

Cabinet	AGENDA ITEM No. 9
13 February 2023	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director Place & Economy	
Cabinet Member(s) responsible:	Cllr Marco Cereste, Cabinet Member for Climate Change, Planning, Housing and Transport	
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SMALL HOMES IN MULTIPLE OCCUPATION (HIMO) ARTICLE 4 DIRECTION DRAFT FOR CONSULTATION

RECOMMENDATIONS	
FROM: <i>Adrian Chapman - Executive Director Place & Economy</i>	Deadline date: <i>N/A</i>
<p>It is recommended that Cabinet</p> <ol style="list-style-type: none"> 1. Endorse the draft 'Small Homes in Multiple Occupation Article 4 Direction' at Appendix 1, to cover the areas shown on the map/s at Appendix 2, for a period of public consultation between Friday 24th February and Friday 19th May; 2. Delegate to the Executive Director Place & Economy, in consultation with the Cabinet Member for Climate Change, Planning, Housing and Transport, to consider consultation responses, and make any minor amendments to the draft Article 4 Direction (including minor detailed boundary corrections to the areas to be covered by the Direction); and 3. Delegate to the Executive Director Place & Economy, in consultation with the Cabinet Member for Climate Change, Planning, Housing and Transport, to advertise and submit the Direction (as amended) to the Secretary of State. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Cabinet, to implement Key Decision KEY/28MAR2022/01.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of the report is for Cabinet to consider the draft Article 4 Direction with respect to Small Homes in Multiple Occupation. This follows the decision of the Member Working Group, which met on 15th December 2022, which resolved that two pilot areas would be subject to an Article 4 direction, and a subsequent discussion with Cabinet Members which resolved that a third pilot area should also be subject to an Article 4 direction. The pilot status will provide the opportunity to evaluate the effectiveness of the direction in the real world, to enable subsequent consideration of additional initiatives and/or amendment of the scope of the Article 4 Direction itself.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.3, 'To determine any key decision ...' and 3.2.7, 'To take a leading role in promoting the economic, environmental and social wellbeing of the area.'

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 Peterborough, in common with many large towns and cities, is believed to be experiencing a proliferation of uncontrolled small HMOs, and as a result a debate was held on the issue at Full Council. This resolved that the issue should be investigated further, with a view to the preparation and imposition of an Article 4 Direction, in an effort to set controls on small HMOs. An Article 4 Direction removes 'permitted development' rights to convert a house into a small HMO. As a result, planning permission will be required, meaning small HMOs will be treated exactly the same as large HMOs.

4.2 Following the Council resolution, some independent evidence was prepared, and Cabinet resolved to implement an Article 4 Direction in several areas of the city (the list of candidate areas for an Article 4 Direction to cover, continued to expand to an unsustainable level, ultimately covering an area of roughly half of the city).

4.3 The independent evidence was not considered to be conclusive, and the Member Working Group was established to examine the issues, and to recommend a way forward. The overall conclusion was that an Article 4 Direction should be piloted, alongside other initiatives, in order that its effectiveness could be evaluated. Two broad areas were initially agreed to be subject to this pilot, being Hampton (the key issue in this area is on-street parking), and Fletton and Woodston, given the proximity to the new and expanding University. A third area in the Park Ward was added as a result of discussion with Cabinet. It was also agreed that a new Residential Design Guide Supplementary Planning Document should be prepared, to set and manage standards for new housing.

Key Issues

4.4 There are numerous issues, that are attributed to small HMOs, which were subject to investigation.

The first of these is that there are alternative regulatory and other mechanisms available to address some of the problems that residents have raised, notably (but not exclusively) parking restrictions.

Another issue with the current evidence base is that it focussed on the residents' concerns, but did not seek to engage with other actors such as landlords, and more recently the new University. It is proposed that a follow-up meeting of the Member Working Group be arranged, together with a small group of representatives of key external bodies such as the University and landlords. This meeting will form part of the consultation and engagement process, as the draft Article 4 Direction progresses.

5. CORPORATE PRIORITIES

5.1 The recommendation links to the following Council Corporate Priorities:

1. The Economy & Inclusive Growth
 - Environment - There are no known carbon implications, positive or negative.
 - *Homes and Workplaces – the intention is that the quality and safety of housing is improved, for residents of small HiMOs*
2. Our Places & Communities
 - *Places and Safety - introducing additional controls to small HiMOs will preserve community cohesion, and in conjunction with other activities undertaken by the Council and/or its partners, will contribute to making places better for residents to live*

- *Lives and Work – the focus on quality will improve residents’ lives*
- *Health and Wellbeing – better quality small HiMOs will improve residents’ health and wellbeing*
- 3. *Sustainable Future City Council*
 - *How we Work – working with other Council departments, and external agencies, will improve outcomes*
 - *How we Serve*
 - *How we Enable*

6. CONSULTATION

- 6.1 A survey has already been carried out, as part of the supporting evidence that has been prepared to date. Further consultation, including formal consultation on a draft Article 4 Direction, is included within the recommendations of this report.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 The intended outcomes of the Article 4 Direction pilot are that:
- i) An up to date understanding of the impact of small HMOs, within the pilot areas;
 - ii) Monitoring any impacts on other areas of the city that are not pilots for the Direction;
 - iii) Improved quality and safety of new small HMOs within the pilot areas;
 - iv) Improved community cohesion within the pilot areas

8. REASON FOR THE RECOMMENDATION

- 8.1 To implement Key Decision KEY/28MAR2022/01

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 To do nothing. This was discounted because:
- a) It is felt there is a legitimate expectation from the public that an Article 4 Direction will be prepared by the Council, with respect to Small HMOs, due to the Council and Cabinet resolutions to that effect; and
 - b) The Article 4 Direction, together with the preparation of a new Residential Design Guide Supplementary Planning Document, offers a good opportunity to raise standards among new housing developments, including small HMOs
- 9.2 To prepare an Article 4 Direction to cover the areas listed in KEY/28MAR2022/01 (Bretton, Fletton & Woodston, Hargate & Hempstead, Hampton Vale, Park, North and Central wards), with other areas subsequently put forward by a number of Ward Members. This was discounted because:
- a) There was not a compelling evidential basis for the areas selected; and
 - b) In total, the areas that had been put forward (at the time the Member Working Group met) would have covered approximately half of the area of the city, with the likely implication being that new small HMOs would simply be moved to the other half of the city, which would neither address the issues attributed to small HMOs, nor provide any useful data for the purposes of evaluating the approach
- 9.3 To prepare an Article 4 Direction to cover the entire city. This was discounted because there was not a compelling evidential basis to justify placing the restriction on the whole of the city

10. IMPLICATIONS

Financial Implications

- 10.1 In advance of the Direction coming into force, there will be a larger than usual number of LDC applications, which attract a fee. Once in force, there will be a cost to determine the planning applications, but a fee will be charged to cover costs.

Legal Implications

- 10.2 With reference to the notes above, I cannot see that there should be any legal implications if the guidelines and procedures under the [Town and Country Planning \(General Permitted Development\) \(England\) Order 2015/596](#) are followed. Giving 12 months' notice could open the floodgates for an influx of HMO applications before any deadline given by the Council.

The Council's Report once approved by the Secretary of State should give the Council the 'powers' to implement the Article Directions under the Act. However with this in mind, I also note the statement made under the 'Equalities Implications'.

Equalities Implications

- 10.3 The poorest residents could be disproportionately affected by the Article 4 Direction, as it places restrictions on the availability of cheaper housing. This may result in rents increasing, and relative increase of rent is one of the indicators that will be useful information for evaluating the impact of the Direction. Conversely, the same residents should benefit from improved quality of housing, which in turn would improve their health and wellbeing. An Equalities Impact Assessment has been prepared, and it is intended that the impacts of the pilot will be monitored. The Article 4 Direction will be reviewed, once enough reliable data has been collected and analysed.

Rural Implications

- 10.4 There are no known implications, positive or negative.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 Cambridge Report

12. APPENDICES

- 12.1 Appendix A: Draft Article 4 Direction
Appendix B: Map/s of areas to be covered by the draft Article 4 Direction