

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 09/02/2026

Subject: Article 4 Direction – Small Houses In Multiple Occupation

Report of: Councillor Andrew Jones, Cabinet Member for the Economy

Report author: Matthew Paterson, Assistant Director - Policy and Spatial Planning

Responsible Director: Bram Kainth – Executive Director of Place

SUMMARY

Tenant and resident associations in the north of the borough have highlighted issues with a growing trend of problematic privately rented properties impacting local amenity and community cohesion.

They are asking the Council to take positive action to address these concerns, including the introduction of an Article 4 Direction to control the proliferation of small Houses in Multiple Occupation (HMOs).

Planning regulations classify small HMOs (Class C4) as properties housing between three and six unrelated people who share amenities. Small HMOs benefit from permitted development rights, meaning the change of use from a residential dwelling (Class C3) to a Class C4 HMO does not require planning permission. Larger HMOs, housing seven or more people sharing, are classed as Sui Generis and require planning permission.

Local authorities can take away permitted development rights by making an Article 4 Direction. The purpose of the Article 4 Direction would be to require the submission of a planning application for changes of use from Class C3 (residential) to Class C4 HMO. This would enable the Council to assess each application with the objective of better managing this change of use through the planning process, including securing minimum room sizes, appropriate waste collection facilities, and controls on street-parking. The process for the making of an Article 4 Direction is explained later in the report.

The purpose of this report is to seek member approval to prepare an Article 4 Direction for small HMOs. This includes the commissioning of consultants to produce a robust evidence base that supports the making of the Article 4 Direction and the geographic area to which the Direction will apply.

RECOMMENDATIONS

1. That Cabinet approve the making of an Article 4 Direction to remove permitted development rights for the change of use of a property from a Class C3 (residential) use to a Class C4 HMO;
2. That Cabinet approve the commissioning of a robust evidence study, estimated at £50,000, to support the making of the Article 4 Direction, including its geographic extent.
3. That Cabinet delegate authority to the Chief Planning Officer, in consultation with the Cabinet Member for Economy, to make a 'non immediate' Article 4 Direction.
4. To note that Cabinet approval will be required to confirm the Direction in 12 months' time following the statutory period of publication and consultation.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The Article 4 Directions seeks to address the permitted development issue of residential homes changing to small HMO use without planning permission by removing PD rights. This ensures that a proper planning assessment can be undertaken when such change of use developments are proposed.
Creating a compassionate council	Protecting residential amenity and making sure housing provided in the borough is fit for purpose.
Doing things with local residents, not to them	This Article 4 Direction responds to issues raised by local residents which they have asked the Council to take action.
Being ruthlessly financially efficient	See financial impacts below.
Taking pride in H&F	Ensures the cohesiveness of established residential communities is not undermined by the negative impacts of a proliferation of HMOs.
Rising to the challenge of the climate and ecological emergency	The change of use will be subject of planning approval, securing higher levels of sustainable development than would be achieved through PD.

Financial Impact

Officer and legal costs associated with the making and consultation of the Article 4 Direction are not considered to be significant and are expected to be absorbed within the approved budget of the Planning division. There will be a cost (estimated at £50k) associated with compiling a robust evidence base to support the Article 4 Direction. The cost of the evidence base will be met by Planning Reserves.

Applications for planning permission which would have previously been permitted, prior to an Article 4 Direction removing PD rights, are entitled to apply for planning permission without paying the usual planning application fees. The Article 4 Direction

is therefore likely to lead to an increase in the number of planning applications for which planning application fees will not be applicable. Whilst this is unlikely to be a significant sum of money, it would still be a loss of potential revenue for the Council.

Kellie Gooch, Head of Finance (Place), 2025

Legal Implications

The GPDO allows local planning authorities to make Article 4 directions according to the procedures set out in Schedule 3 of the GPDO, to withdraw specified PD rights which would otherwise apply under the GPDO. If an Article 4 Direction is in place, planning permission will be required for the development covered by the direction.

The Council's Constitution regarding the functions of the Cabinet member for Economy states at paragraph 1.14, "the development and implementation of the Authority's planning policies" and at paragraph 3.1 "Oversight of planning regulations for new developments"

Following consultation, a further Key Decision will be brought to the Cabinet member to consider whether or not to confirm the Article 4 Directions. This is considered to be a Key Decision if it could (i) result in the Council incurring expenditure which is, or the making of savings which are, significant, having regard to the Council's budget for the service or function to which the decision relates (ii) be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the local authority. (However, where practicable, the Council will also treat as "key" any decisions which have a significant effect on one ward).

This Article 4 Direction is significant as it will affect communities living and working in the area under the Article 4 direction and will affect at least two wards in the borough.

Section 108 of the Town and Country Planning Act 1990 provides for compensation becoming payable where an application for planning permission (for development that was formerly PD) is refused or granted subject to conditions different from the GPDO.

The grounds on which compensation can be claimed are limited to abortive expenditure or other loss or damage directly attributable to the withdrawal of permitted development rights. Compensation is only payable in respect of planning applications made within 12 months beginning on the date the directions took effect. A local planning authority is not liable to pay compensation provided that the bringing into force of the Article 4 Direction is stayed for 12 months. In relation to this Article 4 Direction as 12 months' notice is given of the Article 4 Direction, no compensation will be payable.

The Secretary of State has the power to cancel or modify an Article 4 direction at any time before or after it is confirmed.

Mrinalini Rajaratnam – Chief Solicitor Planning and Property – 2025

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The first option the Council has is to do nothing. The Council could decide not to introduce a new Article 4 Direction. This option would include a monitoring requirement to continue to assess the impact of the Permitted Development Right and the consequence of this in terms of the loss of residential homes; impacts on local residential area; cumulative impacts. This option is not recommended, as it would not address residents' concerns.
2. Should the Council decide to make the Article 4 Direction there are two options available: an 'immediate direction' or a 'non-immediate' direction. The advantage of an immediate direction is that it takes effect from the date set out by the Council with consultation and confirmation happening within six months of the article 4 direction being made. The disadvantage of an immediate direction is that the Council are liable to pay compensation to anyone whose permitted development rights have been removed should they wish to implement the removed right within 12 months of the direction being made. This is not recommended as compensation sums have the potential to be significant depending on the extent of the Article 4 and the number of premises that would be covered by it. On this basis, we recommend a non-immediate Article 4, meaning that it comes into force 12 months after it is made.
3. As set out in the National Planning Practice Guidance, the Council has the option of placing an Article 4 on the whole borough, a specific area or on specific premises. A borough-wide Article 4 direction is likely to be preferable, avoiding the issue of areas outside of the Article 4 direction potentially seeing an increase in small HMOs and having to extend the Article 4 direction coverage post consultation. However, placing an Article 4 on the whole borough would need to be supported and justified by evidence. This is because the government have stated that Article 4 directions should be very carefully targeted, applying only to those locations where they are necessary to avoid wholly unacceptable adverse impacts. For that reason, national guidance states the geographical coverage of all Article 4 directions should be the smallest area possible to achieve the aim of the Article 4 direction. In respect of the control of small HMOs, the impact is likely to be greatest within established residential areas, rather than regeneration areas or town centre locations. Officers therefore consider the proposed boundary of this Article 4 could be restricted to residential areas within the borough that have an existing concentration of small HMOs.
4. In order to make an Article 4 in accordance with Regulation (10) of the Town and Country Planning (General Permitted Development) (England) Order 2015 direction the following tasks must be completed:
 - Publication of a notice of the Article 4 direction including maps and supporting information on the Council's website at least one year before the Article 4 direction takes effect.

- Invite representations from stakeholders for a period of at least three weeks, including publishing a Public Notice on the Council's website and in local press, displaying site notices at locations to be covered by the Article 4 direction, and for the Secretary of State to be informed in writing.
- Confirmation of the Article 4 by Cabinet
- Publication of a notice on the Council's website when the Article 4 direction takes effect.

Reasons for Decision

5. The demand for shared living, houses in multiple occupation (HMOs), has been on the rise in London and Hammersmith and Fulham due to the unaffordability of rents – the average rent on a 1 bed flat in Hammersmith and Fulham is c.£2,100 per month.
6. Small HMOs provide an important supply of affordable housing for single-person accommodation, particularly for more transient residents like young professionals which in turn supports the local economy.
7. Small HMOs are those that house 6 people or less. The change is use from a residential dwelling to a small HMO is provided for as permitted development right, meaning it does not require planning permission. Many landlords see significant value in turning a standard family home into a shared home (HMOs) as it enables even greater returns.
8. While the majority of small HMOs are managed well and give no rise to ASB, as the numbers grow, they are changing the profile of more traditional residential neighbourhoods and impacting local amenity and community cohesion.
9. The Council does require all HMOs to be licensed. While mandatory licensing only applies to larger HMOs, the Housing Act allows Councils to adopt Additional Licensing that requires small HMOs to obtain a license from the Council to operate. Hammersmith & Fulham adopted borough-wide Additional Licensing scheme in June 2017 and have renewed this in June 2022. As a result, the Council currently has c. 4,600 licenced HMOs - 600 large (7 occupiers or more) and about 4,000 small (3-6 occupiers).
10. The Council has also adopted Selective Licensing Under Part 3 of the Housing Act, that allows the Council to restrict further HMOs on specified streets based upon level of private rented households in streets and the percentage of Anti-Social Behaviour (ASB) experienced. There are current 24 designated streets in Hammersmith and Fulham where Selective Licensing applies.
11. Despite the Additional and Selective licensing regimes that Council applies, it is not considered that licensing alone is capable of properly managing the proliferation of small HMOs. This is because the council must follow the national licensing requirements and must issue a licence if it is satisfied that:

- the HMO is reasonably suitable for occupation by the number of occupants/households allowed under the licence; and
- the proposed licence holder is a 'fit and proper person'; and
- the proposed licence holder is the most appropriate person to hold the licence; and
- the proposed manager (if there is one) is a 'fit and proper person'; and
- the proposed management arrangements are satisfactory; and
- the person involved in the management of the HMO is competent.

12. While applications for HMO licenses are subject to public notification, based on the above criteria, there are limited grounds for neighbours to object or for the Council to refuse the licence.

13. Enforcement is also an issue. In the past 3 years H&F has issued 15 notices of breach of license, and no licenses have been revoked. Over the same period, only two rogue landlords have been prosecuted.

14. In response to similar concerns as those in H&F, many other boroughs in London already have introduced an Article 4 Direction for small HMOs –

- Hounslow, Barnet, Brent, Enfield, Newham, Barking and Dagenham, Havering, Bexley, Waltham Forest, and Greenwich have their entire areas under Article 4 for small HMOs.
- Hillingdon, Ealing, Haringey, Southwark, Lewisham, Merton, and Bromley have parts of their jurisdiction under Article 4 Directions for small HMOs.

15. More recently, Ealing extended its Article 4 Direction to the entire borough.

16. There is concern that the Article 4 Direction's in the neighbouring boroughs of Brent and Ealing will displace demand to H&F.

17. An Article 4 Direction would remove the permitted development right for the conversion of a dwelling housing to a small HMO. Applicants would need to seek and obtain planning permission.

18. While the Council cannot have a blanket policy refusing new planning applications for HMOs and would need robust reasons to refuse a planning application, the perception is that requiring planning may put some landlords off and would provide residents with greater opportunity to object.

19. Even if applications are granted, it is considered that the planning permission route would secure better HMOs – through the application of policies for minimum house size and bedroom size; waste collection facilities; cycle storage; and through conditions that can be imposed, including the requirement to obtain a license. It would also provide two routes for enforcement.

20. There was a misconception in the community that an Article 4 Direction could also restrict the number of HMOs to 10% in an area. This is something that Bristol Council has introduced but through a Supplementary Planning Document but could be considered for H&F through the new Local Plan but as a separate matter to the Article 4 Direction consideration.

21. The downsides of an Article 4 Direction for the Council are that:

- Planning applications for small HMOs would not require a planning fee, impacting planning's budget and resourcing,
- Increased expectation on Council to refuse planning permission; and
- Existing and new small HMOs will be under different regimes - the requirement for a planning application could not be applied retrospectively – meaning the existing 4,000 small HMOs would still be managed just by the licensing regime but residents may expect planning rules apply when it comes to enforcement.

22. An Article 4 Direction will also not solve the issue of rogue landlords, existing problematic HMOs, nor the use of residential properties by other public sector bodies such as health authorities or probation services that do fall under the definition of an HMO and do not require planning or licensing or prior notification of intended use to neighbours.

23. The implementation of an Article 4 Direction alongside new policies within the emerging Local Plan should provide the tools necessary to manage the impacts of small HMOs.

Equality Implications

24. The Council has had due regard to its Public Sector Equality Duty contained in Section 149 of the Equality Act 2010.

Risk Management Implications

25. The making of Article 4 Directions has a set legal and procedural process with the final decision resting with the Secretary of State. It is essential for the Council to follow the set processes correctly to minimise the risk of the Directions being modified or cancelled. A robust evidence base will be critical to justifying the introduction of the Article 4 Direction as well as the geographic area to which the Article will apply.

26. A further key part of the process is a set period of consultation with relevant residents and stakeholders. By consulting widely, the council will be able to reduce the risk of challenge or cancellation of the Direction by the Secretary of State. There is the risk that the act of notification could cause landowners to apply the change of use from residential to small HMO within the 12-month period before the Article 4 Direction can come into effect. The council will not be able to control this risk.

27. The risk of not seeking to implement an Article 4 Direction is that there will continue to be an erosion of residential amenity, especially in areas and streets with a higher concentration of HMOs. This will lead to further dissatisfaction from residents and an increase in complaints and requests for enforcement action.

Implications verified by: Jules Binney, Risk and Assurance Manager, 2025

Climate and Ecological Emergency Implications

28. The making of the Article 4 Direction enables the council to better manage the provision of small HMOs in the borough. The impacts of the Direction on climate change are likely to be minimal, associated with promoting active travel and better management of municipal waste. There may be negative impacts if the Direction constrains the supply of low-cost rental accommodation, requiring key workers and young professionals working in H&F to seek housing outside of the borough and travel in for work.

Implications verified by Charlotte Slaven, Head of Climate Strategy & Engagement, 10th December 2025.

Local Economy and Social Value

29. This report recommends that Permitted Development rights are withdrawn for the change of use of a residential dwelling to a small HMO, with the intended outcome that the residential character and community cohesion of our neighbourhoods is retained.
30. However, small HMOs are an important source of low cost, private sector housing for key workers, young professionals, and students. They currently provide c.10% of the accommodation needs for the Borough's working population and are the default accommodation for many single people and couples on average incomes who cannot afford to rent a self-contained flat or house in H&F. There is a risk that if the Direction constrains the supply of new small HMOs, this could impact growth in the local workforce and have knock-on implications for the local economy.
31. If and once the Article 4 Direction is confirmed, monitoring should be undertaken to better understand and assess the impact on the housing needs of H&F's key workers and young professionals.

Implications verified by: Nicki Burgess (Head of Business & Enterprise) –2025

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32. The introduction of this Article 4 Direction will ensure proper assessment of residential to small HMO changes of use through the application process. This will enable the council to secure appropriate mitigation measures and other planning obligations associated with development proposals, including restrictions on on-street parking.

Implications verified by: Matthew Paterson, Head of Spatial Planning 5th December 2025

Consultation

33. The Council will need to consult widely on the Article 4 Direction and adhere to the procedural requirements set out in Schedule 3 of the GPDO following final agreement at Cabinet.