
	South part of Woodnook & Oakhill Park	E01025037	91	14.9%		43	47.3%	
Baxenden	Higher Baxenden	E01025038	44	7.5%	9.3%	12	27.3%	25.2%
	Large rural part on the boundary	E01025039	38	7.8%		12	31.6%	
	Hollins Lane & Manchester Road	E01025040	77	12.6%		13	16.9%	
Central	Steiner Street and towards Viaduct	E01025041	143	21.0%	25.6%	65	45.5%	48.8%
	Higher Antley Street and Scaitcliffe	E01025042	169	30.4%		72	42.6%	
	Princess Street and Spring Hill Village	E01025043	144	25.5%		84	58.3%	
Church	Church Kirk / Peel Bank	E01025044	160	33.1%	24.2%	76	47.5%	53.5%
	Milnshaw Park	E01025045	40	7.6%		26	65.0%	
	Church Kirk	E01025046	157	26.9%		91	58.0%	
Clayton le Moors	Phoenix I & II area	E01025047	129	29.3%	21.4%	56	43.4%	37.3%
	Sparth Road and Lynwood Avenue	E01025048	41	6.6%		15	36.6%	
	Oakenshaw	E01025049	268	35.2%		115	42.9%	
Huncoat	Junction 7	E01025050	139	22.3%	12.9%	45	32.4%	35.7%
	Within Grove	E01025051	69	10.3%		27	39.1%	
	Hillock Vale	E01025052	58	9.4%		17	29.3%	
Immanuel	Station Road	E01025053	101	19.1%	16.9%	39	38.6%	26.8%
	Hoyle Bottom	E01025054	77	9.4%		20	26.0%	
	Roe Greave Road	E01025055	188	32.9%		77	41.0%	
Milnshaw	Rhyddings Park	E01025056	52	8.3%	15.4%	7	13.5%	38.8%
	Hospital	E01025057	133	19.6%		43	32.3%	
	Milnshaw Gardens	E01025058	77	12.2%		27	35.1%	
Netherton	Laneside	E01025059	102	14.4%	32.4%	50	49.0%	39.1%
	St Johns Great Harwood	E01025060	248	41.2%		100	40.3%	
	Harwood Bar	E01025061	80	11.5%		21	26.3%	
Overton	St Huberts Road Great Harwood	E01025062	308	44.4%	15.2%	156	50.6%	28.1%
	Wordsworth Crescent	E01025063	52	7.5%		18	34.6%	
	Memorial Park	E01025064	50	7.4%		6	12.0%	
Peel	Holgate Street	E01025065	216	29.1%	37.5%	81	37.5%	52.2%
	St Herbets	E01025066	106	16.6%		30	28.3%	
	Railway line side	E01025067	312	43.8%		169	54.2%	
Rishton	Avenue Parade	E01025068	288	39.5%	24.9%	155	53.8%	42.1%
	Hodder Street, Clarendon Street	E01025069	200	29.2%		97	48.5%	
	Norden	E01025070	150	30.1%		77	51.3%	
	Petre Crescent	E01025071	186	29.5%		77	41.4%	
	Hermitage Street	E01025072	237	38.5%		122	51.5%	
St. Andrew's	Station Road	E01025073	118	20.8%	22.1%	56	47.5%	39.6%
	Rishton Reservoir	E01025074	32	5.8%		6	18.8%	
	Foxhill Bank	E01025075	221	29.6%		83	37.6%	
St. Oswald's	Union Raod	E01025076	138	21.0%	14.3%	60	43.5%	23.9%
	White Ash	E01025077	98	15.7%		37	37.8%	
	West End	E01025078	66	10.9%		15	22.7%	
	Knuzden	E01025079	55	7.7%		16	29.1%	
Spring Hill	Haslingden Old Road	E01025080	80	12.8%	27.5%	19	23.8%	55.4%
	Stanhill	E01025081	75	11.5%		15	20.0%	
	Mount Camel High School	E01025082	67	10.0%		36	53.7%	
Spring Hill	Edleston Street	E01025083	339	43.0%	27.5%	205	60.5%	55.4%
	Bullough Park	E01025084	171	29.7%		89	52.0%	

Figure 6.9 Private Rented Sector Profile and Housing Benefits Claims of Hyndburn

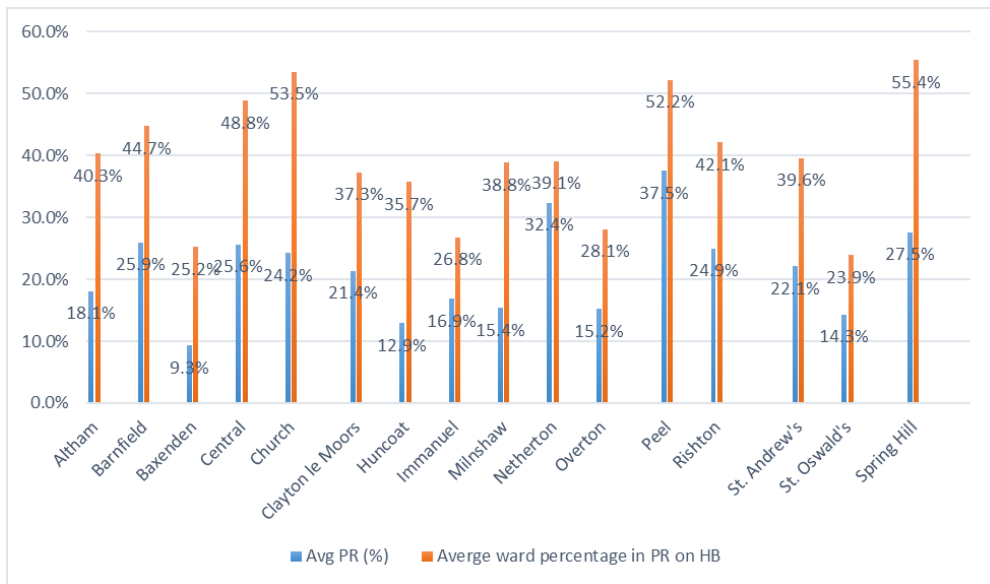


Fig 6.10. Percentage of private rented properties in Hyndburn housing market and percentage of private rented properties with housing benefits claims.

## F. Imported Housing Needs

- 6.25 Between 2019 and 2024, Hyndburn has witnessed a steady increase in the number of homeless applications every year. In 2023/2024 alone, the Council has received a total of 1,732 homeless applications. Evidence from the Council's Housing Team also suggests that Hyndburn also accepts homeless referrals from other local authorities if it is determined that an applicant has a local connection with Hyndburn.
- 6.26 There is further evidence that private landlords and government partnerships import people from other counties and regions of the country to fill the available bed spaces in HMOs, including from homelessness referrals, prison release referrals and violent offenders subject to bail conditions. It is understood that the unusually high number of referrals is led by the low property prices, and the lacking of the planning control for the formation of small HMOs through change of use of dwelling houses (under the provision of GPDO (2015) (Part 3, Class L (Part b))).
- 6.27 As already discussed in paragraph 6.11, in September 2024, government partnerships currently operate 83 HMO properties in Hyndburn, providing a total of 357 bed spaces. It is noted that about 3-5 properties are added or removed each month from the list of the properties, which is due to the termination of contracts of some properties and acquisition of new properties. The records provided by the Council's Housing Strategy Team indicate that 71 out of 83 HMOs currently contracted with the government partnership are located with the identified wards with higher numbers of HMOs. The distribution of those 71 HMOs are as follows:
- Spring Hill – 9
  - Netherton – 9
  - St. Andrew's – 7
  - Church – 19

- Central – 3
- Rishton – 12
- Barnfield – 3
- Clayton-le-Moors – 3
- Peel – 6

### **Relevance between Socio-Economic Issues and Supply of HMOs**

- 6.28 Correlations between the provision of HMOs and some socio-economic factors can be clearly identified. For example, it is recognised that higher education institutions and the associated large student population often trigger the high concentration of HMOs within university towns and cities. In order to avoid unsustainable concentrations of such type of accommodation, Article 4 Directions have been used by local planning authorities to control and direct the provision of new HMOs in their areas.
- 6.29 Compared to the concentration of student houses (HMOs) in university towns and cities, it is much harder to identify the direct association between other socio-economic factors and the high level of provisions the HMOs, and to establish the pattern of the areas affected by the high level of supply of the HMOs. In this instance, the socio-economic issues identified above do not directly explain the high level of concentration within the Borough, nevertheless, neighbouring local authorities showing similar socio-economic issues have also experienced the over-concentration of the HMOs, and have introduced Article 4 Directions as a mechanism to direct and control of the provision of new small HMOs within their areas.

### **Impact of HMOs in Hyndburn**

- 6.30 Sustainable and healthy communities have well-balanced housing markets characterised by a mix of homes that are privately owned, rented through social landlords, privately rented and other forms of housing such as houses of multiple occupation. In the recent past, Hyndburn has suffered from housing market failure that has stemmed from having large areas/numbers of low value, poor quality and old terraced houses for which there has been a low level of demand. This has served to suppress property prices, making them some of the lowest prices houses in England, and (until recently) resulted in a higher than average property vacancy level.
- 6.31 As discussed in paragraph 6.4 and 6.5 above, despite Hyndburn having a much lower population than the neighbouring authority areas such as Blackburn with Darwen and Burnley, there are approximately 509 HMOs known to the Council, providing approximately 1,633 bed spaces, which is equivalent to approximately 1 HMO bed space per 50 people (based on the population of 82,200 accordance to the 2021 census).
- 6.32 It is also noted that due to low property prices, the upfront cost associated with buying or renting a property in Hyndburn are significantly lower for investors than

most other areas of England. Although having a low cost housing market has benefits in terms of providing affordable family houses and rental properties, the low cost housing market in Hyndburn has made the Borough attractive to the private landlords/investors to acquire properties with low prices to convert them to HMOs, to let the bed spaces on the private renting market, or to contract with government partnerships to provide accommodations for asylum seekers, homeless and ex-offenders, people with particular care needs, etc.

- 6.33 In October 2010, changes were made to the General Permitted Development Order making change of use from Class C3 (dwellinghouse) to C4 (HMOs) permitted development. The GPDO 2010 has been subsequently amended and then superseded by order in 2013 and 2015. The Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended), now takes precedent. The GPDO (2015) (Part 3, Class L, (part b)) grants permitted development rights to allow the conversion from conversion from a use falling within Use Class C3 (dwellinghouses) to a use falling within Class C4 (houses in multiple occupation), and conversely, part (a) allow the change to use from C4 (HMO) to C3 (dwellinghouses).
- 6.34 The potential impacts of the HMOs on the local amenities and the balanced communities have been studied extensively by the local planning authorities, government departments, scholars, charitable organisations, and NGOs. Of course, each region and local authority area has its unique set of context, demographic profile, and social-economic issues, which means that the impact of HMOs on the local communities of each local authority areas could be very different. The issues that particular associated with Hyndburn have been discussed extensively in this document. In light of those findings, it is considered that high concentration of HMOs in the communities of Hyndburn has a wide range of impacts, which are discussed below.

### **Reduction in the Number of Vacant Properties**

- 6.35 One of the key signs of housing market failure is a much higher than average number of vacant properties. Since 2010, Hyndburn has witnessed a steady reduction in the number of vacant properties, a reduction that would have been driven by a steady increase in demand for properties in the Borough coupled with relaxation of permitted development rights, including those associated with HMOs.
- 6.36 The vacant dwellings data published by Lancashire County Council indicates that between 2010 and 2023, Hyndburn has experienced a large reduction in the number of vacant dwellings from 2,446 to 1,236 which equivalent of 49.5% reduction. The 2024 vacant dwelling data held by the Hyndburn Housing Standards department has shown the continuation of this trend, with the number of the vacant dwellings being reducing further down to 1,161 units in total.

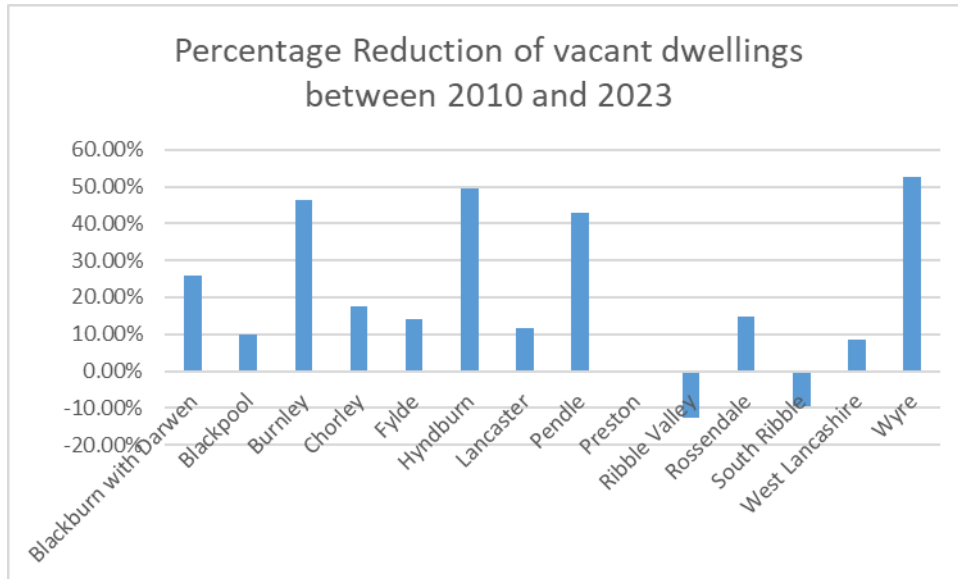


Fig 6.11. Percentage reduction of vacant dwellings of Lancashire-14 areas (Source: Official Census and Labour market Statistics).

6.37 Figure 6.11 illustrates that Hyndburn has shown the second highest percentage reduction of vacant dwellings within the Lancashire-14 area, positioned between Wyre, Burnley and Pendle. Burnley and Blackburn with Darwen are ranked 3<sup>rd</sup> and 5<sup>th</sup> on the table. The remaining local authority areas have either shown only small percentage reductions in vacant dwellings, or shown increases (Ribble Valley and South Ribble) in the number of the vacant dwellings between 2010 and 2023. Having reviewed the Local Plan Annual Monitoring Review of Wyre and Pendle, it is noted that the provision of the HMOs within those two local authority areas are small over the last five years and negligible, therefore the provision of HMOs is unlikely to play a key role in the large percentage reduction of vacant dwellings. Pendle Local Plan Annual Monitoring Review 2022-2023 states that the reduction of the vacant dwellings is largely due to the success of the Council’s Empty Homes Strategy and associated Action Plan, which focussed on targeted intervention to bring properties back into use<sup>12</sup>.

6.38 Unlike Pendle and Wyre, Blackburn with Darwen and Burnley have brought area based Article 4 directions to direct and control the provision of new small HMOs within their local authority areas since 2012 and 2022 respectively. Along with other factors such as delivery of affordable homes with strategic partners through the measures such as conversion of the long-term vacant dwellings, and selective demolition, both local authority areas have witnessed significant reduction in the total number vacant dwellings, particularly long-term vacant dwellings.

6.39 Compared with other local authority areas within the county who have had a significant reduction of vacant dwellings, the situation of Hyndburn is rather unique,

<sup>12</sup> Source: Pendle Local Plan Annual Monitoring Reviews, 2017-2018 to 2022-2023

as there is no Article 4 Directions for small HMOs, the scale of the selective demolition poor quality housing is relatively small (approximately 86 dwellings being demolished since 2010), and the selective licence scheme between 2018 and 2023 only applied to less than half of the Lower Super Output Areas of the Borough (23 out of 53 LSOAs).

- 6.40 The findings from the Hyndburn Selective Licencing report in 2023 (produced by arc4) suggest that the areas subject to Selective Licencing Designation had performed well for property price change, median quartile prices for terraced properties, rent changes and reducing long term vacant property. That said, it is worth noting that the Selective Licencing Designation only affects 24 Lower Super Output Areas (LSOAs) of Hyndburn, which amount to only less than 50% of LSOAs within the Borough, and does not include some key wards and LSOAs within the Borough, such as majority areas of Church, Netherton, Clayton-le-Moors, Great Harwood, Altham, St. Andrew Oswaldtwistle, Baxenden. Data provided by the Housing Standards and Council Tax departments has demonstrated that those key towns and settlements not included in the Selective Licencing Designation 2018-2023 have also shown high number and concentration level of HMOs, long term vacant dwellings, high number of sales between 2020 and 2023.
- 6.41 In light of the above, the significant reduction of the long term vacant dwellings could be an outcome of the Selective Licencing between 2018 and 2023. Nevertheless, there is little doubt that a large proportion of the former vacant dwellings within the Selective Licencing areas and the rest of the Borough Hyndburn have been bought by private owners. That said, the population of Hyndburn has only increased by 738 (approximately 1.9%) between 2011 and 2021 (according to the census data), which is significantly below the percentage increase of Lancashire-12 (5.5% increase) and England (6.6% increase). Furthermore, the percentage of households in the private renting sector increased from 18.2% to 23.1%, and social rented sector rose from 12.8% in 2011 to 13.5% in 2021, while the rate of home ownership decreased from 67.7% to 63.1%. In light of those figures, it is reasonable to conclude that the majority of vacant properties within Hyndburn have been absorbed by the private rental sector, government partnership, and adults/children care sectors, etc. The private rental sector and the government partnerships of which Houses in Multiple Occupation (HMOs) form part, has undergone notable growth in all major towns and settlements within the Borough.

### **Impact on Environmental and Accommodation Quality**

- 6.42 As stated in the previous sections of this report, it has been widely claimed that HMOs could potentially have negative impact on the physical environment and streetscape due to more people living in a HMO than would generally live in the same size house occupied by a family, and also higher levels of transience meaning that

people feel less desire to look after the property if they are only stay for a short time<sup>13</sup>.

- 6.43 HMOs will normally require more space for bin and cycle storage spaces than standard C3 dwellings, and this could be a particular concern in small terraced properties being converted into HMOs. Although most of those properties may have modest sized rear yards providing bin/cycle store, such arrangement could compromise the usable external space for the enjoyment of the HMO residents. The storage of bins in the small forecourt of some terraced properties would detract significantly from the quality of street scene and could encroach into off-street parking that might be present.
- 6.44 Other than the potential adverse impact on the street scene, HMOs, particularly unlicensed small HMOs often fail to ensure adequate living standards for occupiers. Given the modest internal floor space and layout of the traditional terraced properties in Hyndburn, most of the HMO bed spaces through the change of use of the dwelling houses (particularly the traditional terraced properties) are unlikely to comply with space standards as set out in the Nationally Described Space Standards, which mean that residents are living in small bedrooms and sharing bathroom and small kitchen facilities often with very limited and poor quality outdoor amenity space.
- 6.45 Furthermore, Hyndburn Housing Standards Team has received increasing numbers complaints on the housing disrepair. Almost all those complaints are related to private renting sector housing and HMOs.

<b>Housing Disrepair complaints</b>				
	2021_22	2022_23	2023_24	Grand Tot
Altham	3	8	10	21
Barnfield	25	37	47	109
Baxenden	1	2		3
Central	11	22	28	61
Church	14	12	23	49
Clayton-le-Moors	7	15	13	35
Huncoat	3	7	9	19
Immanuel	4	6	6	16
Milnshaw	6	6	10	22
Netherton	5	14	18	37
Overton	6	14	12	32
Peel	22	25	37	84
Rishton	12	12	25	49
Spring Hill	20	37	40	97
St Andrew's	12	11	12	35
St Oswald's		2	6	8
<b>Grand Total</b>	<b>151</b>	<b>230</b>	<b>296</b>	<b>677</b>

Figure 6.12. Hyndburn Housing Disrepair Complaints. Source: HBC Housing Standards, July 2024.

<sup>13</sup> Whilst good landlords will adequately maintain a building's structure and fixtures and fitting, occupants may be less invested in the properties presentation compared to someone who owns or rent their own exclusive property/outdoor space.

6.46 Figure 6.12 provides an overview on the number and distribution of the housing disrepair complaints within the Borough between 2021 and 2024. Although the data within this figure does not differentiate the private rented houses and the HMOs, it is still obvious that Barnfield, Central, Church, Clayton-le-Moors, Netherton, Peel, Rishton, Spring Hill and St Andrews Wards have shown higher number reported properties in disrepair than other Wards within the Borough.

### Impact on the private renting sector

6.47 As already discussed, HMOs offer accommodations that is typically cheaper than other private rental options and often house socially/economically vulnerable tenants. In recent years, Hyndburn has witnessed a significant increase of both large and small HMOs, which has potentially been taking up a large proportion of the vacant dwellings, but also have started driving up the rents of other type of properties within the private renting sector.

6.48 According to the house price data from the Office of National Statistics (ONS), the average monthly private rent in Hyndburn was £574 in July 2024, which is an increase from £510 in July 2023, a 12.6% rise<sup>14</sup>. From the figure below, it is noted that other than the period between June 2017 and September 2018, the percentage increases of the rent in Hyndburn are largely below or in line with that of the regional and national level between January 2016 and December 2023. From the beginning of year 2024 Hyndburn private rental price has been experiencing significant level of increase.

### Annual change in rents in Hyndburn

Private rental price annual inflation, Hyndburn, January 2016 to July 2024

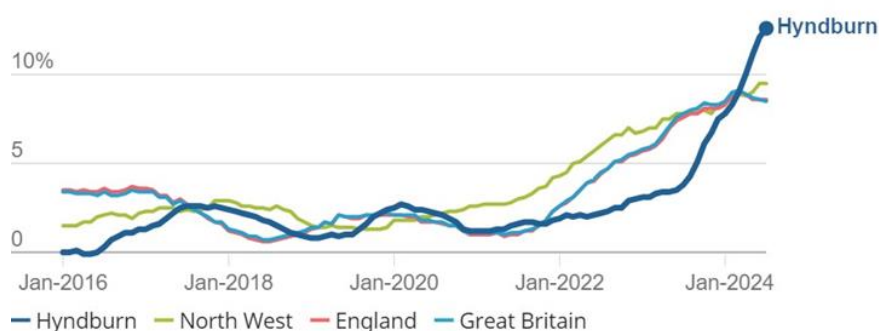


Figure 6.13. Private Rental Price Annual Inflation, Hyndburn.

6.49 Although multiple social and economic factors could contribute towards the increase in the private sector rents in Hyndburn since the beginning of 2024, there is little doubt that the significant reduction of the vacant dwellings within the Borough, the

<sup>14</sup> Source: Office of National Statistics, [Housing prices in Hyndburn \(ons.gov.uk\)](https://www.ons.gov.uk/housing/rents/private-renting)

increase of small HMOs, and other types of the accommodations competing with private renting sectors could be key driving factors for the reduction of other types of housing in private renting sector.

### Contributing Towards Provision of Accommodation for Specific Social Needs

- 6.50 HMOs can make an important contribution to Hyndburn’s housing offer, providing flexible and affordable accommodation for young professionals, alongside low-income household who may be economically inactive or working in low paid jobs. HMOs in Hyndburn has also provided residence for people in full-time further or higher education, being operated by a voluntary organisation as temporary accommodation for people in various needs, for asylum seekers and their dependents, (under Section 95 of the Immigration and Asylum Act 1999), or as hostel or night shelter providing accommodation for homeless and ex-offenders.
- 6.51 According to the records provided by Northwest Strategic Migration Partnership, Lancashire-14 areas currently provides accommodation for a total of 2,664 asylum seekers, and Hyndburn has shared approximately of 10% of the total number. It is also noted that the Hyndburn is ranked the 2<sup>nd</sup> and 1<sup>st</sup> on the asylum seeker/population ratio amongst the Lancashire-14 and Lancashire 12 areas respectively.

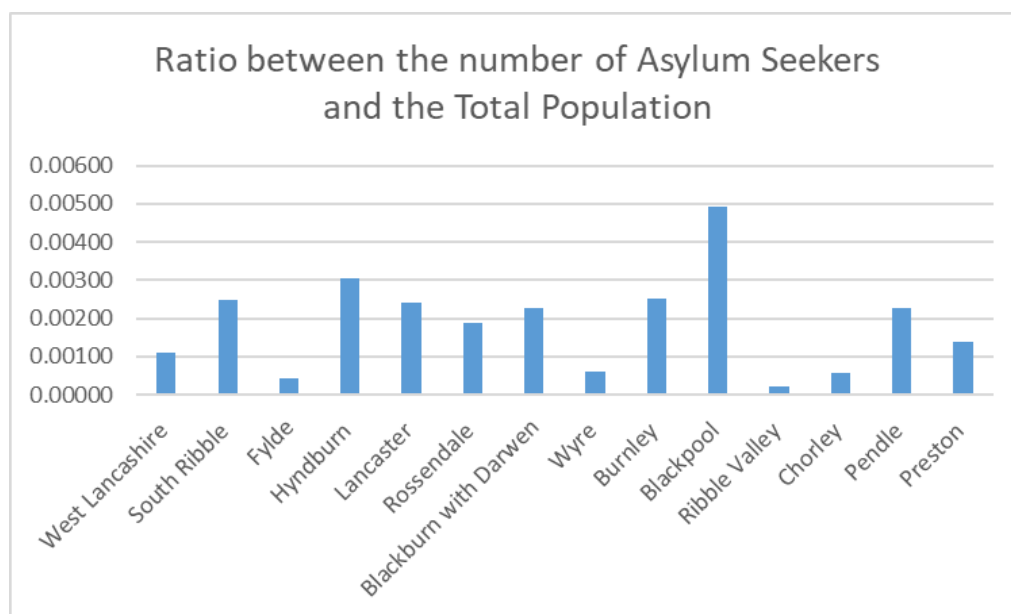


Figure 6.14 Ratio between the number of Asylum Seekers and Total Population of Lancashire -14. Source: Northwest Regional Strategic Migration Partnership <https://northwestrsm.org.uk/statistics>

Local Authority	Section 4	Section 95	Section 98	Total	Total population	Population ratio
West Lancashire	9	124	2	135	120,700	1/894
South Ribble	0	130	153	283	113,500	1/401
Fylde	1	34	0	35	83,850	1/2,396
Hyndburn	18	2344	4	256	84,260	1/329
Lancaster	9	129	214	352	145,560	1/413
Rossendale	12	120	2	134	71,540	1/533
Blackburn with Darw	14	341	0	355	157,500	1/443
Wyre	4	60	6	70	116,990	1/1,1671
Burnley	3	237	1	241	96,440	1/400
Blackpool	0	278	424	702	142,710	1/203
Ribble Valley	6	9	0	15	64,470	1/4,298
Chorley	5	62	3	70	119,350	1/1,705
Pendle	6	215	0	221	97,040	1/439
Preston	18	185	11	214	156,410	1/731

Figure 6.15 Total Accommodation by Support Type (asylum seeker)<sup>15</sup>

- 6.52 At the time when this evidence based document is prepared, Hyndburn has been working with Government partnerships and private landlords to contract the HMOs the area to provide temporary accommodation for asylum seekers, and to provide temporary accommodations for ex-offenders and homeless referrals, mostly from outside the Borough. There is little doubt that such arrangement would inevitably bring people from elsewhere to the Borough, which would impose extra pressure to the local services. The transient nature of this type of accommodations makes it particularly difficult for the residents, who are often only temporarily being accommodated, to integrate with the local communities. The concentration of such type of accommodation could potentially marginalise both the HMO residents and local families.
- 6.53 It should be noted that such arrangement incentivises current HMO landlords and temporary accommodation providers to switch their properties away from their existing use to Home Office contracts for asylum accommodation that may be more profitable. Without an Article 4 Directions in place, this could potentially trigger further unplanned expansion of HMOs within the areas that already over-concentrated with such accommodations.

<sup>15</sup> Section 4 support is available when an asylum application has been finally determined as refused, but people are destitute and there are reasons that temporarily prevent them from leaving the UK. Section 4 regulations require all recipients be accommodated. Section 98 provides support to destitute asylum seekers who are awaiting a decision on their Section 95 application. Section 95 provides support for asylum seekers who have an asylum claim or appeal outstanding and failed asylum seekers who had children in their household when their appeal rights were exhausted and includes those in receipt of:

- Dispersed accommodation – An applicant can be in receipt of accommodation and support
- Subsistence only – whereby the applicant receives cash to support themselves but who have found their own accommodation.

## Association of HMOs and Crime

- 6.54 Evidence held by the Council and Lancashire Police highlights the areas with higher concentration of HMOs continue to have higher level of anti-social behaviour, noise, refuse complaints. Figure 6.14 provides comparative images of the Hyndburn Crime Hotspot Map (2023) and the latest Hyndburn HMOs Map. It appears that there is clear overlapping between the 'Crime Hot Spot' <sup>16</sup> within the Borough and the areas of high concentration of HMOs. A correlation between HMO proliferation and prevalence of the recorded anti-social behaviour and other crime can be seen.

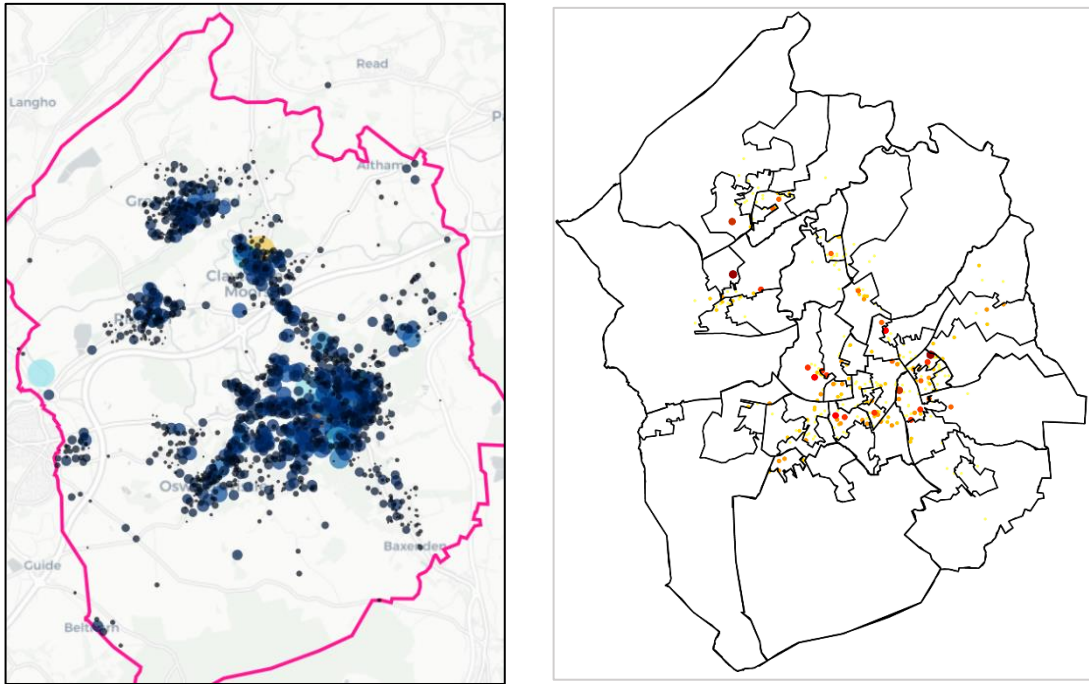


Fig 6.16. Comparative images of the crime hot spot and HMO concentration map

- 6.55 It can be seen that the areas with higher level of HMOs have also shown relatively higher level of recorded crime. The crime records from [crimesinmyarea.co.uk](https://crimesinmyarea.co.uk) also conclude that Barnfield, Peel, Central, Church, St. Andrews, Clayton-le-Moors, Spring Hill, Netherton are the eight wards with higher crime rates in Hyndburn. It is acknowledged that the established residential areas or the town centres accommodating most of the small HMOs, also happen to be the locations which attracts most anti-social behaviour, drug crime, arson, and shop lifting, etc.
- 6.56 Figure 6.17 below illustrates the crime ratio (crime per 1000 population) for Hyndburn wards and compares this with the number of HMOs and the crime rates for each ward. It shows that the 9 wards with higher HMO/total number of dwelling ratio (Barnfield, Central, Church, Clayton-le-Moors, Netherton, Peel, Rishton, Spring Hill and St. Andrew's) also have higher levels of crime than other wards in Hyndburn.

<sup>16</sup> Source: Hyndburn Crime Rate <https://crimesinmyarea.co.uk/borough/hyndburn>

	Properties	HMOs	Density	Crime per 1000
Altham	2276	25	1.10%	73.5
Barnfield	2406	58	2.41%	212.9
Baxenden	1705	5	0.29%	39.7
Central	2166	52	2.40%	124.6
Church	2262	61	2.70%	109
CLM	2226	22	0.99%	96.1
Huncoat	1976	17	0.86%	59
Immanuel	2196	14	0.64%	70.8
Milnshaw	2125	24	1.13%	88.2
Netherton	2197	27	1.23%	95.4
Overton	2954	18	0.61%	67
Peel	2326	58	2.49%	159.8
Rishton	3140	41	1.31%	111.1
Spring Hill	2268	49	2.16%	92.1
St Andrew's	2167	32	1.48%	112.1
St Oswald's	2662	6	0.23%	48.8

Figure 6.17 Association between HMO density and crime rate

- 5.3 As already discussed, HMOs provide affordable accommodation in Hyndburn for young professionals, low-income household who may be economically inactive or working in low paid jobs, it is however noted that the a large proportion of existing HMOs are contracted with Government Partnerships (83 HMO properties with a total of 357 bed spaces, and about 3-5 properties being added and removed each month from the list due to the end of contracts of some properties and acquisition of new properties) to provide transient bed spaces for homeless referrals, prison release referrals and violent offenders (subject to bail conditions). It is understood that most of those referrals are for the people from outside the Borough and the County. Alongside the HMOs in the private renting sector, the concentration specialist HMOs in areas with high crime level could make it more difficult for to tackle crimes and anti-social behaviour, and eventually result in marginalisation of local families. Therefore, based on the information currently available, it is considered that managing the distribution of further HMO development in those areas of the Borough would avoid further concentration of HMOs in those areas and could potentially mitigate against future amenity impacts and crime.
- 6.57 It is considered that monitoring and managing the spatial distribution and impact of the HMOs will allow the Council to identify if it is necessary to prevent unmanaged increase in the number of HMOs in certain areas to ensure communities do not become imbalanced. As discussed in Section 3, such control can be achieved through an Article 4 Direction and the removal of permitted development rights, requiring landlords to apply for planning permission to change a property into an HMO.

## Amenity Impacts on the Neighbourhoods

- 6.58 A report by Ecotect that was commissioned by the Government entitled 'Evidence Gathering – Housing in Multiple Occupation and Possible Planning Responses' (CLG, 2008) found that the poor management of rented HMO accommodation can lead to amenity and character issues which directly affect local communities. These issues can include poor refuse management; on-street parking pressure; noise and anti-social behaviour; high property turnover; neglected gardens and lack of maintenance to housing stock. These issues tend to be exacerbated where there is a high concentration of HMOs.
- 6.59 In recent years, there has been debate about wider amenity challenges the concentrations of HMOs are having on neighbourhoods. The most commonly noted issues include the loss of other types of dwellings in the private renting sector, family and starter housing, as owner occupiers and buy-to-let landlords competing for similar properties and have implications on families seeking accommodation in the private renting sector.
- 6.60 Whilst HMOs can provide specialist, low cost, temporary accommodation for the most vulnerable, deprived, and socially/economically disadvantaged population, evidence suggests many of the issues apply to HMOs in general and are well-known and generally accepted nationwide. Concerns about the adverse amenity impact of increasing numbers of HMOs have been raised by the local residents and recorded by the Council's Environmental Protection Team, which include:
- Increase in population density resulting in increase in domestic refuse, litter, and fly tipping of the unwanted household items (e.g. discarded beds/mattresses, sofa and fridges);
  - The removal of hedges, fences, gardens for driveways;
  - The changing visual appearance of streetscapes and residential environment in negative ways;
  - Higher levels of population transience;
  - The proliferation of 'to-let' boards, unkempt gardens and yards;
  - Dilapidated external residential facades, and the disrepair of housing (depending on the landlord);
  - The exclusion of local families and low –income individuals and households from the local housing market;
  - The replacement /displacement of local facilities by transient populations;
  - The marginalisation and polarisation of local families;
  - The gradual loss of family-oriented public and private services;
  - The formation of new sense of place, and a different type of ambience in the neighbourhood;
  - Higher level of noise nuisance (e.g. parties, higher occupancy levels in HMO) anti-social behaviour, burglary and crime;
  - The incongruous patterns of the everyday living (e.g. timing of work, play and sleep) of established residents;
  - Increased car parking and congestion

- 6.61 Local amenity and the well-being of an area are very wide terms and can have specific meanings in policy interpretation depending on the matters being considered, for example visual amenity or residential amenity. Amenity generally can be defined as 'positive element or elements that contribute to the overall character of enjoyment of an area'. Whilst an individual HMO can have some adverse impact on the amenity of its occupiers and the immediately neighbours, the concentration of HMOs within centre areas or clustering of HMOs have evidentially result in notable adverse impact on the local amenity or the well-being of an area.

### **Conclusion**

- 6.62 In summary, evidence presented in this section of the report have indicated that in Hyndburn, the areas with low property price and low level of multiple-deprivation tend to attract the private landlords to acquire residential properties to convert them into small HMOs under the permitted development rights. Further, it is also noted that the increased number of HMOs, particularly the clusters of small HMOs in those areas further intensifies the social/economics issues such as increased level of multiple deprivation, high crime, housing disrepair and poor quality accommodation, which lead to further reduction in housing demands and property prices.
- 6.63 In light of the above, it is considered that the introduction of Article 4 Directions in those areas with the highest concentration level HMOs would offer a great opportunity to break the cycle of low property price attracting private landlords to convert dwellings to small HMOs under permitted development rights, which intensifying the issues of deteriorating quality of housing and transient population, and eventually tilting the balance of local community, leading to marginalisation of local families, and driving up the number of crime, anti-social behaviour and deprivation of those wards and areas.

## 7. Appropriate Area for the Article 4 Direction

- 7.1 National Planning Practice Guidance requires there to be a ‘particularly strong’ justification if a Direction is to relate to a wide area (for example covering the entire area of a local planning authority). It is envisaged that applying an area based Article 4 Direction to manage and direct future HMO development could result in the overspill of the new HMOs to the areas not covered by the Article 4 Directions. Evidence presented by the neighbouring authority Blackburn with Darwen demonstrate that *‘HMO numbers have grown considerably and been dispersed beyond those areas covered by the original Article 4 Direction.’* That said, as the boundaries of the areas subject to Article 4 Directions can be modified to reflect the changes in circumstances, there will be little justification to apply a Borough wide Article 4 Direction in this instance. The numbers of HMO’s in areas not covered by an Article 4 Direction can continue to be monitored and if becomes evident that concentrations are becoming unsustainable then the Article 4 Direction can be extended.
- 7.2 Section 4 of this document has identified a set of unique circumstances of Hyndburn. Given the low property prices, large number of vacant dwellings, high level of household deprivation and economically inactive population, lacking of extant Article 4 Directions for HMOs in place, Hyndburn has become a desirable place attracting private landlords, Government partnerships and private care providers investing in the Borough providing both large & small HMOs, and privately operated care homes. Without any extant Article 4 Directions to manage the provision and distribution of small HMOs (which can be formed through the change of use of dwelling houses under permitted development rights), the Councils have little control over the location and the density of the HMOs within the Borough, and their cumulative impact on the local amenity and balanced community. Through the analysis in the Section 4, 5 and 6, it is particularly noted that there has been clear overlapping of the areas with high level of concentration of HMOs, areas with high level of deprivation, areas with higher crime rate, and areas with most reported housing disrepair.
- 7.3 Having regard to the evidence set out in this report, it is noted that HMOs are unevenly distributed within the boundary of Hyndburn, and most rural LSOAs have very low number HMOs. In several wards there are relatively few HMOs and there are no apparent concentration or clusters. It is therefore unlikely that harm to the balanced community, or well-being of those areas, will arise from the change of use of Use Class C3 dwelling houses to C4 small HMOs under permitted development rights. As such, there is no strong justification to apply a borough-wide Article 4 Direction.
- 7.4 As discussed in Sections 5 and 6, those wards with high concentration level of HMOs also demonstrate the presence of key social and economic problems, including high level of multiple deprivation, high crime rate, high number of reported housing disrepair etc. As illustrated in Figure 7.1, the direct relevance between high number of HMOs and other key social economic issues are clearly shown, hence the

introduction of Article 4 Directions in the eight wards with the highest concentration level HMOs would offer a great opportunity to break the cycle of low property price attracting private landlords to convert dwellings to small HMOs under permitted development rights, which intensifying the issues of deteriorating quality of housing and transient population, and eventually tilting the balance of local community, leading to marginalisation of local families, and driving up the number of crime, anti-social behaviour and deprivation of those wards and areas.

Ward	No. of HMOs	Avg. house price (£)	IMD Decile	Reported Housing Disrepair	Crime Rate	Living Environment Decile
Altham	25	145,451	3	21	96.2	3
Barnfield	58	135,034	1	109	297.7	2
Baxenden	5	199,937	9	3	49.9	5
Central	52	85,925	1	61	179.0	1
Church	61	105,014	1	49	178.6	1
Clayton-le-Moors	22	120,159	2	35	140.1	2
Huncoat	17	170,016	3	19	79.4	4
Immanuel	14	141,221	3	16	103.5	2
Milnshaw	24	137,252	2	22	124.7	3
Netherton	27	138,889	1	37	130.8	1
Overton	18	162,411	4	32	82.4	2
Peel	58	77,544	1	84	216.0	1
Rishton	41	125,766	2	49	122.7	1
Spring Hill	49	76,558	1	97	131.4	1
St Andrew's	32	139,374	1	35	161.0	1
St Oswald's	6	160,899	6	8	62.2	2

Figure 7.1 Comparative table illustrating the HMOs numbers, IMD decile, housing disrepair, crime rate, and living environment decile of wards within Hyndburn

- 7.5 There is no evidence demonstrating that the high concentration of HMOs are directly responsible for the social and economic issues identified in this document. However, managing the future provision and distribution of HMOs through the introduction of Article 4 Direction (within the eight wards with the highest number of the HMOs) would give the Council more power to control potential adverse impacts arising from HMO's by requiring planning permission.
- 7.6 With regards to the wards not affected by the Direction, on-going monitoring on the number of HMOs, deprivation and crime level will be undertaken by the Council to form evidence base for the future review of the Article 4 Directions and the Development Plan documents.

7.7 The following map shows the area to which it is proposed that Article 4 Direction applies.

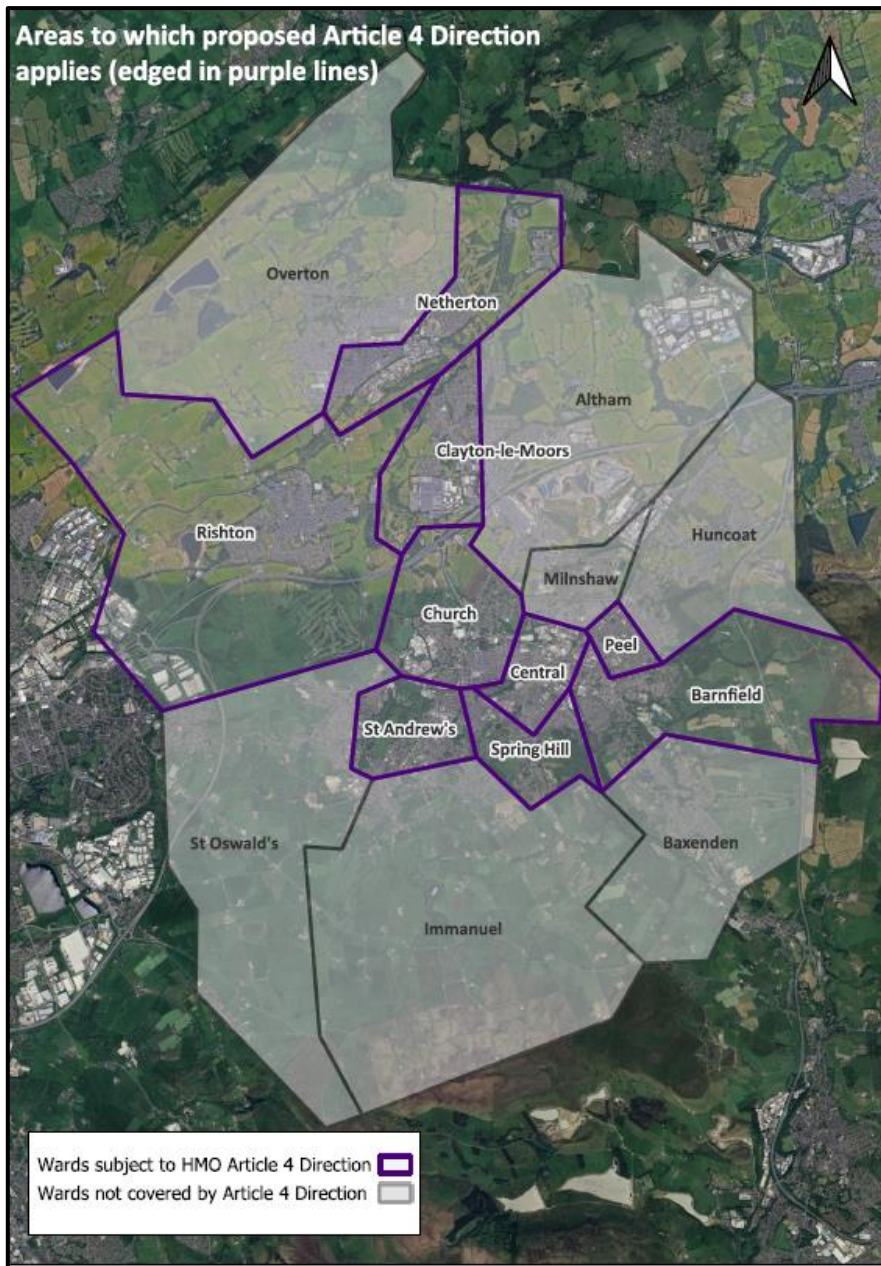


Figure 7.1 Areas subject to HMO Article 4 Direction

## **8. Procedure and Further Implications**

### **i. Justification for the Non-Immediate Direction**

- 8.1 In conclusion, the case for an Article 4 Direction to remove the permitted development rights for the change of use of dwellinghouses to small HMOs in the 9 wards identified is considered to be demonstrated and justified.
- 8.2 Article 4 Directions to withdraw permitted development rights can be made with either immediate effect or non-immediate effect. With non-immediate Directions, permitted development rights are only withdrawn after a period of consultation and confirmation of the Direction.
- 8.3 There are compensation liabilities arising from the making of an immediate Article 4 Direction. For a period of up to 12 months after making an Article 4 Direction, developers can claim compensation for any abortive expenditure or other loss attributed to the withdrawal of permitted development rights. This could arise in circumstances where planning permission was refused or granted subject to restrictive conditions. However, where a minimum of 12 months of prior notice of the withdrawal of permitted development rights is giving prior to its coming into force, there is no ability to claim compensation.
- 8.4 The level of risk involved by making an Article 4 Direction without the 12-month notice period is difficult to measure, but given that there is evidence of high concentrations within the eight wards and as such, high demand for the conversion of properties to HMOs, there is potentially a high risk of compensation claim(s). The prospect of speculative applications submitted solely for the purpose of giving rise to compensation liability cannot be discounted either.
- 8.5 It is therefore recommended that the Council make a “non-immediate” Article 4 Direction, giving at least 12-month notice before it comes into force thereby avoiding potential liabilities arising from compensation claims.

### **ii. Benefits and Limitations**

- 8.6 The effect of an Article 4 Direction is that planning permission will be required for the conversion of a dwelling to new small HMOs in the Class C4 use. This does not mean that such planning application will be refused, but will be subject to assessment of the planning merits in accordance with relevant development plan policies and interim policy guidance with regard to the HMOs.
- 8.7 An Article 4 Direction cannot be applied retrospectively on the existing HMOs and permitted development rights can be used up until the point at which the Direction comes into force. This means that the impacts of the Article 4 Direction will not be immediate.

8.8 There is a risk that non-immediate Article 4 Directions may result in additional HMOs being created within the 12 month notice period in order to avoid the need for planning permission. The Article 4 Direction will allow for greater planning control in determining the appropriateness of new small HMO development on a case-by-case basis. An Article 4 Direction cannot solve all problems, however, it can play a part in improving HMOs, raising housing standards in the Borough, and help prevent further social and environmental problems in the affected wards, as well as address the concerns about balanced communities.

## 9. Effect of Future Planning Policy

- 9.1 As noted in the previous sections of this report, following the Article 4 Direction (non-immediate Direction) taking effect, it is proposed to introduce Supplementary Planning Guidance on Houses in Multiple Occupation to provide guidance on the development proposals for new HMOs within the nine wards subject to Article 4 Direction in order to ensure mixed and balanced communities, to ensure that new development does not have an unacceptable adverse impact on amenity and quality of life of future occupiers of the proposed HMOs and its neighbouring areas, and to prevent the communities being tipped from balanced to unbalanced

### **HMO Development in Article 4 Areas**

- 9.2 This report establishes a strong correlation between high concentrations of houses in multiple occupation in the nine wards identified, low property prices and a range of deprivation indicators. Within these areas there is already a high concentration of HMO's and it is considered that allowing more HMO's in these areas would only serve to further increase the cumulative impacts of HMO's on these areas and contribute to further social, economic and environmental impacts of the type identified by this report. The following policy is therefore proposed:

#### **Policy 1: HMO Development in the Article 4 Areas**

**Planning permission for the development of large or small HMO's within the Article 4 wards identified will not be granted unless there are exceptional circumstances that support the development the HMO proposed.**

**In the event that exceptional circumstances are demonstrated, all HMO's should satisfy criteria iii to xii inclusive of Policy 2 below.**

- 9.3 For planning permission to be granted for the development of HMO's within the Article 4 areas, it would be necessary for the applicant to identify the exceptional circumstances why they believe an HMO is needed or should be supported in that area, and for those exceptional circumstances to be accepted by the decision maker as exceptional i.e. the planning officer if the planning application is determined under delegated powers, or Planning Committee if the application is determined by Planning Committee.

#### **Policy 2: Large HMO's in areas outside the Article 4 Areas**

**Planning permission for the development of large HMO's in areas outside the Article 4 areas will only be granted subject to the following criteria being satisfied:**

- i. **The HMO is not within 100m distance of an existing HMO.**

- ii. **The development should be within walking distance (within 250m) of a town centre.**
- iii. **The development has sufficient floor space to accommodate an increase number of residents<sup>17</sup> and meets the relevant Nationally Described Space Standards;**
- iv. **All bedrooms must possess at least one window and have sufficient natural light;**
- v. **The development has sufficient communal areas and garden areas in accordance with the Council's Policies for Licencing Houses in Multiple Occupation.**
- vi. **There is sufficient off-street car-parking and the development will not increase highway safety concerns (this requirement only applies to large HMO's);**
- vii. **There is sufficient space within the curtilage for the provision of sufficient secure cycle parking;**
- viii. **There is sufficient space storage provision for waste/recycling containers in a suitable enclosure area within the curtilage of the property;**
- ix. **The condition of the property is of a high standard that contributes positively to the character of the area and that the condition of the property will be maintained following the change of use to HMO;**
- x. **The increase in number of residents will not have an adverse impact (i.e. noise level, vehicular movements during late hours, etc) on the level of amenity neighbouring residents can reasonably expect to enjoy;**
- xi. **The change of use and increase in number of residents will not result in the loss of front garden for hardstanding for parking and refuse areas which would detract from the existing street scene, and;**
- xii. **Surveillance is introduced where considered necessary by the Police Liaison Officer.**

9.4 In areas outside the wards affected by the Article 4 Direction planning permission will not be required for the development of small HMO's because permitted development rights will continue to apply.

9.5 Planning applications for large HMO's outside the Article 4 areas should meet all the criteria set out in Policy 2 above.

9.6 The first criteria (i) is considered necessary to prevent an over-concentration of HMO's in any particular area. It would be necessary for the Council to produce a

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<sup>17</sup> Houses in Multiple Occupations (HMOs) in the areas subject to Article 4 Direction are expected to be well designed in terms of their appearance, size and setting. The Nationally Described Space Standards (NDSS), which set out minimum spaces standards and room sizes have been adopted by the Council for all new housing developments, which includes the new build of (and conversion of existing buildings to) flats/apartments or HMOs.

plan that illustrates the relevant buffer zones that would be within 100m of an existing HMO. It is proposed that this be done on an annual basis. It is important to note that the plan would not identify specific addresses of HMO's.

- 9.7 Criteria (ii) seeks to ensure that large HMO's are located within proximity of town centres consistent with Policy H1 of the Hyndburn Core Strategy. This recognises that HMO's represent a high density form of development that should be located in proximity to shops and services and that the occupants often do not have access to their own car.
- 9.8 The third criteria (iii) seeks to ensure that there is sufficient floor space within proposed HMO's and that they meet the requirements of the Nationally Described Space Standard. This is already a policy requirement of the Development Management DPD [Policy DM xx).
- 9.9 Criteria (iv) and (v) is concerned with the amenity of occupants.
- 9.10 Criteria (vi), (vii) and (viii) are concerned with ensuring that the development incorporates sufficient space to accommodate off-street car-parking (where relevant) and that there is sufficient space for cycle and bin storage.
- 9.11 Criteria (ix), (x) and (xi) are concerned with ensuring that the development does not have an unacceptable adverse impact on local amenity.
- 9.12 Criteria (xii) is concerned with the need for surveillance and to ensure that developments incorporate the requirements of the Police Liaison Officer when recommendations are made by them.
- 9.13 It will be necessary to undertake consultation on this policy framework, and for representations to be taken into consideration, prior to the Council adopting this policy.
- 9.14 It should be stressed that the policy would not form part of the development plan, although there are elements of Policy 2 that are already addressed by existing policy.
- 9.15 In terms of the internal space arrangements of HMO's, it is recognised that for large HMO's there is some potential overlap between the planning policy requirements and the HMO Licencing requirements. As a means of seeking to improve housing standards across Hyndburn, the Council has adopted the Nationally Described Space Standards and these have been applied in the determination of planning applications for the development of HMO's. This approach is expected to continue.

## 10. Conclusions

- 10.1 This report has provided justification for an Article 4 Direction applicable across the wards that demonstrate over-concentration of HMOs, deprivation, poor quality housing and living environment, and high crime level. It has also set out a threshold of 10% of properties at a street level (within 100m radius of the application site) should be used to assess planning applications for the change of use from C3 dwelling houses to Class C4 HMOs, with a presumption of refusal of permission unless exceptional circumstance could be demonstrated.
- 10.2 The removal of permitted development rights through the introduction of Article 4 direction may result in an increase in the number of planning applications for HMO's, although there is some anecdotal evidence to suggest that organisations or landlords seeking to develop HMO's avoid those areas with Article 4 Directions in place. On-going annual monitoring and management on the database of the numbers of HMOs would provide up-to-date evidence base for the assessment of the planning applications, however it may also have a resource implication for the Council.
- 10.3 On the basis of information and evidence in this report, the wards identified above would provide the focus for the proposed policy approach given the concentration of known HMOs in those areas and the potential harm that could arise from it. These areas will provide a basis for testing the application and implementation of the proposed policy approach and its outcome in controlling the number and level of concentration of HMOs, along with reduction of the aspect of harm, or potentially affecting communities with high concentrations of HMOs.

## Appendix 1. Glossary of Terms and Acronyms

### **Additional HMO Licensing**

Additional licensing is when a council can impose a licence on other categories of HMOs in its area which are not subject to mandatory licensing. The council can do this if it considers that a significant proportion of these HMOs are being managed sufficiently ineffectively so as to give rise to one or more particular problems, either for the occupants of the HMOs or for members of the public<sup>18</sup>.

### **Article 4 Direction**

A Notice under Section 4 of the Town and Country Planning Act 1990 is commonly known as an 'Article 4 Direction'. In relation to Houses in Multiple Occupation (HMOs) use of an Article 4 Direction means that within a defined area, planning permission is required to convert a Class C3 dwellinghouse into a Class C4 house in multiple occupation with between 3 and 6 occupiers who are not related to each other. Local authorities adopting Article 4 Directions have done so as they believe it will 'help to manage areas of high concentration of HMOs, and those areas which are predicted to either experience growth of HMOs in the near future, or which are likely to suffer from a displacement of HMO demand from the areas currently experiencing significant problems'.

### **Building Regulations for HMO**

Building Regulation approval is required in respect of conversion works to provide new HMOs, such as the conversion of older properties into self-contained flats.

### **Council Tax Exemption**

Council Tax classification has two types of student exemption: Class M relates to halls of residence owned or managed by an institution and Class N relates to dwellings whose occupants are students. Council Tax Class N student exemptions also include students occupying general private rented apartments, a self-contained dwelling, either as a single tenant or sharing with a friend but the accommodation would not be defined as a HMO. Furthermore, Council Tax student exemption data will also include the head of a family household, who happens to be student, occupying a family dwelling.

### **Concentrations of HMOs**

To identify those areas where there are concentrations of HMOs, it is necessary to identify the total number of dwellings within a given area based on precise boundaries, and the number of those dwellings that may be HMOs drawn from analysis of student residence patterns, locations of private rented housing, and council tax and HMO licensing records.

### **HMO Licensing**

These are mandatory conditions which require the licence holder to:

- produce an annual gas safety certificate

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<sup>18</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/15652/HMO\\_Lic\\_landlords\\_guide.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15652/HMO_Lic_landlords_guide.pdf)

- keep electrical appliances and furniture supplied by the landlord in a safe condition and to supply declarations of their safety to the local council on demand
- install smoke alarms and keep them in proper working order and to supply to the local council, on demand, a declaration of their positioning and condition; and
- give the occupiers a statement of the terms on which they occupy the HMO. The council may also specify conditions such as those relating to the facilities in the HMO, its condition and the management of the building, including how the licence holder deals with the behaviour of occupiers.

### **Interim Planning Policy Document**

An Interim Planning Policy Document provides a policy approach and to provide further detail of policies on HMO's to be included in the Local Plan. It does not have development plan status, but it will be afforded significant weight as a material planning consideration in the determination of planning applications.

### **Selective Licensing**

Under the Housing Act 2004, local authorities have powers to introduce selective licensing of privately rented homes to address problems in their area, or any part of them, caused by low housing demand and/or significant anti-social behaviour. A designation may be made to combat problems in an area experiencing poor property conditions, an influx of migration, a high level of deprivation or high levels of crime.

## Appendix 2. Customer First Analysis

### 1. Background

- 1.1 Since 1 April 2011, we have a legal duty under the Equality Act 2010, which applies to all public authorities. It covers these protected characteristics: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; gender; sexual orientation; and, for some aspects, marriage and civil partnerships.
- 1.2 The duty means that – as previously - we should analyse the effect of existing and new policies and practices on equality. It does not specify how we should do this. However, legal cases on the meaning of the previous general equality duties make it clear that we must carry out the analysis **before making the relevant policy decision**, and include consideration as to whether we can reduce any detrimental impact.
- 1.3 The framework overleaf – our Customer First Analysis - is suggested when making a written record of the analysis.
- 1.4 The Analysis should be **proportionate** to the policy decision being taken and included when a decision is being taken on the Policy. In some cases the written record will be a quick set of bullet points or notes under each heading, to deal with any questions which are relevant (or briefly explain why if they aren't). Others will need to be much more detailed. A meaningful Analysis will help the Council make the best decision or formulate a policy which best meets our customers' needs.

### 2. Purpose

- 2.1 What are you trying to achieve with the policy / service / function?

Introducing Article 4 Direction to nine wards in Hyndburn (Barnfield, Central, Church, Clayton-le-Moors, Netherton, Peel, Rishton, Spring Hill, and St. Andrew's) to remove the permitted development right for the formation of small HMOs (Class C4) through the change of use of dwellinghouses (Class C3), to ensure that further provisions and distribution of HMOs will be assessed and directed by the Local Planning Authority.

- 2.2 Who defines and manages it?  
HBC – Planning and Transportation; Housing Strategy; Environmental Health

- 2.3 Who do you intend to benefit from it and how?  
The overconcentration of HMOs in the area with high level of deprivation and low property prices have intensified the social and economic issues within those areas. The introduction of HMO Article 4 Direction will enable the council to address those issues, and to direct and manage the future provision/distribution of HMOs in Hyndburn.

Article 4 Direction for HMOs will not only protect family dwellings and local amenity, but also enable the Council to tackle the issues such as deprivation, crime and anti-social behaviour.

2.4 What could prevent people from getting the most out of the policy / service / function?  
Insufficient officer capacity, and lacking of accurate records on the number and location of existing HMOs in the areas affected by Article 4 Direction.

2.5 How will you get your customers involved in the analysis and how will you tell people about it?

Through the six weeks of public consultation of the Article 4 Direction Evidence Report and the draft HMO supplementary planning guidance, and the mechanism of pre-application enquiry.

### **3. Evidence**

3.1 How will you know if the policy delivers its intended outcome / benefits?  
Through Annual Monitoring Report of the Local Plan, and the database of the Council's Housing Strategy and Council Tax teams.

3.2 How satisfied are your customers and how do you know?  
It is too early to tell.

3.3 What existing data do you have on the people that use the service and the wider population?  
Information on the wider population, indices multiple deprivation, housing prices are derived from the ONS census data in 2021.

3.4 What other information would it be useful to have? How could you get this?  
More accurate mapping data of the existing HMOs in the Borough. The accurate mapping data would require regular updates from the Council's Housing Standards and Council Tax teams.

3.5 Are you breaking down data by equality groups where relevant (such as by gender, age, disability, ethnicity, sexual orientation, marital status, religion and belief, pregnancy and maternity)?  
No.

3.6 Are you using partners, stakeholders, and councillors to get information and feedback?  
Yes.

### **4. Impact**

4.1 Are some people benefiting more – or less - than others? If so, why might this be?

Article 4 Direction would benefit local families, wellbeing and amenity of local communities. The outcome/impact of the Article 4 Direction will be reviewed annually through the Local Plan Annual Monitoring Report.

## **5. Actions**

- 5.1 If the evidence suggests that the policy / service / function benefits a particular group – or disadvantages another - is there a justifiable reason for this and if so, what is it?  
It could potentially disadvantage landlords with a portfolio of properties (with the potential to be converted to small HMOs) in the wards affected by the Article 4 Direction.
- 5.2 Is it discriminatory in any way?  
There is no evidence to suggest it will be. The changes are intended to benefit residents of existing communities by protecting the amenity of local communities and the availability of family dwellings.
- 5.3 Is there a possible impact in relationships or perceptions between different parts of the community?  
It isn't envisaged but if the evidence suggests otherwise then it will be reviewed.
- 5.4 What measures can you put in place to reduce disadvantages?  
Provision of clear information on the Council's planning webpage to raise the awareness of all sectors of the community.
- 5.5 Do you need to consult further?  
Six weeks consultation following the approval by the Cabinet
- 5.6 Have you identified any potential improvements to customer service?  
No.
- 5.7 Who should you tell about the outcomes of this analysis?  
Members, members of public and stakeholders
- 5.8 Have you built the actions into your Business Plan with a clear timescale?  
No.
- 5.9 When will this assessment need to be repeated?  
When the Article 4 Direction for HMOs is made final.

Simon Prideaux  
Chief Planning and Transportation Officer  
December 2024