Telford & Wrekin Co-operative Council

Protect, care and invest to create a better borough

Borough of Telford and Wrekin

Cabinet

Thursday 4 December 2025

Article 4 & Additional Licensing of Houses in Multiple Occupation (HMOs)

Cabinet Member:	Cllr Carolyn Healy - Cabinet Member: Neighbourhoods, Planning & Sustainability, Cllr Richard Overton - Deputy Leader and Cabinet Member: Highways, Housing & Enforcement
Lead Director:	James Dunn - Director: Prosperity & Investment, Katherine Kynaston - Director: Housing, Commercial & Customer Services
Service Area:	Housing, Employment & Infrastructure
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Wards Affected:	All Wards
Key Decision:	Key Decision
Forward Plan:	13 November 2025
Report considered by:	SMT - 11 November 2025 Business Briefing – 20 November 2025 Cabinet – 4 December 2025

1.0 Recommendations for Decision:

It is recommended that Cabinet:

1.1 Considers two new proposed schemes to help address the increase in shared housing in the Borough, ensuring we fulfil our promise to our residents that we are 'on your side' by creating safe homes and fairer standards in HMOs.

1.2 Considers the Evidence Base Report attached at **Appendix 1** to support the making of an Article 4 (1) Direction in the area edged red on the plan within **Appendix 6** in accordance with the relevant planning legislation as set out in this report.

1.3 Approves the making of the Direction and the public consultation required prior to confirmation in accordance with the legislative requirements.

1.4 That, if supported by the outcome of the public consultation, Cabinet delegates authority to the Director: Prosperity and Investment in consultation with the Cabinet Member for Neighbourhoods, Planning and Sustainability to exercise all powers conferred on the Council, regarding the making, processing and confirmation of the Article 4 Direction.

1.5 Considers the document attached at **Appendix 1** setting out the evidence in support of the Borough-wide implementation of an Additional Licensing Scheme under the Housing Act 2004 for all small Houses in Multiple Occupation (HMO) comprising 3-4 occupants, not currently covered by the mandatory licensing scheme.

1.6 Approves a period for public consultation on the proposed implementation of Additional Licensing for houses in multiple occupation, including proposed licence conditions, amenity standards and fee schedule attached at **Appendices 2-5,** and agree to receive a further report following the conclusion of the consultation to finalise and align all relevant fees for HMO licences.

1.7 Approves the introduction of an enhanced Landlord and Tenant Support Programme to help landlords and tenants comply with the requirements of the Renters' Rights Act 2025 and aid with the introduction of the proposed additional licensing scheme as necessary.

2.0 Purpose of Report

2.1 The report sets out an evidence base for the introduction of an Article 4 Direction for Small Houses in Multiple Occupation (HMO) which would withdraw existing permitted development rights meaning all HMOs would require planning permission.

2.2 The report also sets out proposals to introduce an Additional Licensing scheme under the Housing Act 2004 which would require a licence for small HMOs comprising 3-4 occupants which are not currently covered by the existing mandatory licensing regime which requires HMOs with 5 or more occupants to be licensed.

This will include the category of HMO which is often referred to as a section 257 HMO. Section 257 HMOs are where the building was converted into self-contained flats before the 1991 Building Regulations came into force on 1st June 1992 and have not been subsequently improved to at least the 1991 standards.

3.0 Background

3.1 The safe, quality and quantity of housing for our residents is a key priority in delivering our Council Plan:

- Every child, young person and adult lives well in their community;
- Everyone benefits from a thriving economy;
- All neighbourhoods are a great place to live;
- Our natural environment is protected, and the Council is taking a leading role in tackling the climate emergency;
- A community-focussed, innovative council providing efficient, effective and quality services

3.2 We are aware that nationally we are in a housing crisis, and this is disproportionately affecting the most vulnerable households. The proposals in this report will ensure tenants residing in HMOs are protected and can expect a safe and consistent standard of housing. Article 4 and Additional Licensing will also ensure compliant landlords, neighbourhoods and communities will be supported and protected from the negative impacts stemming from poorly managed HMOs.

3.3 Home ownership is becoming increasingly unaffordable for many, which means renting is their only housing option. The growth in the private rented sector has pushed up rents, and housing benefit welfare reforms such as the single room rate means for many living in shared housing is their only affordable housing option.

3.4 HMOs are a vital source of housing in the Borough. However, the nature of shared living means they require careful management of property and tenants. Tenants in HMOs are eight times more likely to die in a fire than those living as a single family. For this reason, HMOs are required to have additional fire precautions and amenities.

3.5 Poorly managed HMOs are associated with anti-social behaviour and crime. Studies show that people living in HMOs are at an increased risk of suffering mental health issues due to feelings of isolation and fear of sharing a house with strangers.

3.6 The Housing Act 2004 introduced mandatory licensing of larger HMOs for all local authorities. It also introduced provisions for additional licensing of smaller HMOs at the discretion of local authorities. This was further supported in 2015 by the Secretary of State giving general approval for local authorities to make designations in their areas.

3.7 On 15 February 2018 Cabinet approved a report entitled ‘Better Homes for All: Tackling Rogue Landlords and Improving Private Rented Housing’ which introduced a raft of measures for dealing with Houses in Multiple Occupation (HMOs), noncompliant landlords and various anti-social behaviours often associated with HMOs. This led to a number of proactive and targeted multi agency operations uncovering people living in poorly managed and unsafe HMOs. A number of prosecutions saw improvements in those properties.

3.8 In 2021 the Council introduced the Safer Streets & Stronger Communities Programmes and these alongside Better Homes for All have achieved significant benefits to the housing and communities of many wards in the Borough. We inspected over 750 private rented properties making them free of category 1 hazards. The Safer Streets & Stronger Communities Programmes has seen a 10% reduction in crime and ASB.

3.9 However, due to a number of factors including affordability and the increasing cost of living, the private rented sector has continued to grow at pace, and the borough has seen a rapid increase in the subdivision of properties into HMOs. This has occurred across the Borough as well as seeing concentrations in older Estates in both North and South Telford.

3.10 An increase in density of HMOs is shown by the evidence base (Appendix 1) to correlate to higher levels of crime, anti-social behaviour, overcrowding and poor property conditions which existing programmes and mandatory licensing have been unsuccessful at fully tackling.

3.11 The schemes being proposed in this report will work to alleviate community concerns and fears of living near HMOs.

3.12 The draft Telford and Wrekin Housing Strategy 2025-2030 refers to the Council considering the implementation of Article 4 and Additional Licensing for HMOs. The consultation on the draft supported the proposals with residents welcoming this approach as a way to deal with the negative impacts of increasing HMOs in the Borough. The final Housing Strategy 2025-2030 is being presented to Cabinet for adoption alongside this Report.

3.13 Under the Town & Country Planning (Use Classes Order), residential properties come under Use Class C3 and can be occupied by up to 6 people provided they live as a single household. In 2010, the Government introduced a new Use Class C4 for Small Houses in Multiple Occupation (HMOs) for up to 3-6 people sharing basic amenities and extended the scope of Permitted Development Rights to include changes of use between C3 and C4. This means that a residential dwelling can change and become a Small HMO (and vice versa) without needing to apply for planning permission. It should be noted that a Large HMO of more than 6 people does not have a Use Class so is categorised as ‘sui generis,’ namely not falling within any existing Use Class, such that planning permission is always needed for the Change of Use from a dwelling, or other building type, to a Large HMO (more than six people).

3.14 Para. 54 of the National Planning Policy Framework (NPPF), 2024, makes it clear that in all cases, an Article 4 Direction should be based on robust evidence, and apply to the smallest geographical area possible, where a Direction is necessary to protect local amenity or the wellbeing of the area.

3.15 An Article 4 Direction is a ‘tool’ that can be used to manage growth and concentrations of HMOs across the whole borough or in particular areas, alongside other measures and legislation. It should be noted that an Article 4 Direction does not necessarily prevent a dwelling changing to a Small HMO, it merely ensures that if a planning application is submitted that all relevant material planning considerations are fully considered. If planning permission is refused the applicant would still have the right to appeal against the Council’s decision and an independent Planning Inspector would determine the appeal and could grant planning permission.

Under the Town & Country Planning (General Permitted Development) (England) Order 2015, Local Councils can introduce an ‘Article 4 Direction’ to remove the Permitted Development Rights that allow a dwelling to be converted into a Small HMO without the need for planning permission.

The Housing Act 2004 enables local authorities to implement two licensing schemes to deal with HMOs. One is mandatory licensing for all HMOs with 5 occupants or more. We currently have 340 licensed HMOs in the Borough. The second is a discretionary scheme which brings all smaller HMOs into scope for licensing, known as Additional Licensing.

3.16 There are a number of clear benefits that the introduction of an Article 4 Direction and Additional Licensing of HMOs can provide, namely, but not limited to:

- empowering local residents, as they know their area is protected and they may be more likely to report breaches of planning control, i.e. any unauthorised Change-of-Use;
- residents can feel more confident that the current HMO situation in an area will be subject to a greater level of scrutiny to ensure proposals are in-line with Policy;
- gives the Council extra control and it can advise prospective landlords/property owners whether new HMOs are likely/unlikely to be supported.
- for existing and new HMOs there will be one consistent minimum standard that all tenants can expect from their homes, especially with respect of adequate amenities and fire precautions;
- all licence applications will benefit from an inspection of the property to ensure minimum safety standards, room sizes, amenities and safe number of occupants.
- better intelligence about where HMOs are located, making it easier for neighbours to report hidden HMOs

4.0 Summary of Main Proposals

4.1 A comprehensive business case setting out the required evidence base to support the introduction of both Article 4 and Additional Licensing with regard to HMOs is set out at Appendix 1. This includes all supporting data, options appraisals and legal framework. Appendices 2-6 form part of the consultation pack including proposed licence conditions, amenity standards, fees and charges and a map showing the boundary of the proposed Borough wide schemes.

4.2 It is recognised that the changes will impact on landlords and tenants, and the changes are coming into effect at a time of significant legislative change linked with the Renters' Rights Act 2025. To support landlords and tenants and ensure clear information, advice and assistance, an enhanced Landlord & Tenant Support Programme will sit alongside the changes. This will include:

- Advice and assistance on the new requirements of the Act.
- Early intervention by our coordinator to help sustain tenancies where landlord and tenant relationships break down.
- Help, support and signposting for tenants suffering with the cost-of-living crisis affecting their ability to pay their rent.
- The introduction of training for landlords on how to comply with HMO management regulations and the Housing, Health and Safety Rating System which is the system prescribed by the Housing Act 2004 under which housing officers conduct their inspections.

4.3 **Benefits for Landlords**

Whilst the schemes will come at an additional cost to landlords, it is believed there will be many benefits for responsible landlords:

- Good landlords will be rewarded for their responsible letting practices by being issued with a full five-year licence with no additional charges. The proposed licence fee for a five-year licence is 1,522.42. This equates to 83 pence a day.
- There will be no extra cost to good landlords as the proposed licence conditions are the statutory minimum which well managed HMOs will already be compliant with.
- Their reputation will be enhanced by holding a licence, while those poor landlords who have given private renting a negative status, will either be made to bring their properties up to the standard or risk losing the right to let their properties.
- HMO landlords can promote their licensed status and find it easier to attract tenants who know that a licensed property is well managed and safe; a better environment will make properties easier to let and sustain tenancies.
- Better management and tenancy agreements will enable the HMO landlord to have greater control over the property and landlords will be supported in dealing with tenants who commit anti-social behaviour.

4.4 **Benefits for Tenants**

- Enhanced protection for vulnerable tenants living in HMO accommodation, by ensuring, for example, that the accommodation has adequate amenities, space standards and fire safety.

- Protection from possible retaliatory eviction as licensing enables the proactive checking of properties and management practices, rather than relying on the tenant to report poor conditions.
- The standards imposed will ensure that the landlord is not permitted to have more tenants than recommended for the size of the property and the facilities provided so tenants can be assured that they are not living in cramped overcrowded accommodation.
- Advice and guidance will be available to tenants so that they can understand their rights to a decent home.
- Added protection for tenants as a result of better landlord management practices and greater protection from unlawful eviction.

4.5 The Benefits for the Community

- All HMOs will have a consistent minimum standard, amenities and repairs.
- Reduce the number of overcrowded properties that can lead to anti-social behaviour especially relating to noise and rubbish.
- The Council will be aware of all HMOs, making hidden HMOs easier to find and for neighbours to report.
- The Council will have extended powers to gain access into properties suspected of being unlicensed HMOs.

4.6 Appreciation of Property Values

- Telford’s strong housing market promises long-term financial gains for landlords as HMO standards improve, reflected in rising property values. While HMOs can accelerate property wear and reduce area amenities if concentrated, licensing agreements between landlords and local authorities help maintain quality and support neighbourhood stability, preserving property values.

4.7 Benefit: Pro-active involvement eliminates reactive work

- Licensing also provides a consequential benefit in that it eliminates or mitigates many of the issues that generate tensions between landlords and tenants. Licensing is a means of pre-empting problems (for example, damp or ventilation issues leading to poor living conditions) before they become matters of contention and stress that the landlord would otherwise have to manage. It will provide a recognised mechanism for resolving any disputes without the cumbersome mechanisms of prosecution.
- The Council already deals with much of this work but in different capacities. The work is normally in response to a service request. Reacting to something after damage has been done is usually a negative and inefficient way of resolving an issue. Additional licensing will allow for positive, pro-active and efficient involvement, and should eliminate many problems before they occur.

4.8 Consultation

The next stage is to publicly consult on both schemes.

4.9 The Secretary of State has provided local authorities with general approval for the implementation of Additional Licensing of HMOs on condition that a minimum public consultation period of at least 10-weeks is conducted and the results of the consultation are considered before confirming the designation. If confirmed the designation would remain in place for a period of 5-years.

4.10 The introduction of an Article 4 Direction requires a 6-week statutory consultation period and the Secretary of State will be notified and have an opportunity to intervene. The Direction, in accordance with the timetable as outlined below and within the Evidence Base Report, offers a 12-month notice period of the intent to enforce An Article 4Direction.

Timescale – Additional Licensing

Indicative Timescales (subject to change dependent upon outcome of Consultation):

4th December 2025	Seek Cabinet Approval to commence consultation on Borough wide implementation of Additional Licensing of HMOs
*The following steps are subject to cabinet approval	
16th December 2025	10 weeks (+ additional 2 weeks to allow for Christmas period) public consultation goes live online and in person (details to follow on in person events)
10th March 2026	Public consultation ends. Consider findings
12th May 2026	Report to Cabinet with findings from consultation and recommendations.
*The following steps are subject to cabinet approval	
17th May 2026	Designation of additional licensing is confirmed (subject to 3 month lead in period)
17th August 2026	Designation of additional licensing comes into force

Timescale – Article 4

Indicative Timescales (subject to change dependent upon outcome of Consultation):

04 December 2025	Cabinet Decision to delegate power to Director: Prosperity & Investment to make an Article 4 Direction as proposed
16 December 2025	Article 4 Direction is made and Secretary of State (SoS) notified
16 December 2025 - 10 February 2026	Eight-week consultation runs inviting comments on the Article 4 Direction (two-week extension as a result of Christmas)
11 February 2026 - 25 February 2026	Analysis of Consultation Responses
26 February 2026	Article 4 Direction is Confirmed (taking into account consultation responses as necessary) and the Secretary of State (SoS) notified
27 February 2027	Article 4 Direction comes into effect

5.0 Alternative Options

5.1 The Evidence Base Report attached at **Appendix 1** considers a suite of alternative options. These include the option of ‘do nothing’ which would result in the Council taking limited reactive enforcement action. This would lead to a further decline of the housing market.

5.2 The option of area based schemes is also considered, however it has been shown that there are HMOs borough-wide and focussing only on specific areas could lead to displacement of HMO/poor practices to other parts of the Borough and risks management standards and impacts on tenants and communities varying across the borough.

6.0 Key Risks

6.1 There is a risk that the Secretary of State (SoS) will direct that the Article 4 Direction be Modified or Cancelled. Para. 54 of the 2024 National Planning Policy Framework (NPPF) makes it clear that in all cases, an Article 4 Direction should be based on robust evidence, and apply to the smallest geographical area possible, where a Direction is necessary to protect local amenity or the wellbeing of the area. This risk could be mitigated by proposing to apply the Direction to smaller urban areas where HMOs and the associated issues are more common. Partial area implementation could lead to other risks e.g. displacement of HMO to areas not covered by either/both schemes. It is however considered that the Council has, and will continue to undertake all due process as part of the Consultation and preparation of an Article 4 Direction.

6.2 There may still be a number of Small HMO conversions which take place in the 12-month time period, prior to Confirming the Article 4 Direction, for which the Local Planning Authority would have no control. It is also worth noting that an Article 4 Direction cannot prevent development which has been commenced, or which has already been carried out and therefore it may be the case that during the period of the introduction of the Article 4 that there may be a series of residential properties which are in the process of becoming Small HMOs for which the Council can take no action. However, if approved, Additional Licensing will pick these properties up.

6.3 The use of an Article 4 Direction is considered appropriate due to the significant risks identified, and this approach aligns with the Council’s previous decision to implement an Article 4 Direction removing Permitted Development Rights to protect Strategic Employment Area sites from conversion to housing.

6.4 There is a risk of landlords recharging the cost of the schemes in higher rentals. However, research has shown that nationally, areas where additional licensing has been introduced have not seen an increase in rent levels disproportionate to areas that have not.

7.0 Council Priorities

7.1 The course of action being proposed in this report fulfil all Council priorities:

- every child, young person and adult lives well in their community;
- everyone benefits from a thriving economy;
- all neighbourhoods are a great place to live;
- our natural environment is protected, and the Council is taking a leading role in tackling the climate emergency;
- a community-focussed, innovative council providing efficient, effective and quality services

8.0 Financial Implications

8.1 Costs for consultation events for additional licensing will be incurred and will be met from within existing housing budgets. The costs of implementation will be considered by Cabinet following consultation but would be anticipated to be met through licence fees.

8.2 Costs in respect of planning applications are set at a National Level and cover processing costs for determining planning applications only and not the costs of planning enforcement, with these additional costs being picked up by the service.

8.3 The recommended Article 4 Direction will require a Public Consultation exercise. This will be appropriately targeted and will include Parish and Town Council(s), placing site notices in their areas, in addition to informing all Ward Councillors. Consultation costs will be minimal and will be funded from within Development Management budgets.

8.4 If the Council does experience an increase in the number of Small HMO planning applications during the 12-month notice period of bringing the Article 4 Direction in, it is anticipated that these will be managed from within existing resources. This could result in a small increase in income generation for the Planning Team, albeit this would likely be offset against any Cost associated with any subsequent Planning Appeal.

8.5 With reference to point 2.2, if the Small HMO licensing is approved, the HMO team will require additional capacity to manage the increased licensing volumes. It is anticipated that these costs will be funded from the additional HMO licensing income.

9.0 Legal and HR Implications

9.1 Section 57(1) of the Town and Country Planning Act (the Act) states that planning permission is required for the carrying out of any “development” on land.

9.2 Section 59 of the Act allows the Secretary of State to grant general planning permission through a development order.

9.3 The Town and Country Planning (General Permitted Development) (England) Order 2015 is the main statutory instrument that sets out the specific types of development that are permitted without planning permission.

9.4 Article 3 of the Order states that planning permission is automatically granted for the classes of development described as permitted development in Schedule 2 of the Order.

9.5 Article 4 states that If the Secretary of State or the local planning authority is satisfied that it is expedient that development described in Schedule 2 (with some exceptions) should not be carried out unless permission is granted for it on an application, a direction may be made that permission under article 3 does not apply.

9.6 Schedule 2 outlines the various classes of Permitted Development and Schedule 3 outlines the procedure that must be followed when making an Article 4 Direction to include giving Notice of any Direction made as soon as practicable by local advertisement, by site display and by serving notice on the owner/occupier of every part of the land to which the Direction relates (unless the number of owners/occupiers makes individual service impracticable).

9.7 An Article 4 Direction takes away Permitted Development Rights but does not prohibit development, instead requiring a developer to make a planning application which enables the Local Planning Authority (LPA) to have some control over the proposed development.

9.8 An Article 4 Direction does not apply retrospectively. Once an Article 4 Direction is made there is no statutory right of appeal for affected property owners or developers. Schedule 3 of the 2025 Order provides that the Secretary of State may modify or cancel an Article 4 Direction and any decision to make the Direction could be challenged by way of Judicial Review which is why it is important to ensure there is robust evidence to justify a Direction.

9.9 National Planning Policy Framework (NPPF), 2024, makes it clear that in all cases, an Article 4 Direction should be based on robust evidence, and apply to the smallest geographical area possible, where a Direction is necessary to protect local amenity or the wellbeing of the area. It is therefore necessary for the potential harm that the direction is intended to address to be clearly identified and understood.

9.10 Where specified requirements are met; Section 56 (1) of the Housing Act 2004 enables a local authority to designate either the area of their district or an area in their district as subject to additional licensing in relation to Houses in Multiple Occupation (HMOs) specified in the designation. The Housing Act 2004 states that local authority must consider that a significant proportion of the HMOs of a given description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public (Section 56 (2)). Before making a designation, the authority must take reasonable steps to consult persons who are likely to be affected by the designation; and consider any representations made in accordance with the consultation and not withdrawn.

9.11 In forming an opinion in respect of Section 56 (2) the Local Authority should have regard to any information regarding the extent to which any codes of practice approved under Section 233 have been complied with by persons managing HMOs in the relevant area (Section 56 (5)) 2.

9.12 Section 57 provides that the authority must ensure that any exercise of the power is consistent with the authority's overall housing strategy. Further, the Local Authority should not make a designation unless they have considered whether there are any other courses of action available to them that might provide an effective method of dealing with the problem(s) and consider that making the designation will significantly assist them to deal with the problem or problems.

9.13 The Local Authority should seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the private rented sector and if an additional licensing scheme is approved there are specific requirements to issue notices to publicise the scheme and ensure landlords are made aware of it. Any additional licensing scheme may be subject to legal challenge if the above criteria are not met, or consultation is not found to be adequate.

10.0 Ward Implications

10.1 The HMO Article 4 Direction and Additional Licensing proposals will impact upon all areas of Telford, as shown within Appendix 6.

11.0 Health, Social and Economic Implications

11.1 The links between housing and health are well known. While HMOs are a vital source of housing for many residents including some of our most vulnerable, poorly managed HMOs are linked with negative outcomes for residents, neighbourhoods and communities. Due to housing benefit reforms, low earning, young, single people are more likely to reside in HMOs. A lack of property management can have undesired impacts on such occupants.

11.2 Licensing of all HMOs in the Borough will set a consistent standard for all tenants living in such accommodation.

12.0 Equality and Diversity Implications

12.1 An equality impact assessment has been undertaken (Appendix 5) demonstrating due regard to the Public Sector Equality Duty (s149 the Equality Act 2010).

12.2 The equality impact assessment also meets our duty under the Armed Forces Act 2021 and our local commitment to pay due regard to the needs of Care Experienced individuals.

13.0 Climate Change, Biodiversity and Environmental Implications

13.1 Licence conditions will require all properties to have the correct minimum energy performance rating.

14.0 Background Papers

1. Better Homes for All: Tackling Rogue Landlords and Improving Private Rented Housing, 2018
2. Better Homes for All: Houses in Multiple Occupation: Amenities, Space & Management Standards, June 2024
3. Telford and Wrekin Local Plan 2011-2031
4. Telford and Wrekin Emerging Local Plan 2020-2041

15.0 Appendices

1. Evidence Base for Introduction of Article 4 & Additional Licensing of Houses in Multiple Occupation (HMO)
2. Proposed Additional Licensing Fee Schedule
3. Proposed Additional Licence Conditions
4. Proposed HMO Amenity Standards
5. Article 4 Additional Licensing Equality Impact Assessment
6. Extent of area for Article 4 Direction and Additional Licensing Proposals

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	06/11/2025	14/11/25	MB & AEM
Legal	06/11/2025	07/11/25	SH
Director	30/10/2025	02/11/25	KK