

**Report to PLACE, ECONOMIC, GROWTH AND ENVIRONMENT
SCRUTINY BOARD**

Update on proposed planning policy for Houses in Multiple Occupation

Portfolio Holder: Cllr Elaine Taylor Cabinet Member for
Neighbourhoods

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Reason for Decision

To note the planning policy approach for Houses in Multiple Occupation (HMOs) – that is the introduction of an Article 4 Direction and providing a suitable framework for assessing HMOs through the Oldham Local Plan.

Executive Summary

This report summarises the current legislative process the council are undertaking for the introduction of an Article 4 Direction and the evidence that has informed said direction. The report then goes on to set out the proposed approach in the new Local Plan for how the council will assess HMO related developments going forward.

Recommendations

To note the planning policy approach for Houses in Multiple Occupation (HMOs) – that is the introduction of an Article 4 Direction and providing a suitable framework for assessing HMOs through the Oldham Local Plan.

Update on proposed planning policy for Houses in Multiple Occupation**1 Background**

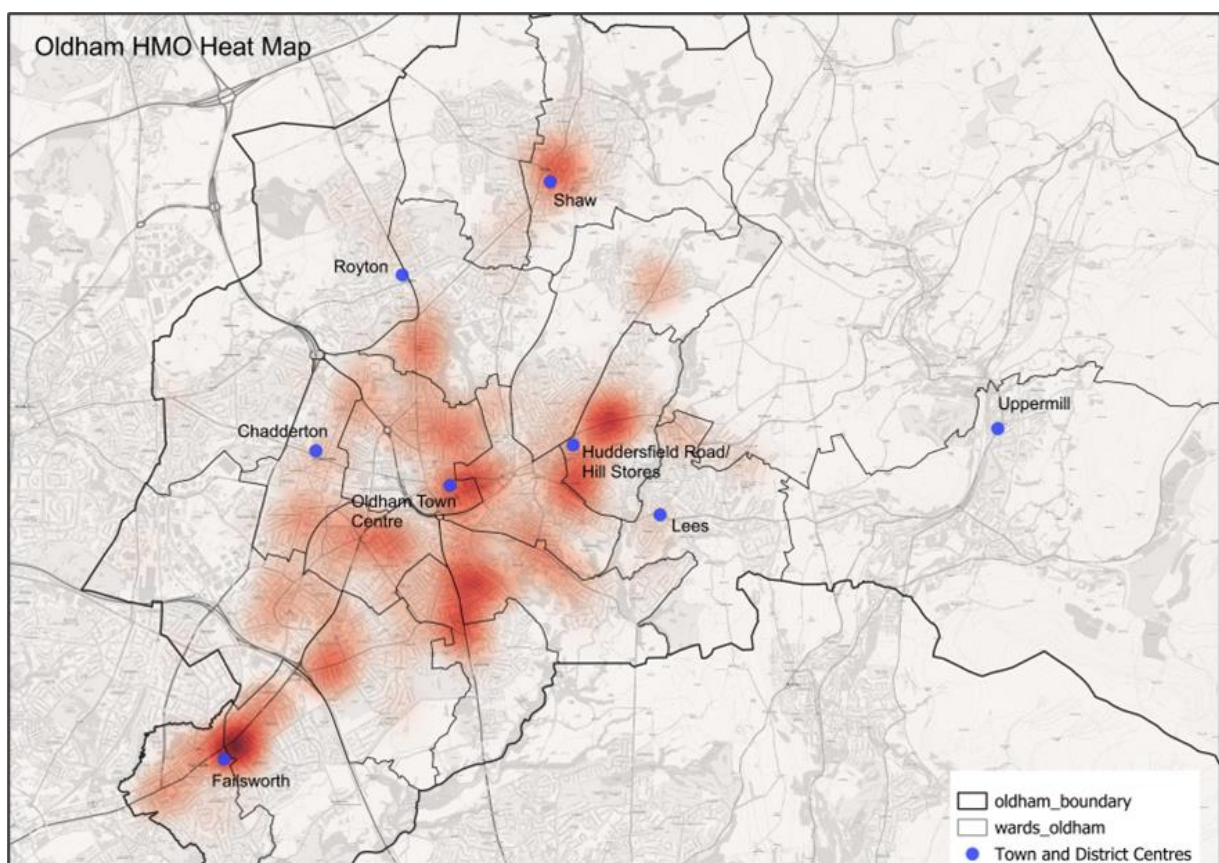
- 1.1 Over the last few years, and more recently through council motions, members have highlighted their concern with the number of Houses of Multiple Occupancy (HMOs) that are currently being introduced across the borough.
- 1.2 It is recognised that HMOs provide a much-needed source of housing for various groups in need of accommodation within the borough, including young people, students, and single person households. However, poorly managed and maintained HMOs, especially where clusters of HMOs arise in one place, can have a detrimental impact on local areas.
- 1.3 Under current planning legislation, HMOs are divided into two Use Classes, which are often referred to as 'Small' and 'Large' HMOs:
 - Small HMOs are houses or flats occupied by between 3 and 6 unrelated individuals who share basic amenities such as a kitchen or bathroom. These are classified as a 'C4' use within the Use Classes Order; and,
 - Large HMOs comprise houses or flats occupied by more than 6 unrelated individuals who share basic amenities such as a kitchen or bathroom. These are classified as Sui Generis (a use that does not fall into any use class).
- 1.4 Currently, single family dwellings, defined within use class C3, can change to a C4 use (a 'small' HMO) without the need for planning permission under permitted development rights. Similarly, a C4 HMO can be converted to a C3 dwelling at any time under permitted development rights. Whereas the conversion of any use other than C3 to a C4 HMO use (or the new-build development of a C4 HMO) does require planning permission.
- 1.5 The conversion (or new-build) of any property to create a Sui Generis "large" HMO requires planning permission in all cases.
- 1.6 Where appropriate and justified by evidence, the Council can adopt an Article 4 Direction to remove the permitted development rights that enable a C3 dwelling to be converted to a C4 "small" HMO. This would require such conversions to first apply for planning permission for the change of use.

2 Current Position – Evidence regarding HMOs across the borough and an Article 4 Direction

- 2.1 As of July 2025, according to the best available evidence, there were approximately 384 HMOs in the borough. This is the latest position available.
- 2.2 81 of the 384 HMOs had secured an HMO Licence, or been issued a draft licence ready for the final licence to be issued, and 43 applications were in the process of being considered.
- 2.3 The number of HMOs represents 0.38% of the borough's total dwelling stock (99,081 dwellings, as of September 2025).
- 2.4 The majority of the existing HMOs in the borough are smaller HMOs, for less than 6 people. There are approximately 75 HMOs (of the total 384 existing HMOs) which are for 6 people or above (19%).

- 2.5 Almost half (over 48% or 185 properties) of the total 384 HMOs have been changed from a single household dwelling to an HMO, often with additional bedrooms being created.
- 2.6 Sometimes, issues can arise when existing C3 dwellings are converted to HMOs. Whilst this does not always equate to a loss of a residential unit, it could mean the loss of a family home into smaller, single occupation uses. The Local Housing Needs Assessment (LHNA) (2024) has identified a need for family housing, including larger family housing of 4+ bedrooms across the borough. The loss of family housing to HMOs can impact on the dwelling stock available for families, and the ability of the housing stock to meet local housing needs.
- 2.7 Also, where smaller homes are converted into HMOs (especially small HMOs which do not currently require planning permission), the units of individual accommodation that are created could be smaller and not meet the minimum space standards that we would like to see provided for. This could lead to overcrowded and substandard living conditions.
- 2.8 The LHNA has identified that there is a need for smaller units of accommodation and affordable housing, which HMOs could provide. HMOs can also be suitable housing options for students or key workers. However, it is important that this housing provides a decent standard of living and does not contribute to overcrowding.
- 2.9 In terms of location, the heat map at figure 1 indicatively illustrates the spatial distribution of the recorded HMOs in the borough.

Figure 1: Heat map showing spatial distribution of HMOs in Oldham



- 2.10 As shown in figure 1, the HMOs are predominantly located within inner Oldham, along key transport routes (e.g., the A62, which connects Oldham to Failsworth and Manchester) and within and around district centres.

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- 2.11 In particular, there may be clusters of HMOs emerging within and around Failsworth district centre, Huddersfield Road district centre, Oldham Town Centre, Shaw district centre and within Greenacres/ Clarksfield and Hathershaw (along Ashton Road). There are also lesser numbers of HMOs located near Royal Oldham Hospital (within Coldhurst and Royton South) and within areas of Central and South Chadderton, Hollinwood and Werneth. Conversely there are very few HMOs located within Saddleworth wards.
- 2.12 The majority of the borough's existing HMOs are located in accessible locations, with access to public transport and key services. Typically, HMOs can be a lower cost form of accommodation, and as such appeal to those with lower incomes, where levels of car ownership are also likely to be lower. As such, it is important to ensure HMOs are located sustainably with access to public transport within a suitable walking distance.
- 2.13 Given the evidence set out above, and concerns that the implementation of an area-specific HMO could create a displacement effect on surrounding neighbourhoods, it is considered appropriate to put in place a borough-wide Article 4 Direction.
- 2.14 As such, at Cabinet on 22 September 2025, it was agreed to introduce a non-immediate Article 4 Direction to remove permitted development rights for the change of use from Use Class C3 (dwelling houses) to Use Class C4 (small houses in multiple occupation) on a boroughwide basis. The said report outlined that this would include a six-week consultation period from 6 October to 16 November 2025.
- 2.15 A further report is now to be brought back to Cabinet on 15 December 2025 to consider the outcome of the consultation and thereafter to determine if the Article 4 Direction should be confirmed and come into effect on the 1 January 2026 or such other later date as considered appropriate.

3 The Oldham Local Plan

- 3.16 If the Article 4 Direction is confirmed, planning applications for the conversion of C3 dwellings to C4 HMOs will, for the time-being, be considered on the same policy basis that planning applications for HMOs are already considered. This includes Policy 11 of the Joint Core Strategy and Development Management Policies Development Plan Document (the Core Strategy), which states that houses in multiple occupancy shall not be permitted unless it can be demonstrated that the proposal does not adversely affect:
- the local character of the area;
 - the residential and workplace amenity of current, future and neighbouring occupants; and
 - traffic levels and the safety of road users.
- 3.17 The proposed new Local Plan for Oldham, however, includes an updated policy framework that will allow a more nuanced approach to planning for HMOs in the borough, particularly geared toward avoiding clusters of HMOs on any given street and ensuring that the space and design standards of rooms in HMOs are adhered to, to avoid over-crowding and poor living conditions. Upon adoption this would apply to **all** HMO development proposals, assuming the Article 4 Direction is confirmed.
- 3.18 The Draft Local Plan, consulted on January to March 2024, contained a draft policy on Houses in Multiple Occupation. Following a review of the comments received and further evidence, it is proposed to amend the wording as follows in the Oldham Local Plan: Publication Plan.

Policy H6 - Houses in Multiple Occupation

Houses in Multiple Occupation (HMOs) will be supported where the proposed development:

- 1. Does not result in the loss of, or impact on the character or amenity to the area as a consequence of increased traffic, noise or general disturbance;*
- 2. Does not result in an undue concentration of HMO provision in any particular area of the borough. Permission may not be granted where the proportion of HMOs (either C4 or Sui Generis) will result in HMOs representing 10% or more of properties within a 50m radius measured from the centre of the application site;*
- 3. Ensures that no two adjacent properties apart from those that are separated by a road are converted to HMOs; and*
- 4. Complies with the relevant design and amenity standards as outlined in Policy D1, and any existing or future HMO standards or guidance developed by the council.*

The council will make a decision on HMO applications on a case-by-case basis and considering the factors listed above.

For the development of a HMO that requires a license, the applicant should meet the council's licensing requirements.

Applications for all HMOs are required to provide a Statement of Community Engagement and Impact Assessment.

HMOs within Oldham Town Centre

It is important to ensure a well-balanced mix of housing across the Town Centre. Oldham Town Centre is well-connected to services, facilities and public transport. HMOs are best suited to areas with these assets.

However, it is important to protect the core functions and character of Oldham Town Centre. As such, applications for HMOs in this location will be considered in line with the criteria listed above. In addition, within the town centre HMOs should not occupy ground floor uses, unless the proposed development would comply with the exceptions listed in policy C3.

- 3.19 To support each policy within the Local Plan, a reasoned justification must be included. The reasoned justification for Policy H6 is set out below.

8.66 A house in multiple occupation (HMO) is a property rented out by at least three people who are not from one 'household' (for example a family) but share facilities like the bathroom and kitchen. HMOs can provide various types of accommodation including bedsits, a hostel, private halls of residence, a shared house, a block of converted flats and shared self-contained cluster flats.

8.67 HMOs can be a valuable source of housing to meet the local housing needs of various groups, including students, young adults and people with disabilities. They also provide smaller and affordable accommodation which has been identified as being required in the borough. However, there is also a need for larger family housing. As such it is important that large family homes are not extensively lost to subdivision as a result of HMO development.

- 8.68 *Furthermore, extensive concentrations of HMO development can result in amenity issues and change the character of an area. Amenity and local character have a significant impact in on the way in which people live and experience spaces. It is important that HMO development does not result in the loss of, or impact on the character or amenity to the area as a consequence of increased traffic, noise or general disturbance. Factors which may be considered in terms of assessing amenity include privacy levels, overbearing effects, natural light and outlook, environmental effects and design. The local character of a place should help people understand a place through reinforcing its historic legacy and links to the natural and built environment. Development should therefore be sympathetically designed to the existing local character.*
- 8.69 *It is considered that a concentration of HMOs which would result in 10% or more of properties within a 50m radius (measured from the centre of the application site), could impact on the character of an area. As such, applications for HMOs should include an assessment of the existing concentration as per the criteria listed in the policy and provide this as part of their planning application. The council will utilise GIS and other desktop assessment tools in assessing the information provided.*
- 8.70 *Oldham Town Centre is a highly accessible and sustainable location which is suited to HMOs, particularly for students and young adults. However, it is important that HMO development is carefully managed in this location to ensure the viability and vitality of Oldham Town Centre, protect its unique character and maintain its core retail and leisure function. As such, applications for HMOs in this location will also be considered in line with the criteria listed within the policy. The council will also not support proposals for the development of HMOs that would occupy ground floor uses, unless the proposed development would comply with the exceptions listed in Policy C3, at the council's discretion. The Oldham Town Centre boundary will be defined on the Policies Map.*
- 8.71 *Any applications for HMOs must ensure that the proposed development is of a high standard and complies with the relevant design and amenity standards within Policy D1, and any existing or future HMO standards developed by the council.*
- 8.72 *In addition, HMOs should be sustainably located, with public transport, local services and facilities, accessible to the development by active travel. Further information for developers and landlords of HMOs regarding development and living quality and HMO regulations is available on the council's website.*
- 8.73 *By requiring all planning applications for new HMOs to provide a Statement of Community Engagement and Impact Assessment, this will ensure that issues of community cohesion, integration and concerns relating to the perceived negative impacts of HMOs can be addressed and discussed with the community at an early stage. This assessment should be appropriate and proportionate to the size of the proposed development.*

4 **Options/Alternatives**

- 4.1 **Option 1** - To note the planning policy approach for Houses in Multiple Occupation (HMOs) – that is the introduction of an Article 4 Direction and providing a suitable framework for assessing HMOs through the Oldham Local Plan.
- 4.2 **Option 2** – To not note the planning policy approach for Houses in Multiple Occupation (HMOs) – that is the introduction of an Article 4 Direction and providing a suitable framework for assessing HMOs through the Oldham Local Plan.

5 **Preferred Option**

- 5.1 Option 1 is the preferred option - To note the planning policy approach for Houses in Multiple Occupation (HMOs) – that is the introduction of an Article 4 Direction and providing a suitable framework for assessing HMOs through the Oldham Local Plan.

6 **Consultation**

- 6.1 Public consultation on the introduction of a borough-wide Article 4 Direction on HMO's is currently underway. This will inform the council's decision to confirm the Article 4 Direction.

7 **Financial Implications**

- 7.1 There are no direct financial implications arising from this report. Any financial considerations associated with the introduction of the Article 4 Direction will be addressed as part of that specific decision-making process. Any financial implications related to the Local Plan will also be addressed as part of that process.

(Mohammed Hussain)

8 **Legal Implications**

- 8.1 Under Article 4 of the Town and Country Planning (General Permitted Development) (England) Order 2015, a local planning authority can restrict the scope of permitted development rights in relation to defined areas. It is a power of pre-emption rather than prohibition: by withdrawing the deemed permission under the Order, its effect is to require an application to be made for express permission for development proposals. If that permission is refused or granted subject to conditions other than those in the Order, the landowner is entitled to claim compensation for abortive expenditure and any loss or damage caused by the loss of rights. The National Planning Policy Framework advises that the use of Article 4 should be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area and in all cases, be based on robust evidence, and apply to the smallest geographical area possible.

(A Evans)

9 **Equality Impact, including implications for Children and Young People**

- 9.1 N/A

10 **Key Decision**

- 10.1 N/A

11 **Key Decision Reference**

- 11.1 None

12 **Background Papers**

- 12.1 Report to 22 September 2025 Cabinet on the Introduction of Article 4 Direction for Houses of Multiple Occupation -
<https://committees.oldham.gov.uk/documents/s154310/Introduction%20of%20Article%204%20Direction%20for%20Houses%20of%20Multiple%20Occupation.pdf>

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- 12.2 Details of current consultation on the introduction of a borough-wide Article 4 Direction on Houses in Multiple Occupation -
<https://www.oldham.gov.uk/info/201232/engagement/1825/consultation>
- 12.3 Joint Core Strategy and Development Management Policies Development Plan Document -
https://www.oldham.gov.uk/info/201229/current_local_planning_policy/978/joint_core_strategy_and_development_management_policies_development_plan_documents_dpds
- 12.4 Draft Local Plan -
https://www.oldham.gov.uk/downloads/file/7825/draft_local_plan_december_2023
- 13 **Appendices**
- 13.1 None